Half Yearly Accounts December, 2012

BIBOJEE GROUP

Janana De Malucho Textile Mills Limited

CONTENTS

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	Chairman
	MR. AHMAD KULI KHAN KHATTAK	Member
	MR. MUSHTAQ AHMAD KHAN, FCA	Member
HUMAN RESOURCE &	MR. RAZA KULI KHAN KHATTAK	Chairman
REMUNERATION COMMITTEE	LT. GEN. (RETD.) ALI KULI KHAN KHATTAK	Chief Executive / Member
	MR. AHMAD KULI KHAN KHATTAK	Member
	MR. MUSHTAQ AHMAD KHAN, FCA	Member
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	MR. AMIN-UR-RASHEED B. Com. (Hons.) FICS Sr. Gen. Manager Finance & 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 - 510063 - 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 2012.

FINANCIAL HIGHLIGHTS

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

	Second Quarter		Cumulative	
	Oct.– Dec.		Jul. – Dec.	
	2012	2011	2012	2011
	------------- Rs. in million -------------			
Sales	688.371	503.283	1,319.908	1,062.734
Gross profit	88.791	51.303	185.866	105.083
Profit from operations	61.419	38.076	141.320	74.591
Profit before taxation	54.614	32.143	109.967	56.075
Profit after taxation	17.829	30.038	70.024	48.368
	------------- Rupees -------------			
Earnings per share	3.73	6.28	14.63	10.11

During the half year ended 31st December 2012 the turnover of the Company has increased by Rs.257.174 million as compared to previous half year whereas the gross profit of the current period has increased by Rs.80.783 million. Main reasons of increase in gross profit were increase in sale rates, increase in quantity sold and decrease in cost of production as percentage of sales due to increase in use of domestic cotton.

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 3 days a week. Pakistan has one of the most hostile business climates in the world. Energy shortages, red tape, bureaucracy, logistical bottlenecks and other issues make businessman's life difficult; yet, he soldiers on, braving the odds. The Pakistani businessman is the real hero of Pakistan. He generates taxes, deploys capital, generates jobs, exports, imports and generally keeps this country's economy ticking. Yet, all the other stakeholders make his life difficult. The industrialist in Pakistan is not happy or sanguine with the state of affairs and a lot of them have started shifting their investments 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 moderninsing its plant from time to time, which is clear from the earnings per share as detailed above.

FUTURE OUTLOOK

During the period under report the yarn sale rates were highest in the history of Pakistan mainly due to electricity and gas load shedding in Punjab. 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 Punjab industry. The gas prices have also increased by Rs.28 per MMBTU which certainly is going to further decrease the profitability. However your management will strive to achieve positive results and maintain current 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. We look forward to same dedication and cooperation from them in the future as well.

For & on behalf of the board of directors,

Dated: 26th February, 2013

Raza Kuli Khan Khattak
Chairman

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **JANANA DE MALUCHO TEXTILE MILLS LIMITED** (the Company) as at 31 December, 2012 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 "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended 31 December, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended 31 December, 2012.

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 condensed interim financial information as of and for the half-year ended 31 December, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Hameed Chaudhri & Co.

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

LAHORE: 26 February, 2013

CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER, 2012

	Note	Un-audited 31 Dec., 2012	Audited 30 June, 2012
		Rupees in thousand	
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital	6	220,000	200,000
Issued, subscribed and paid-up capital		47,848	47,848
Reserves		389,983	217,673
Unappropriated profit		243,359	335,281
		681,190	600,802
Term Finance Certificates		48,663	49,821
Surplus on Revaluation of Property, Plant and Equipment		1,293,819	1,302,472
Non-current Liabilities			
Demand finances	7	187,682	210,892
Staff retirement benefits - gratuity		60,377	48,693
Deferred taxation		232,293	200,623
		480,352	460,208
Current Liabilities			
Trade and other payables	8	195,316	223,931
Accrued mark-up		26,943	25,142
Short term finances		873,210	461,246
Current portion of non-current liabilities:			
- term finance certificates		13,904	12,745
- demand finances	7	45,983	45,983
Taxation	9	6,785	0
Preference shares redemption account		1,215	1,215
		1,163,356	770,262
Contingencies and Commitments	10		
		3,667,380	3,183,565

	Note	Un-audited 31 Dec., 2012	Audited 30 June, 2012
		Rupees in thousand	
Assets			
Non-current Assets			
Property, plant and equipment	11	2,236,746	2,246,422
Investments in Associated Companies	12	128,390	108,784
Loans to employees		2,486	1,065
Security deposits		1,029	1,029
		2,368,651	2,357,300
Current Assets			
Stores, spares and loose tools		55,516	40,551
Stock-in-trade	13	1,023,924	671,596
Trade debts - unsecured considered good		3,614	7,527
Advances to employees		2,455	1,820
Advance payments		21,500	16,595
Trade deposits and prepayments		10,422	1,215
Due from Associated Companies		7,282	7,615
Other receivables		1,204	3,421
Sales tax refundable		35,851	29,000
Income tax refundable, advance tax and tax deducted at source		50,625	43,791
Cash and bank balances	14	86,336	3,134
		1,298,729	826,265
		3,667,380	3,183,565

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 31 DECEMBER, 2012

	Note	For the 2nd Quarter		Cumulative	
		Oct. - Dec., 2012	Oct. - Dec., 2011	**July - Dec., 2012**	July - Dec., 2011
		---------------- Rupees in thousand		----------------	
Sales - net		**688,371**	503,283	**1,319,908**	1,062,734
Cost of Sales		**599,580**	451,980	**1,134,042**	957,651
Gross Profit		**88,791**	51,303	**185,866**	105,083
Distribution Cost		**2,415**	2,024	**4,527**	5,798
Administrative Expenses		**18,212**	14,854	**33,273**	28,381
Other Operating Expenses		**8,965**	4,054	**8,970**	5,107
Other Operating Income		**(2,220)**	(7,705)	**(2,224)**	(8,794)
		27,372	13,227	**44,546**	30,492
Profit from Operations		**61,419**	38,076	**141,320**	74,591
Finance Cost		**26,456**	17,521	**51,004**	30,104
		34,963	20,555	**90,316**	44,487
Share of Profit of Associated Companies	**12**	**19,651**	11,588	**19,651**	11,588
Profit before Taxation		**54,614**	32,143	**109,967**	56,075
Taxation					
- current	**9.1**	**3,627**	5,335	**6,785**	10,937
- prior year		**1,488**	102	**1,488**	102
- deferred		**31,670**	(3,332)	**31,670**	(3,332)
		36,785	2,105	**39,943**	7,707
Profit after Taxation		**17,829**	30,038	**70,024**	48,368
Other Comprehensive Income		**0**	0	**0**	0
Total Comprehensive Income for the Period		**17,829**	30,038	**70,024**	48,368
		------------------------ Rupees		------------------------	
Earnings per Share		**3.73**	6.28	**14.63**	10.11

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 31 DECEMBER, 2012

	Half-year ended	
	31 Dec., 2012	31 Dec., 2011
	Rupees in thousand	
Cash flow from operating activities		
Profit for the period - before taxation and share of profit of Associated Companies	**90,316**	44,487
Adjustments for non-cash charges and other items:		
Depreciation	**33,090**	28,724
Loss on sale of operating fixed assets - net	**0**	783
Staff retirement benefits - gratuity (net)	**11,684**	7,450
Unclaimed payable balances written-back	**0**	(6,394)
Restructuring cost balance amortised	**(218)**	(231)
Finance cost - net	**50,445**	30,104
Profit before working capital changes	**185,317**	104,923
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	**(14,965)**	(5,211)
Stock-in-trade	**(352,328)**	(226,083)
Trade debts	**3,913**	16,225
Loans and advances to employees	**(2,056)**	54
Advance payments	**(4,905)**	(11,488)
Trade deposits and prepayments	**(9,207)**	(4,880)
Mark-up subsidy receivable	**0**	8,661
Due from Associated Companies	**333**	0
Other receivables	**2,217**	268
Sales tax refundable	**(6,851)**	(7,457)
Decrease in trade and other payables	**(28,614)**	(19,783)
	(412,463)	(249,694)
Cash used in operations	**(227,146)**	(144,771)
Taxes paid	**(8,322)**	(6,460)
Net cash used in operating activities	**(235,468)**	(151,231)
Cash flow from investing activities		
Fixed capital expenditure	**(23,414)**	(6,740)
Sale proceeds and insurance claim of operating fixed assets	**0**	4,447
Dividend received from an Associated Company	**1,756**	2,926
Net cash (used in) / generated from investing activities	**(21,658)**	633
Cash flow from financing activities		
Demand finances repaid	**(22,992)**	(27,389)
Short term finances - net	**411,964**	196,945
Preference shares redeemed	**0**	(1)
Finance cost paid	**(48,644)**	(34,008)
Net cash generated from financing activities	**340,328**	135,547
Net increase / (decrease) in cash and cash equivalents	**83,202**	(15,051)
Cash and cash equivalents - at beginning of the period	**3,134**	21,193
Cash and cash equivalents - at end of the period	**86,336**	6,142

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 STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF-YEAR ENDED 31 DECEMBER, 2012

	Share capital	Reserves					Unappr-opriated profit	Total
		Capital			Revenue	Sub-total		
		Capital redemp-tion	Tax holiday	Share premium	General			
	------------------------------------- Rupees in thousand -------------------------------------							
Balance as at 30 June, 2011	47,848	6,694	350	11,409	199,220	217,673	172,310	437,831
Total comprehensive income for the half-year ended 31 December, 2011	0	0	0	0	0	0	48,368	48,368
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	6,216	6,216
- upon disposal of revalued plant & machinery	0	0	0	0	0	0	2,194	2,194
Effect of items directly credited in equity by the Associated Companies	0	0	0	0	0	0	969	969
Balance as at 31 December, 2011	47,848	6,694	350	11,409	199,220	217,673	230,057	495,578
Balance as at 30 June, 2012	47,848	6,694	350	11,409	199,220	217,673	335,281	600,802
Transfer	0	0	0	0	172,310	172,310	(172,310)	0
Total comprehensive income for the half-year ended 31 December, 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 31 December, 2012	47,848	6,694	350	11,409	371,530	389,983	243,359	681,190

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 31 DECEMBER, 2012

1. Corporate information

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 the Karachi Stock Exchange. 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 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 31 December, 2012 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 30 June, 2012.

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 30 June, 2012.

4. Amendments to published standards effective during the current period

4.1 Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on 01 July, 2012 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.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company’s accounting periods beginning on or after 01 July, 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), which is applicable for accounting periods beginning on or after 01 January, 2013. The amendment will eliminate the corridor approach and calculates finance cost on a net funding basis. The Company will apply this amendment from 01 July, 2013 and its impact will be a decrease in unappropriated profit by Rs. 27.409 million due to recognition of current unrecognised actuarial loss on its defined benefit plan.

5. Accounting estimates and judgments

The preparation of condensed interim financial information requires management to make judgments, 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 judgments 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 preceding annual financial statements for the year ended 30 June, 2012.

6. Authorised capital

The Company's shareholders vide a special resolution dated 22 October, 2012 have increased the authorised capital of the Company from Rs.200 million to Rs.220 million divided in 10 million ordinary shares of Rs.10 each and 12 million non-voting 10.80% cumulative convertible unlisted redeemable preference shares of Rs.10 each. The change in authorised capital has been made to issue 11,615,626 preference shares to National Bank of Pakistan (NBP) in lieu of outstanding loans in accordance with section 87 of the Companies Ordinance, 1984 and finance facilities restructuring agreement dated 12 January, 2011 entered into with NBP. The management is in the process of completing the necessary legal and corporate formalities with regard to the special resolution.

7. Demand finances - secured

National Bank of Pakistan	**Un-audited 31 Dec., 2012 Rupees in thousand**
Balance of demand finances as at 30 June, 2012	**254,461**
Restructuring cost balance as at 30 June, 2012	**2,414**
	256,875
Less:	
Instalments of demand finances repaid during the period	**22,992**
Restructuring cost balance amortised during the period	**218**
	23,210
Balance of demand finances as at 31 December, 2012	**233,665**
Less: current portion grouped under current liabilities	**45,983**
	187,682

8. Trade and other payables

These include provision for Gas Infrastructure Development Cess aggregating Rs. 6.400 million for the months of July, 2012 to December, 2012 against which a writ petition is pending adjudication before the Peshawar High Court. The Company will reverse this provision in case of a favourable judgment by the Court.

9. Taxation

9.1 Provision for the current period represents minimum tax payable under section 113 and tax on dividend under section 5 of the Income Tax Ordinance, 2001 (the Ordinance). Income tax assessments of the Company have been completed upto the Tax Year 2012 creating refund of Rs.13.198 million.

9.2 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 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 had filed a writ petition before the Islamabad High Court, Islamabad praying exemption from levy of minimum tax under section 113 of the Ordinance. 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 preceding financial year ended 30 June, 2012 amounting Rs.23.173 million was made in the books of account as well as provisions for minimum tax made during the financial years ended 30 June, 2010 and 30 June, 2011 aggregating Rs.28.655 million were written-back. An adverse judgment by the Islamabad High Court will create tax liability under section 113 of the Ordinance aggregating Rs.51.828 million.

9.3 The Commissioner Inland Revenue (Appeals) [CIR(A)], during the period, has vacated the order and held that workers' welfare demand amounting Rs.3.488 million for the Tax Year 2010 is not chargeable in case of the Company. The Department has filed an appeal with Appellate Tribunal Inland Revenue (ATIR) against the CIR(A)'s order.

9.4 The Income Tax Department (the Department) charged tax under section 221 of the Ordinance amounting Rs.2.772 million for the Tax Year 2007 against which an appeal has been filed with the CIR(A), who has remanded back the matter to concerned officer.

9.5 The Department, during the current period, has charged tax under section 122(5A) of the Ordinance amounting Rs.0.894 million for the Tax Year 2006 against which an appeal has been filed before the CIR(A), which is pending adjudication.

9.6 The Department has charged tax under sections 161/205 of the Ordinance amounting Rs.0.560 million for the Tax Year 2006 against which the Company and the Department have filed appeals with ATIR, which are pending adjudication.

9.7 The Department has charged tax under section 122(5A) of the Ordinance amounting Rs.2.289 million for the Tax Year 2005 against which the Company and the Department have filed appeals with ATIR, which are pending adjudication.

9.8 The Department has charged tax under section 122(5A) of the Ordinance amounting Rs.7.123 million for the Tax Year 2004 against which the Company and the Department have filed appeals with the ATIR, which are pending adjudication.

10. Contingencies and commitments

10.1 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 30 June, 2012.

10.2 Counter guarantee given by the Company to a commercial bank outstanding as at 31 December, 2012 was for Rs.35 million (30 June, 2012: Rs.30 million).

	Un-audited 31 Dec., 2012	Audited 30 June, 2012
	Rupees in thousand	
10.3 Commitments for irrevocable letters of credit outstanding at the period / year-end were for:		
- stores and spares	**78,156**	0
- raw materials	**47,523**	124,708
	125,679	124,708

10.4 Refer contents of taxation notes.

11. Property, plant and equipment

	Note	Un-audited 31 Dec., 2012	Audited 30 June, 2012
		Rupees in thousand	
Operating fixed assets - tangible	11.1	**2,216,746**	2,246,422
Advance for purchase of vehicles	11.2	**20,000**	0
		2,236,746	2,246,422

11.1 Operating fixed assets - owned

Book value as at 30 June, 2012	**2,246,422**
Additions during the period:	
- plant & machinery	**2,779**
- generators	**170**
- furniture & fixtures	**286**
- office & other equipment	**25**
- arms	**154**
	3,414
Depreciation charge for the period	**(33,090)**
Book value as at 31 December, 2012	**2,216,746**

11.2 The Company, on 26 December, 2012, has entered into an agreement with Ghandhara Nissan Ltd. (an Associated Company) for supply of 5 units of UD trucks with infrastructure for carrying cotton to the mills and cotton yarn to dealers of the Company. The total cost of these trucks will be Rs. 37.500 million and the Company has paid an advance of Rs. 20 million in this regard. These trucks will be delivered to the Company within three months from date of signing of the agreement; however, non-delivery within the stipulated time will entitle the Company to charge mark-up at its borrowing cost rate till the delivery of trucks.

12. Investments in Associated Companies - Quoted

	Un-audited 31 Dec., 2012	Audited 30 June, 2012
	Rupees in thousand	
Babri Cotton Mills Ltd. (BCM)		
587,493 (30 June, 2012: 587,493) ordinary shares of Rs.10 each **- cost**	**10,973**	10,973
Equity held: 16.09% (30 June, 2012: 16.09%)		
Post acquisition profit brought forward including effect of items directly credited in equity by BCM	**48,154**	32,751
Profit for the period / year - net of taxation	**12,676**	14,162
	71,803	57,886
Bannu Woollen Mills Ltd. (BWM)		
585,301 (30 June, 2012: 585,301) ordinary shares of Rs.10 each **- cost**	**7,697**	7,697
Equity held: 7.70% (30 June, 2012: 7.70%)		
Post acquisition profit brought forward including effect of items directly credited in equity by BWM	**43,671**	35,571
Dividend received during the period / year	**(1,756)**	(2,926)
Profit for the period / year - net of taxation	**6,975**	10,556
	56,587	50,898
	128,390	108,784

12.1 Market value of the Company's investment in BCM and BWM as at 31 December, 2012 was Rs.17.249 million (30 June, 2012: Rs.7.643 million) and Rs.29.552 million (30 June, 2012: Rs.13.169 million) respectively.

13. Stock-in-trade

	Un-audited 31 Dec., 2012	Audited 30 June, 2012
	Rupees in thousand	
Raw materials:		
- at mills	**850,368**	445,923
- in transit	**73,243**	125,091
	923,611	571,014
Work-in-process	**67,575**	62,397
Finished goods (30 June, 2012 balance included inventory valuing Rs.3.656 million valued at fair value)	**32,738**	38,185
	1,023,924	671,596

14. Cash and bank balances

Balance as at 31 December, 2012 includes 100% cash margin amounting Rs. 65.951 million against import letter of credit held by The Bank of Khyber, Kohat.

15. Transactions with related parties

15.1 Aggregate transactions made during the period with the Associated Companies were as follows:

	Half-year ended 31 December, 2012	2011
	Rupees in thousand	
- purchase of goods and services	**21**	9,732
- sale of goods	**0**	1,420
- insurance claim received	**0**	1,400
- insurance premium paid	**0**	4,407
- residential rent paid	**219**	576
- mark-up expense	**46**	508
- dividend received	**1,756**	2,926
- advance for purchase of vehicles	**20,000**	0

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

15.3 Trade and other payables include due to Associated Companies on account of normal trading transactions aggregating Rs.0.510 million (30 June, 2012: Rs.1.386 million).

15.4 Accrued mark-up includes due to Associated Companies aggregating Rs.116 thousand (30 June, 2012: Rs.895 thousand).

16. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. This condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's preceding annual financial statements for the year ended 30 June, 2012. There have been no changes in the risk management policies since the year-end.

17. Date of authorisation for issue

This condensed interim financial information was authorised for issue on 26th February, 2013 by the Board of Directors of the Company.

18. Corresponding figures

- To comply with the requirements of International Accounting Standard 34 (Interim Financial Reporting), the condensed interim balance sheet has been compared with the balances of preceding annual audited financial statements of the Company for the year ended 30 June, 2012, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of the immediately preceding financial year, i.e. half-year ended 31 December, 2011. In addition, corresponding figures in the condensed interim profit and loss account also include balances of the three months period ended 31 December, 2011.

- Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, no material re-arrangements / re-classifications have been made in this condensed interim financial information.

Ali Kuli Khan

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

Mushtaq Ahmad Khan

Mushtaq Ahmad Khan, FCA
Director

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