

BABRI COTTON MILLS LIMITED COMPANY'S PROFILE

BOARD OF DIRECTORS

Mr. Raza Kuli Khan Khattak
Chairman/Chief Executive
Lt. Gen. (Retd.) Ali Kuli Khan Khattak
Mrs. Zeb Gohar Ayub
Mrs. Shahnaz Sajjad Ahmad
Dr. Shaheen Kuli Khan Khattak
Mr. Shamim S. Khan
Mr. Muhammad Ayub Khan (NIT)
Ch. Sher Muhammad

AUDIT COMMITTEE

Mrs. Shahnaz Sajjad Ahmad	Chairman
Mr. Muhammad Ayub Khan	Member
Ch. Sher Muhammad	Member

COMPANY SECRETARY

Mr. Arshian Mahboob, FCA

CHIEF FINANCIAL OFFICER

Mr. Manzoor Elahi

INTERNAL AUDITOR

Mr. Nazir Ahmad

AUDITORS

M/S Hameed Chaudhri & Co.,
Chartered Accountants

SHARE REGISTRARS

Hameed Majeed Associates (Pvt) Ltd.,
5th Floor, Karachi Chambers,
Hasrat Mohani Road,
Karachi
Tel : (021) 32424826, 32412754
Fax: (021) 32424835

BANKERS

National Bank Of Pakistan
Faysal Bank Limited
Habib Bank Limited
United Bank Limited

REGISTERED OFFICE & MILLS

Habibabad, Kohat
Tel : (0922) 517353 - 512931, 516334
Fax : (0922) 516335
Website : www.bcm.com.pk
E-mail : bcmkohat@hotmail.com

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Board of Directors presents the un-audited financial statements of the Company for the first quarter ended on 30th September, 2010.

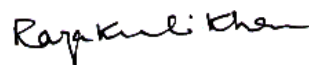
Current quarter's results against respective comparative quarter stand as follows:

	2010	2009
	Rs. in million	Rs. in million
Sales – Net	286.93	199.39
Gross Profit	54.85	18.26
Operating Profit	45.64	13.66
Profit / (Loss) Before Taxation	27.75	(11.00)
Profit / (Loss) After Taxation	17.78	(7.68)
Earning /(Loss) Per Share- Rs.	6.14	(2.65)

The Company has been able to earn profit during the period under review despite the fact that textile sector as a whole continues to face difficult challenges in the shape of unprecedented increase in price of raw material and increased cost of utilities. While it may not be possible to forecast exact consequences for economy and trade, nevertheless it is expected that higher prices for cotton will prevail due to damage to local crop and increased demand in the international market.

The Company has intensified its efforts to reduce cost, maximize synergies and diversify in order to remain profitable. The management is confident that it can achieve its goal and increase business viability over the long term.

For & on behalf of the Board of Directors,



Raza Kuli Khan Khattak
Chairman / Chief Executive

Dated: 30 October, 2010

BABRI COTTON MILLS LIMITED
BALANCE SHEET AS AT 30 SEPTEMBER, 2010

	Un-audited 30 September, 2010	Audited 30 June, 2010		Un-audited 30 September, 2010	Audited 30 June, 2010
	Rupees in thousand			Rupees in thousand	
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES			NON CURRENT ASSETS		
Authorised capital 25,000,000 ordinary shares of Rs. 10 each	<u>250,000</u>	<u>250,000</u>	Property, plant and equipment		
Issued, subscribed and paid-up capital	28,960	28,960	Operating fixed assets	1,006,278	1,005,891
Reserves	110,760	110,802	Capital work in progress	1,350	223
Accumulated profit (loss)	<u>12,606</u>	<u>(6,337)</u>	Stores held for capital expenditure	0	705
	<u>152,326</u>	<u>133,425</u>	Investments in an associated company	19,144	19,144
FROZEN MARK-UP ON DEMAND FINANCES	53,671	53,671	Advances to employees	695	746
SURPLUS ON RE-VALUATION OF PROPERTY, PLANT AND EQUIPMENT	443,407	444,568	Security deposits	910	910
				<u>1,028,377</u>	<u>1,027,619</u>
NON-CURRENT LIABILITIES			CURRENT ASSETS		
Demand finances	186,214	201,732	Stores, spares and loose tools	9,218	10,178
Liabilities against assets subject to finance lease	53,790	64,548	Stock-in-trade	277,592	322,492
Staff retirement benefits-gratuity	23,795	21,202	Advances to employees	1,635	1,677
Deferred taxation	61,005	53,909	Advance payments	4,503	3,592
	<u>324,804</u>	<u>341,391</u>	Trade deposits and prepayments	4,446	160
CURRENT LIABILITIES			Sales tax refundable	6,211	5,062
Curent Portion:			Income tax refundable, advance tax and tax deducted at source	6,018	5,596
- demand finances	31,036	15,518	Cash and bank balances	1,048	1,035
- liabilities against assets subject to finance lease	25,725	21,516		<u>310,671</u>	<u>349,792</u>
Short terms finances	162,434	277,044			
Trade and other payables	117,368	65,194			
Accrued interest / mark-up	19,430	19,106			
Taxation	8,847	5,978			
	<u>364,840</u>	<u>404,356</u>			
CONTINGENCIES AND COMMITMENTS					
	<u>1,339,048</u>	<u>1,377,411</u>		<u>1,339,048</u>	<u>1,377,411</u>

Rajkumar Khan
CHIEF EXECUTIVE

Dr. M. K. Khan
DIRECTOR

BABRI COTTON MILLS LIMITED
PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2010

	30 September, 2010	30 September, 2009
	Rupees in thousand	
SALES	286,929	199,388
COST OF SALES	232,082	181,129
GROSS PROFIT	54,847	18,259
ADMINISTRATIVE AND		
DISTRIBUTION EXPENSES	7,176	5,396
WORKER'S (PROFIT) PARTICIPATION FUND	1,530	0
WORKER'S WELFARE FUND	555	0
WAQF-I-KULI KHAN	765	0
OTHER OPERATING EXPENSES	8	15
OTHER OPERATING INCOME	(828)	(812)
	9,206	4,599
OPERATING PROFIT	45,641	13,660
FINANCE COST	17,894	24,664
PROFIT / (LOSS) BEFORE TAXATION	27,747	(11,004)
TAXATION		
Current	2,869	997
Deferred	7,096	(4,320)
	9,965	(3,323)
PROFIT/ (LOSS) AFTER TAXATION	17,782	(7,681)
OTHER COMPREHENSIVE INCOME	0	0
TOTAL COMPREHENSIVE INCOME / (LOSS)	17,782	(7,681)
	----- Rupees -----	
EARNING / (LOSS) PER SHARE	6.14	(2.65)

Rajkumar Khan
CHIEF EXECUTIVE

For the Director
DIRECTOR

BABRI COTTON MILLS LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2010

	30 September, 2010	30 September, 2009
	Rupees in thousand	
CASH FLOW FROM OPERATING ACTIVITIES		
Profot / (Loss) for the quarter - before taxation	27,747	(11,004)
Adjustments for:		
Depreciation	8,464	8,179
Loss/(Gain) on sale of operating fixed assets - net	(196)	7
Amortization of gain on forward foreign exchange contracts	(42)	(44)
Staff retirement benefits - gratuity (net)	2,593	181
Finance cost	17,792	24,598
CASH FLOW FROM OPERATING ACTIVITIES	56,358	21,917
- Before working capital changes	56,358	21,917
(Increase) / decrease in current assets:		
Stores, spares and loose tools	960	(5,909)
Stock-in-trade	44,900	43,522
Advances to employees	42	96
Advance payments	586	(244)
Trade deposits and short term prepayments	(4,286)	(3,706)
Sales tax refundable	(1,149)	(297)
Other receivables	(1,497)	6,622
Increase/(decrease) in trade and other payables	52,174	(9,419)
	91,730	30,665
CASH INFLOW FROM OPERATING ACTIVITIES		
- Before taxation	148,088	52,582
Taxes paid	(422)	(667)
CASH INFLOW FROM OPERATING ACTIVITIES	147,666	51,915
- After taxation	147,666	51,915
Net decrease / (increase) in long term advances	51	95
NET CASH INFLOW FROM OPERATING ACTIVITIES	147,717	52,010
CASH (OUTFLOW) FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(9,274)	(8,634)
Sale proceed of operating fixed assets	197	288
	(9,077)	(8,346)
CASH FLOW FROM FINANCING ACTIVITIES		
Lease finances - repaid	(6,549)	-
Short term finances - net	(114,610)	(25,650)
Finance cost paid	(17,468)	(18,064)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(138,627)	(43,714)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	13	(50)
CASH AND CASH EQUIVALENTS - At the beginning of the quarter	1,035	536
CASH AND CASH EQUIVALENTS - At the end of the quarter	1,048	486

Rajkumar Khan
CHIEF EXECUTIVE

for the Khan
DIRECTOR

BABRI COTTON MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2010

	Reserves				Accumulated loss	Total
	Share capital	Share premium reserve	General reserve	Gain on hedging instruments		
----- Rupees in thousand -----						
Balance as at 30 June, 2009	28,960	19,440	88,000	3,539	110,979	(111,215) 28,724
Loss for the quarter ended 30 September, 2009	-	-	-	-	-	(7,681) (7,681)
Amortization of gain on forward foreign exchange contracts	-	-	-	(44)	(44)	- (44)
Transfer from surplus on revaluation of property plant and equipment on account of incremental depreciation for the period - net of deferred taxation	-	-	-	-	-	1,222 1,222
Realized on disposal of plant & machinery - net of deferred taxation	-	-	-	-	-	15 15
Balance as at 30 September, 2009	28,960	19,440	88,000	3,495	110,935	(117,659) 22,236
Profit after taxation for the nine months ended 30 June, 2010	-	-	-	-	-	110,024 110,024
Amortization of gain on forward foreign exchange contracts	-	-	-	(133)	(133)	- (133)
Transfer from surplus on revaluation of property plant and equipment on account of incremental depreciation for the period - net of deferred taxation	-	-	-	-	-	3,667 3,667
Realized on disposal of plant & machinery - net of deferred taxation	-	-	-	-	-	3 3
Effect of items directly credited in equity by the associate	-	-	-	-	-	(2,372) (2,372)
Balance as at 30 June, 2010	28,960	19,440	88,000	3,362	110,802	(6,337) 133,425
Profit after taxation for the quarter ended 30 September, 2010	-	-	-	-	-	17,782 17,782
Amortization of gain on forward exchange contract	-	-	-	(42)	(42)	- (42)
Transfer from surplus on revaluation of property plant and equipment on account of incremental depreciation for the period - net of deferred taxation	-	-	-	-	-	1,161 1,161
Balance as at 30 September, 2010	28,960	19,440	88,000	3,320	110,760	12,606 152,326

Rajkumar Khan
CHIEF EXECUTIVE

Dr. M. K. Khan
DIRECTOR

BABRI COTTON MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2010

1. STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan on 26 October, 1970 as a Public Company. Its shares are quoted on The Karachi Stock Exchange (Guarantee) Limited. It is principally engaged in the manufacture and sale of yarn.

2. STATEMENT OF COMPLIANCE

These un-audited financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 (Interim Financial Reporting) and provisions of and directives issued under companies Ordinance, 1984, are being submitted to the share holders as required by section 245 of the Companies Ordinance, 1984 and listing regulations of The Karachi Stock Exchange (Guarantee) Limited.

The accounting policies and methods of computation adopted for the preparation of these financial statements are the same as those applied in the preparation of the preceding published audited financial statements of the company for the year ended 30 June, 2010.

3. CONTINGENCIES AND COMMITMENTS

	Un-audited Quarter ended 30 September, 2010	Audited Year ended 30 June, 2010
	Rupees in thousand	
- Commitments for irrevocable letters of credit for raw materials and spare parts	26,742	2,900
- Counter guarantee given by the Company to a commercial bank outstanding as at 30 September, 2010 was for Rs.18.000 million (30 June, 2010:Rs.18.000 million).		

4. OPERATING FIXED ASSETS - Tangible

Opening book value	1,005,891	1,000,084
Additions during the quarter/year :		
Factory building	6,227	471
Plant and machinery	-	24,836
Generators	-	12,054
Tools and equipment	-	58
Officer equipments	57	10
Furniture & fixture	8	51
Vehicles	2,547	2,450
Arms	13	-
	8,852	39,930
Plant & machinery - disposed off	(1)	(372)
Depreciation charged for the quarter/year	(8,464)	(33,751)
Closing book value	1,006,278	1,005,891

5. TRANSACTIONS WITH ASSOCIATED COMPANIES

a) Aggregate transactions during the quarter/year with the Associated Companies were as follows:

	Un-audited Quarter ended 30 September, 2010	Audited Year ended 30 June, 2010
	Rupees in thousand	
Sale of yarn	191	256
Purchase of goods and services	7,543	7,344
Residential rent:		
- paid	33	132
- received	0	5
- insurance claim received	0	6,354
- insurance premium paid	3,034	4,894
Mark-up earned	0	32
Mark-up accrued	0	1,742

b) Sales, purchases and other transactions with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method except for the allocation of expenses relating to combined offices shared with the associated companies, which are on the actual basis.

6. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 30, 2010 by the Board of Directors of the Company.

7. FIGURES

- Figures in the financial statements have been rounded-off to the nearest thousand Rupees except stated otherwise.
- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison.


CHIEF EXECUTIVE


DIRECTOR