

**Half Yearly
Accounts
December,
2013**

BIBOJEE GROUP



**Janana De Malucho Textile
Mills Limited**

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COMPANY'S PROFILE

BOARD OF DIRECTORS	MR. RAZA KULI KHAN KHATTAK Chairman LT. GEN. (RETD.) ALI KULI KHAN KHATTAK Chief Executive MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA MRS. ZEB GOHAR AYUB MRS. SHAHNAZ SAJJAD AHMAD DR. SHAHEEN KULI KHAN	
AUDIT COMMITTEE	MR. RAZA KULI KHAN KHATTAK MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	MR. RAZA KULI KHAN KHATTAK LT. GEN. (RETD.) ALI KULI KHAN KHATTAK MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA	Chairman Chief Executive / Member Member Member
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	MR. AMIN-UR-RASHEED B. Com. (Hons.) FICS Sr. Gen. Manager Finance, Commercial & Corporate Affairs	
HEAD OF INTERNAL AUDIT	MR. NADEEM AHMED, ACCA, CIA	
AUDITORS	HAMEED CHAUDHRI & CO., Chartered Accountants	
BANKERS	NATIONAL BANK OF PAKISTAN HABIB BANK LIMITED UNITED BANK LIMITED BANK ALFALAH LIMITED	
LEGAL ADVISOR	HASSAN & HASSAN (ADVOCATES) PAAF BUILDING, 7 D, KASHMIR ROAD, LAHORE	
TAX CONSULTANTS	M. NAWAZ KHAN & CO. GROUND FLOOR, FARRAH CENTRE, 2-MOZZANG ROAD, LAHORE	
REGISTRARS & SHARES REGISTRATION OFFICE	MANAGEMENT & REGISTRATION SERVICES (PVT) LTD. BUSINESS EXECUTIVE CENTRE, F/17/3, BLOCK 8, CLIFTON, KARACHI TEL. 021-35375127-29, FAX. 021-35820325 EMAIL registrationservices@live.co.uk	
REGISTERED OFFICE & MILLS	HABIBABAD, KOHAT (KPK) TEL. 0922 - 862161 - 512930 - 510494 FAX. 0922 - 510474 E-MAIL: janana@brain.net.pk, janana_textile@hotmail.com WEB SITE: www.jdm.com.pk	

DIRECTORS REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, I feel pleasure in presenting the unaudited reviewed financial statements of the Company for the 2nd quarter & half year ended 31st December 2013.

FINANCIAL HIGHLIGHTS

During the current period your Company has posted the following results:

	Second Quarter		Cumulative	
	Oct. – Dec.		Jul. – Dec.	
	2013	2012	2013	2012
	----- Rs. in million -----			
Sales	649.109	688.371	1,495.999	1,319.908
Gross profit	124.360	88.791	320.409	185.866
Profit from operations	79.697	61.419	251.813	141.320
Profit before taxation	86.825	54.614	247.070	109.967
Profit after taxation	5.331	17.829	157.107	70.024
	----- Rupees -----			
Earnings per share	1.11	3.73	32.83	14.63

During the half year ended 31st December 2013 the turnover of the Company has increased by Rs.176.091 million as compared to previous half year whereas the gross profit of the current period has increased by Rs.134.543 million. Main reasons of increase in gross profit were increase in sale rates, negligible increase in cost of sales as compared to last year and decrease in finance cost due to the total payment of the demand finance loans of the company.

GENERAL MARKET CONDITION

The textile sector is constantly facing challenges in the shape of volatile supply market, constantly changing raw material prices, dismal law and order situation and the energy crisis. The energy crisis has forced the textile mills to close their units, especially in Punjab. The industry is under severe pressure as the electricity load shedding has increased to 12 hours and gas supply has been reduced to one day in a week. The industrialists in Pakistan are not happy or sanguine with the state of affairs and most of them have started shifting their units outside Pakistan but your management is still holding the ground and putting in the best efforts to run the Company in a profitable manner by modernising its plant from time to time, which is clear from the commendable increase in the earnings per share as detailed above.

FUTURE OUTLOOK

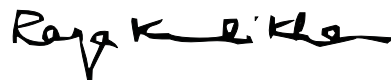
During the period under report the yarn sale rates were higher mainly due to excellent quality. However currently there is downward trend in sales rates as compared to the period under report due to little improvement in the energy supply to end user market. The gas prices have also increased by Rs.78 per MMBTU and imposition of GIDC @ Rs.100/- per MMBTU which certainly are going to further erode the profitability to the extent of Rs.3.00 million per month. Further the FBR is proposing to rescind SRO.1125(I)/2011 before announcement of next budget and thereby withdraw multiple rates of sales tax ranging from between 2 to 17 percent for manufacturers-cum-exporters of textile, leather, carpets, surgical and sports goods. Resultantly, a standard rate of 17 percent sales tax would be applicable on five major export sectors instead of existing four

rates of sales tax. The impact of withdrawal of SRO.1125(I)/2011 by the Government will result into increased payment of sales tax amounting to Rs.36.339 million per month which we feel will prove a recipe for disaster of textile industry of Pakistan. In addition to the above the Government has allowed rampant import of Indian yarn which is being cleared by paying zero% duty whereas we can export the yarn to Indian buyers and it will be cleared by payment of 22% duty in India which clearly shows the attitude of Indian authorities. India has also allowed rebate of 5% on the export of yarn which has further subsidized the rates of their yarn which has made Pakistani yarn further uncompetitive. We cannot comprehend the reasons and benefits of the decision of the Pakistan Government with regard to the decision of allowing free import of Indian yarn into Pakistan and this decision thoroughly impacted the yarn prices in Pakistan which has reduced the prices by about 20% as compared to the 2nd quarter. However your management will strive to achieve positive results and strive hard to maintain good profit margins by using every source on its disposal.

ACKNOWLEDGMENT

The Board places on record its appreciation for the support of its bankers who have constantly facilitated the Company in financially difficult times. The hard work and diligence of the Company's senior management and the production workers is also commendable which enabled the company to achieve these results. We look forward to same dedication and cooperation from them in the future as well.

For & on behalf of the board of directors,



Raza Kuli Khan Khattak
Chairman

Dated: 24th February, 2014

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF
INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of **JANANA DE MALUCHO TEXTILE MILLS LIMITED** (the Company) as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half-year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2013.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half-year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

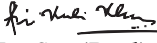
LAHORE: 24th February, 2014


Hameed Chaudhri & Co.
HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Nafees ud din

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2013

		Dec. 31, 2013 Un-audited Rupees in thousand	June 30, 2013 Audited and Re-stated
ASSETS			
Non-current Assets			
Property, plant and equipment	6	2,274,229	2,270,452
Investments in Associated Companies	7	174,166	157,839
Loans to employees		4,011	3,164
Security deposits		1,029	1,029
		2,453,435	2,432,484
Current Assets			
Stores, spares and loose tools		60,062	49,452
Stock-in-trade		945,662	688,101
Trade debts - unsecured, considered good		34,892	9,404
Advances to employees		3,308	3,314
Advance payments		23,607	33,637
Trade deposits and prepayments		11,489	1,614
Due from Associated Companies		9,342	20,208
Other receivables		268	1,844
Sales tax refundable		30,156	30,300
Income tax refundable, advance tax and tax deducted at source		62,532	62,387
Cash and bank balances		17,339	13,420
		1,198,657	913,681
TOTAL ASSETS		3,652,092	3,346,165
EQUITY AND LIABILITIES			
Equity			
Authorised capital		200,000	200,000
Issued, subscribed and paid-up capital		47,848	47,848
Reserves		389,983	389,983
Unappropriated profit		565,240	404,780
Shareholders' Equity		1,003,071	842,611
Term Finance Certificates		34,759	34,759
Surplus on Revaluation of Property, Plant and Equipment		1,281,879	1,290,226
LIABILITIES			
Non-current Liabilities			
Demand finances		0	278
Staff retirement benefits - gratuity		95,544	88,912
Deferred taxation		335,930	265,910
		431,474	355,100
Current Liabilities			
Trade and other payables		181,870	184,959
Accrued mark-up		13,944	3,581
Short term finances		669,977	585,112
Current portion of non-current liabilities:			
- term finance certificates		13,904	13,904
- demand finances		0	29,329
Taxation	8	20,000	5,369
Preference shares redemption account		1,214	1,215
		900,909	823,469
Total Liabilities		1,332,383	1,178,569
Contingencies and Commitments	9		
TOTAL EQUITY AND LIABILITIES		3,652,092	3,346,165

The annexed notes form an integral part of this condensed interim financial information.

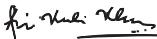

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive



Mushtaq Ahmad Khan, FCA
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF-YEAR ENDED DECEMBER 31, 2013**

	<u>For the 2nd Quarter</u>		<u>Cumulative</u>	
	<u>Oct. - Dec., 2013</u>	<u>Oct. - Dec., 2012</u>	<u>Jul. - Dec., 2013</u>	<u>Jul. - Dec., 2012</u>
Note	----- Rupees in thousand -----			
Sales - net	649,109	688,371	1,495,999	1,319,908
Cost of Sales	524,749	599,580	1,175,590	1,134,042
Gross Profit	<u>124,360</u>	<u>88,791</u>	<u>320,409</u>	<u>185,866</u>
Distribution Cost	<u>3,264</u>	<u>2,415</u>	<u>8,777</u>	<u>4,527</u>
Administrative Expenses	<u>18,407</u>	<u>18,212</u>	<u>37,406</u>	<u>33,273</u>
Other Expenses	<u>23,654</u>	<u>8,965</u>	<u>23,662</u>	<u>8,970</u>
Other Income	<u>(662)</u>	<u>(2,220)</u>	<u>(1,249)</u>	<u>(2,224)</u>
	<u>44,663</u>	<u>27,372</u>	<u>68,596</u>	<u>44,546</u>
Profit from Operations	<u>79,697</u>	<u>61,419</u>	<u>251,813</u>	<u>141,320</u>
Finance Cost	<u>14,193</u>	<u>26,456</u>	<u>26,064</u>	<u>51,004</u>
	<u>65,504</u>	<u>34,963</u>	<u>225,749</u>	<u>90,316</u>
Share of Profit of Associated Companies	7 <u>21,321</u>	<u>19,651</u>	<u>21,321</u>	<u>19,651</u>
Profit before Taxation	<u>86,825</u>	<u>54,614</u>	<u>247,070</u>	<u>109,967</u>
Taxation				
- current	<u>11,531</u>	<u>3,627</u>	<u>20,000</u>	<u>6,785</u>
- prior year	<u>(57)</u>	<u>1,488</u>	<u>(57)</u>	<u>1,488</u>
- deferred	<u>70,020</u>	<u>31,670</u>	<u>70,020</u>	<u>31,670</u>
	<u>81,494</u>	<u>36,785</u>	<u>89,963</u>	<u>39,943</u>
Profit after Taxation	<u>5,331</u>	<u>17,829</u>	<u>157,107</u>	<u>70,024</u>
Other Comprehensive Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income for the Period	<u><u>5,331</u></u>	<u><u>17,829</u></u>	<u><u>157,107</u></u>	<u><u>70,024</u></u>
	----- Rupees -----			
Earnings per Share	<u>1.11</u>	<u>3.73</u>	<u>32.83</u>	<u>14.63</u>

The annexed notes form an integral part of this condensed interim financial information.

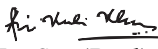

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive



Mushtaq Ahmad Khan, FCA
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF-YEAR ENDED DECEMBER 31, 2013**

	Half-year ended	
	Dec. 31, 2013	Dec. 31, 2012
	(Rupees in thousand)	
Cash flow from operating activities		
Profit for the period - before taxation and share of profit of Associated Companies	225,749	90,316
Adjustments for non-cash charges and other items:		
Depreciation	33,586	33,090
Staff retirement benefits - gratuity (net)	6,632	11,684
Restructuring cost balance amortised	(278)	(218)
Finance cost - net	26,064	50,445
Profit before working capital changes	291,753	185,317
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(10,610)	(14,965)
Stock-in-trade	(257,561)	(352,328)
Trade debts	(25,488)	3,913
Loans and advances to employees	(841)	(2,056)
Advance payments	10,030	(4,905)
Trade deposits and prepayments	(9,875)	(9,207)
Due from Associated Companies	10,866	333
Other receivables	1,576	2,217
Sales tax refundable	144	(6,851)
Decrease in trade and other payables	(3,089)	(28,614)
	(284,848)	(412,463)
Cash generated from / (used in) operations	6,905	(227,146)
Taxes paid	(5,457)	(8,322)
Net cash generated from / (used in) operating activities	1,448	(235,468)
Cash flow from investing activities		
Fixed capital expenditure	(37,363)	(23,414)
Dividend received from an Associated Company	0	1,756
Net cash used in investing activities	(37,363)	(21,658)
Cash flow from financing activities		
Demand finances repaid	(29,329)	(22,992)
Short term finances - net	84,865	411,964
Preference shares redeemed	(1)	0
Finance cost paid	(15,701)	(48,644)
Net cash generated from financing activities	39,834	340,328
Net increase in cash and cash equivalents	3,919	83,202
Cash and cash equivalents - at beginning of the period	13,420	3,134
Cash and cash equivalents - at end of the period	17,339	86,336

The annexed notes form an integral part of this condensed interim financial information.


Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive

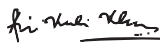

Mushtaq Ahmad Khan, FCA
Director


JDM TEXTILE MILLS LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF-YEAR ENDED DECEMBER 31, 2013**

	Reserves							Unappropriated profit	Total
	Share capital	Capital			Revenue	Sub-total			
		Capital redemption	Tax holiday	Share premium	General				
----- Rupees in thousand -----									
Balance as at June 30, 2012 (audited)	47,848	6,694	350	11,409	199,220	217,673	335,281	600,802	
Effect of change in accounting policy (note 4)	0	0	0	0	0	0	(17,816)	(17,816)	
Balance as at June 30, 2012 (audited and re-stated)	47,848	6,694	350	11,409	199,220	217,673	317,465	582,986	
Transfer	0	0	0	0	172,310	172,310	(172,310)	0	
Total comprehensive income for the half-year ended December 31, 2012	0	0	0	0	0	0	70,024	70,024	
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation) on account of incremental depreciation for the half-year	0	0	0	0	0	0	8,653	8,653	
Effect of items directly credited in equity by the Associated Companies	0	0	0	0	0	0	1,711	1,711	
Balance as at December 31, 2012 (un-audited and re-stated)	47,848	6,694	350	11,409	371,530	389,983	225,543	663,374	
Total comprehensive income for the half-year ended June 30, 2013	0	0	0	0	0	0	164,557	164,557	
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation) on account of incremental depreciation for the half-year	0	0	0	0	0	0	8,652	8,652	
Effect of items directly credited in equity by the Associated Companies	0	0	0	0	0	0	3,334	3,334	
Effect of change in accounting policy (note 4)	0	0	0	0	0	0	2,694	2,694	
Balance as at June 30, 2013 (audited and re-stated)	47,848	6,694	350	11,409	371,530	389,983	404,780	842,611	
Total comprehensive income for the half-year ended December 31, 2013	0	0	0	0	0	0	157,107	157,107	
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation) on account of incremental depreciation for the half-year	0	0	0	0	0	0	8,347	8,347	
Effect of items directly credited in equity by the Associated Companies	0	0	0	0	0	0	(4,994)	(4,994)	
Balance as at December 31, 2013	47,848	6,694	350	11,409	371,530	389,983	565,240	1,003,071	

The annexed notes form an integral part of this condensed interim financial information.


Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive


Mushtaq Ahmad Khan, FCA
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF-YEAR ENDED DECEMBER 31, 2013**

1. Legal Status and Operations

Janana De Malucho Textile Mills Ltd. (the Company) was incorporated in Pakistan in the year 1960 as a Public Company and its shares are quoted on Karachi Stock Exchange Ltd. It is principally engaged in manufacture and sale of yarn. The Company's mills and its registered office are located at Habibabad, Kohat.

2. Basis of Preparation

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 (the Ordinance). It has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half-year ended December 31, 2013 have, however, been subjected to limited scope review by the external Auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and, therefore, should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2013.

3. Significant Accounting Policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2013 except for the adoption of a new accounting policy as referred to in note 4.

4. Amendments to Published Standards Effective in the Current Period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2013 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information except for IAS 19 (Amendment), 'Employee Benefits'. The impact of this amendment on the condensed interim financial information is as follows:

IAS 19 (revised) has eliminated the corridor approach and requires to calculate finance cost on net funding bases. The Company has applied this change in accounting policy retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded unrecognised actuarial losses net of taxes associated with retirement benefits - gratuity by adjusting the opening balance of unappropriated profit and retirement benefits for the prior period presented. No actuarial assessment has been carried-out for the preparation of this condensed interim financial information.

Effects of change in accounting policy are as follows:

	Staff retirement benefits - gratuity	Deferred taxation	Equity
	----- (Rupees in thousand) -----		
Balance as at June 30, 2012 - as previously reported	48,693	200,623	600,802
Recognition of unrecognised actuarial loss	27,409	(9,593)	(17,816)
Balance as at June 30, 2012 - as restated	76,102	191,030	582,986
Balance as at June 30, 2013 - as previously reported	66,000	273,700	857,733
Recognition of unrecognised actuarial loss			
- for the year ended June 30, 2012	27,409	(9,593)	(17,816)
- for the year ended June 30, 2013	(4,497)	1,574	2,923
- resultant adjustment due to reduction in tax rate	0	229	(229)
	22,912	(7,790)	(15,122)
	88,912	265,910	842,611

5. Accounting Estimates and Judgements

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended June 30, 2013.

6. Property, Plant and Equipment

	Un-audited Dec. 31, 2013	Audited June 30, 2013
	(Rupees in thousand)	
Operating fixed assets - tangible	2,238,506	2,270,452
Capital work-in-progress	35,723	0
	<u>2,274,229</u>	<u>2,270,452</u>
6.1 Operating fixed assets - owned		
Book value as at June 30, 2013	2,270,452	
Additions during the period:		
- building - factory	908	
- plant & machinery	68	
- furniture & fixtures	197	
- office & other equipment	45	
- vehicles	47	
- arms	375	
	1,640	
Depreciation charge for the period	(33,586)	
Book value as at December 31, 2013	<u>2,238,506</u>	
6.2 Capital work-in-progress		
- plant & machinery	19,780	
- generators	15,943	
	<u>35,723</u>	

7. Investments in Associated Companies - Quoted	Un-audited Dec. 31, 2013	Audited June 30, 2013
	(Rupees in thousand)	
Babri Cotton Mills Ltd. (BCM)		
587,493 (June 30, 2013: 587,493) ordinary shares of Rs.10 each - cost	10,973	10,973
Equity held: 16.09% (June 30, 2013: 16.09%)		
Post acquisition profit brought forward including effect of items directly credited in equity by BCM	83,023	49,786
Profit for the period / year - net of taxation	12,267	34,648
	106,263	95,407
Bannu Woollen Mills Ltd. (BWM)		
731,626, including 146,325 bonus shares received during the period, (June 30, 2013: 585,301) ordinary shares of Rs.10 each - cost	7,697	7,697
Equity held: 7.70% (June 30, 2013: 7.70%)		
Post acquisition profit brought forward including effect of items directly credited in equity by BWM	51,152	45,373
Dividend received during the preceding year	0	(1,756)
Profit for the period / year - net of taxation	9,054	11,118
	67,903	62,432
	174,166	157,839

7.1 Market value of the Company's investments in BCM and BWM as at December 31, 2013 was Rs.47.499 million (June 30, 2013: Rs.36.947 million) and Rs.53.409 million (June 30, 2013: Rs.45.010 million) respectively.

8. Taxation

- 8.1 Except for the matter detailed in note 8.2, there has been no significant change in the status of tax cases as detailed in the note 28 to the preceding financial statements of the Company for the year ended June 30, 2013.
- 8.2 The Commissioner Inland Revenue - Appeals has decided the appeal for the tax year 2007 and allowed relief of Rs.3.361 million resulting therein no change in tax liability due to brought forward losses. The Company has filed an appeal before the Appellate Tribunal Inland Revenue, which is pending adjudication.
- 8.3 Due to location of the mills in the most affected area, the income of the Company was exempt from tax under clause 126F of the second schedule to the Income Tax Ordinance, 2001 (the Ordinance) starting from the tax year 2010. As per management's contention, exemption available under clause 126F was a specific exemption granted by the Federal Board of Revenue to the specific areas of Khyber Pakhtunkhwa. The Company has filed a writ petition before the Islamabad High Court, Islamabad, praying exemption from levy of minimum tax under section 113 of the Ordinance, which is still pending adjudication. The Peshawar High Court, Peshawar, in an identical writ petition concerning exemption of minimum tax filed by a Group Company, had granted exemption from levy of minimum tax. The management is confident that Islamabad High Court will also grant exemption from levy of minimum tax; accordingly, no provision for minimum tax for the financial year ended June 30, 2012 was made in the books of account as well as provisions for minimum tax made during the financial years ended June 30, 2010 and June 30, 2011 aggregating Rs.28.655 million were written-back in the books of account. An adverse judgment by the Islamabad High Court will create tax liability under section 113 of the Ordinance aggregating Rs.51.828 million.

9. Contingencies and Commitments

9.1 There has been no significant change in the status of contingencies as reported in the preceding published annual audited financial statements of the Company for the year ended June 30, 2013.

9.2 Counter guarantee given by the Company to a commercial bank outstanding as at December 31, 2013 was for Rs.50 million (June 30, 2013: Rs.40 million).

	Un-audited Dec. 31, 2013	Audited June 30, 2013
(Rupees in thousand)		
9.3 Commitments against irrevocable letters of credit outstanding at the period / year-end were for:		
- stores and spares	51,084	12,712
- raw materials	214,682	77,457
	265,766	90,169

9.4 Refer contents of note 8.3.

10. Transactions with Related Parties

Name	Nature of relationship	Nature of transaction	Cumulative	
			July - Dec., 2013	July - Dec., 2012
Babri Cotton Mills Ltd.	Associated Company	Utilities:		
		- paid	14	13
		- received	315	74
Bannu Woollen Mills Ltd.	-do-	Purchase of goods	0	21
		Dividend received	0	1,756
		Utilities paid	78	0
		Salaries paid on behalf	69	0
		Mark-up:		
		- earned	214	0
		- paid	0	216
		- expensed	0	46
The Universal Insurance Company Ltd.	-do-	Rent expensed	0	144
Ghandhara Nissan Ltd.	-do-	Earnest money paid for purchase of five trucks	0	20,000
Gammon Pakistan Ltd.	-do-	Rent expensed	0	75
Bibojee Services (Pvt.) Ltd.	-do-	Mark-up earned	395	0

10.1 No other transactions, other than remuneration and benefits paid to key management personnel under the terms of their employment, were executed with other related parties during the period.

10.2 Trade and other payables include due to Associated Companies on account of normal business transactions aggregating Rs.436 thousand (June 30, 2013: Rs.511 thousand).

11. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. This condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements, and should therefore be read in conjunction with the Company's financial statements for the year ended June 30, 2013. There have been no significant changes in the risk management policies since the year-end.

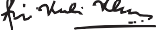
12. Date of Authorisation for Issue


This condensed interim financial information was authorised for issue on February 24, 2014 by the Board of Directors of the Company.

13. Corresponding Figures

In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim profit and loss account and condensed interim cash flow statement have been compared with the balances of comparable period of the immediately preceding financial year.

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. However, no significant re-classifications have been made except for re-statement made in accordance with IAS 19 (revised) as reflected in note 4 to this condensed interim financial information.


Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive


Mushtaq Ahmad Khan, FCA
Director

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