

Half Yearly
Accounts
December,
2014

BIBOJEE GROUP



Janana De Malucho Textile
Mills Limited

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COMPANY'S PROFILE

BOARD OF DIRECTORS	MR. RAZA KULI KHAN KHATTAK 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 CH.SHER MUHAMMAD BRIG. (RETD) ABDUL SAMAD KHAN	Chairman
AUDIT COMMITTEE	BRIG. (RETD) ABDUL SAMAD KHAN MR. RAZA KULI KHAN KHATTAK MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA CH.SHER MUHAMMAD	Chairman Member Member 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 BRIG. (RETD) ABDUL SAMAD KHAN	Chairman Chief Executive / Member Member 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 - 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 un-audited reviewed financial statements of the Company for the 2nd quarter & half year ended 31st December 2014.

FINANCIAL HIGHLIGHTS

During the half year ended 31st December 2014 the turnover of the Company has decreased by 24% as compared to previous half year resulted into decrease of gross profit for the current half year as compared to profit for the last half year. Main reason for this reduction was dumping of 36,000,000 kgs cheap duty-free Indian yarn - predominantly fine counts which is hurting the local textile industry very badly - into Pakistan which is already in a glut with the yarn of local spinning units. It is abundantly clear that India is bent upon to destroy Pakistan economy. The import of Indian yarn resulted into decrease in quantum of sales and steep decline in gross profit & EPS.

GENERAL MARKET CONDITION

The industry is under severe pressure as the power rates have increased by 67 percent in one year and gas supplies were squeezed for majority of textile units. Increase in wage is not linked with the productivity. Your management is still holding the ground and putting in the best efforts to run the Company in a profitable manner by adopting all sorts of opportunities it can have.

FUTURE OUTLOOK

We cannot comprehend the reasons and benefits of the decision of the Pakistan Government with regard to the decision of allowing almost free import of Indian yarn into Pakistan because this decision is impacting the yarn prices adversely resulting in a decline of 30% as compared to the 1st quarter. However your management will strive to achieve positive results and make all the efforts to maintain 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: 22nd February, 2015

**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, 2014 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, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2014.

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, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

LAHORE: February 22, 2015

Hameed Chaudhri & Co.

**HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS**

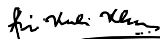
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JDM TEXTILE MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2014

		Dec. 31, 2014 Un-audited	June 30, 2014 Audited
	Note	Rupees in thousand	
ASSETS			
Non-current Assets			
Property, plant and equipment	6	2,294,218	2,324,453
Long term investments	7	222,933	178,740
Loans to employees		2,232	4,400
Security deposits		1,029	1,029
		2,520,412	2,508,622
Current Assets			
Stores, spares and loose tools		56,421	49,026
Stock-in-trade		875,942	771,782
Trade debts - unsecured, considered good		49,331	41,055
Advances to employees		3,514	2,991
Advance payments		30,410	27,090
Trade deposits and prepayments		13,095	4,771
Due from Associated Companies		7,254	10,277
Sales tax refundable		23,324	18,392
Income tax refundable, advance tax and tax deducted at source		63,013	75,761
Cash and bank balances		28,279	67,082
		1,150,583	1,068,227
TOTAL ASSETS		3,670,995	3,576,849
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		569,002	585,489
Shareholders' Equity		1,006,833	1,023,320
Term Finance Certificates		9,269	9,269
Surplus on Revaluation of Property, Plant and Equipment		1,269,058	1,277,496
LIABILITIES			
Non-current Liabilities			
Staff retirement benefits - gratuity	8	103,544	104,139
Deferred taxation		280,394	295,207
		383,938	399,346
Current Liabilities			
Trade and other payables	9	174,949	164,480
Accrued mark-up		21,580	24,101
Short term finances		780,592	636,485
Current portion of term finance certificates		13,904	13,904
Taxation	10	9,658	27,234
Preference shares redemption account		1,214	1,214
		1,001,897	867,418
Total Liabilities		1,385,835	1,266,764
Contingencies and Commitments	11		
TOTAL EQUITY AND LIABILITIES		3,670,995	3,576,849

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



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

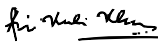



Mushtaq Ahmad Khan, FCA
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF-YEAR ENDED DECEMBER 31, 2014**

	Note	For the 2nd Quarter		Cumulative	
		Oct. - Dec., 2014	Oct. - Dec., 2013	Jul. - Dec., 2014	Jul. - Dec., 2013
----- Rupees in thousand -----					
Sales - net		504,607	649,109	1,143,025	1,495,999
Cost of Sales		507,687	524,749	1,062,549	1,175,590
Gross (Loss) / Profit		<u>(3,080)</u>	124,360	<u>80,476</u>	320,409
Distribution Cost		3,623	3,264	6,983	8,777
Administrative Expenses		20,457	18,407	40,161	37,406
Other Expenses	12	5,556	23,654	5,559	23,662
Other Income		(1,223)	(662)	(1,446)	(1,249)
		<u>28,414</u>	44,663	<u>51,258</u>	68,596
(Loss) / Profit from Operations		<u>(31,494)</u>	79,697	<u>29,219</u>	251,813
Finance Cost		23,359	14,193	39,258	26,064
		<u>(54,852)</u>	65,504	<u>(10,039)</u>	225,749
Share of (Loss) / Profit of Associated Companies - net	7	(5,867)	21,321	(5,867)	21,321
(Loss) / Profit before Taxation		<u>(60,719)</u>	86,825	<u>(15,906)</u>	247,070
Taxation					
- current	10.4	(6,273)	11,531	9,658	20,000
- prior year		(119)	(57)	(119)	(57)
- deferred		(14,813)	70,020	(14,813)	70,020
		<u>(21,205)</u>	81,494	<u>(5,274)</u>	89,963
(Loss) / Profit after Taxation		<u>(39,514)</u>	5,331	<u>(10,632)</u>	157,107
Other Comprehensive Income		0	0	0	0
Total Comprehensive (Loss) / Income for the Period		<u>(39,514)</u>	<u>5,331</u>	<u>(10,632)</u>	<u>157,107</u>
----- Rupees -----					
(Loss) / Earnings per Share		<u>(8.26)</u>	1.11	<u>(2.22)</u>	32.83

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


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

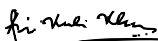

Mushtaq Ahmad Khan, FCA
Director


JDM TEXTILE MILLS LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF-YEAR ENDED DECEMBER 31, 2014**

	Half-year ended	
	Dec. 31, 2014	Dec. 31, 2013
	(Rupees in thousand)	
Cash flow from operating activities		
(Loss) / profit for the period - before taxation and share of profit / (loss) of Associated Companies	(10,039)	225,749
Adjustments for non-cash charges and other items:		
Depreciation	35,458	33,586
Provision for obsolete generator's parts	5,556	0
Gain on sale of vehicles	(1,061)	0
Staff retirement benefits - gratuity (net)	(595)	6,632
Restructuring cost balance amortised	0	(278)
Finance cost - net	39,258	26,064
Profit before working capital changes	68,577	291,753
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(7,395)	(10,610)
Stock-in-trade	(104,160)	(257,561)
Trade debts	(8,276)	(25,488)
Loans and advances to employees	1,645	(841)
Advance payments	(3,320)	10,030
Trade deposits and prepayments	(8,324)	(9,875)
Due from Associated Companies	3,023	10,866
Other receivables	0	1,576
Sales tax refundable	(4,932)	144
Increase / (decrease) in trade and other payables	5,314	(3,089)
	(126,425)	(284,848)
Cash (used in) / generated from operations	(57,849)	6,905
Taxes paid	(14,367)	(5,457)
Net cash (used in) / generated from operating activities	(72,216)	1,448
Cash flow from investing activities		
Fixed capital expenditure	(11,393)	(37,363)
Sale proceeds of vehicles	1,675	0
Defence savings certificates purchased	(50,000)	0
Net cash used in investing activities	(59,718)	(37,363)
Cash flow from financing activities		
Demand finances repaid	0	(29,329)
Short term finances - net	144,107	84,865
Preference shares redeemed	0	(1)
Finance cost paid	(41,779)	(15,701)
Cash dividend paid	(9,198)	0
Net cash generated from financing activities	93,131	39,834
Net (decrease) / increase in cash and cash equivalents	(38,803)	3,919
Cash and cash equivalents - at beginning of the period	67,082	13,420
Cash and cash equivalents - at end of the period	28,279	17,339

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


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

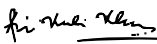

Mushtaq Ahmad Khan, FCA
Director


JDM TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF-YEAR ENDED DECEMBER 31, 2014

	Reserves						Unappropriated profit	Total
	Share capital	Capital			Revenue			
		Capital redemption	Tax holiday	Share premium	General	Sub-total		
----- Rupees in thousand -----								
Balance as at June 30, 2014 (audited)	47,848	6,694	350	11,409	371,530	389,983	585,489	1,023,320
Transaction with owners:								
Cash dividend at the rate of Rs.3 per ordinary share	0	0	0	0	0	0	(14,354)	(14,354)
Total comprehensive loss for the period ended December 31, 2014:								
- loss for the period	0	0	0	0	0	0	(10,632)	(10,632)
- other comprehensive income	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	(10,632)	(10,632)
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation):								
- on account of incremental depreciation for the period	0	0	0	0	0	0	8,018	8,018
- upon obsolescence of revalued assets	0	0	0	0	0	0	421	421
Effect of items directly credited in equity by Associated Companies								
	0	0	0	0	0	0	60	60
Balance as at December 31, 2014 (un-audited)	47,848	6,694	350	11,409	371,530	389,983	569,002	1,006,833
Balance as at June 30, 2013 (audited and restated)	47,848	6,694	350	11,409	371,530	389,983	397,753	835,584
Total comprehensive income for the period ended December 31, 2013:								
- profit for the period	0	0	0	0	0	0	157,107	157,107
- other comprehensive income	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	157,107	157,107
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation) on account of incremental depreciation for the period								
	0	0	0	0	0	0	8,347	8,347
Effect of items directly credited in equity by Associated Companies								
	0	0	0	0	0	0	(4,994)	(4,994)
Balance as at December 31, 2013 (un-audited and restated)	47,848	6,694	350	11,409	371,530	389,983	558,213	996,044

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, 2014**

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, 2014 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, 2014.

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, 2014.

4. Changes in Accounting Standards and Interpretations

4.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The amendments to following standards have been adopted by the Company for the first time for financial year beginning on July 01, 2014:

- (a) IAS 32 (Amendment) 'Financial Instruments: Presentation', is applicable on accounting periods beginning on or after January 01, 2014. This amendment updates the application guidance in IAS 32 'Financial Instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The Company has applied this amendment from July 01, 2014 and does not expect to have a material impact on its financial statements.
- (b) IAS 36 (Amendment) 'Impairment of Assets', is applicable on accounting periods beginning on or after January 01, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The Company has applied this amendment from July 01, 2014 and this will only affect the disclosures in the Company's financial statements in the event of impairment.

4.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 01, 2014 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

4.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following are the new standards and amendments to existing approved accounting standards that will be effective for the periods beginning January 1, 2015 that may have an impact on the financial statements of the Company.

- (a) IFRS 12, 'Disclosure of Interests in Other Entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.
- (b) IFRS 13, 'Fair Value Measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

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 financial statements for the year ended June 30, 2014.

6. Property, Plant and Equipment

		Un-audited Dec. 31, 2014	Audited June 30, 2014
		(Rupees in thousand)	
Operating fixed assets - tangible	6.1	2,294,122	2,309,742
Capital work-in-progress		96	1,421
Stores held for capital expenditure		0	13,290
		2,294,218	2,324,453
6.1 Operating fixed assets - owned			
Book value as at June 30, 2014		2,309,742	
Additions during the period including transfers from capital work-in-progress:			
- building - factory		3,286	
- plant & machinery		2,230	
- generators		14,559	
- furniture & fixtures		279	
- office & other equipment		213	
- vehicles		4,475	
- arms		38	
- workshop equipment		928	
Book value of:		26,008	
- disposals of vehicles made during the period		(614)	
- transfer of one gas generator's parts to stores and spares inventory during the period		(5,556)	
		(6,170)	
Depreciation charge for the period		(35,458)	
Book value as at December 31, 2014		2,294,122	

7. Long term investments	Un-audited Dec. 31, 2014	Audited June 30, 2014
	(Rupees in thousand)	
Investments in Associated Companies	7.1 172,933	178,740
Defence Savings Certificates	7.3 50,000	0
	222,933	178,740
7.1 Investments in Associated Companies - Quoted		
Babri Cotton Mills Ltd. (BCM)		
587,493 ordinary shares of Rs.10 each - cost	10,973	10,973
Equity held: 16.09%		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BCM	98,456	85,175
(Loss) / profit for the period / year - net of taxation	(10,138)	13,194
Share of other comprehensive loss - net of taxation	0	(752)
	99,291	108,590
Bannu Woollen Mills Ltd. (BWM)		
731,626 ordinary shares of Rs.10 each - cost	7,697	7,697
Equity held: 7.70%		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BWM	61,674	52,716
Profit for the period / year - net of taxation	4,271	10,131
Share of other comprehensive loss - net of taxation	0	(394)
	73,642	70,150
	172,933	178,740
7.2 Market value of the Company's investments in BCM and BWM as at December 31, 2014 was Rs.30.638 million (June 30, 2014: Rs.42.893 million) and Rs.38.732 million (June 30, 2014: Rs.54.945 million) respectively.		
7.3 These represent 50 Defence Savings Certificates (DSCs), having face value of Rs.one million each, purchased during the current period with maturity period of 10 years. The management intends to encash these DSCs along with profit after the maturity period.		
8. Staff retirement benefits - gratuity		
Benefits paid during the current period include partial payment of gratuity benefits to Executive Director Technical amounting Rs.10 million.		
9. Trade and other payables		
Creditors	25,757	23,997
Bills payable	44,931	19,642
Advance payments	184	184
Accrued expenses	79,611	90,656
Tax deducted at source	2,762	1,097
Due to Waqf-e-Kuli Khan	4,443	4,543
Security deposits repayable on demand - interest free	112	112
Workers' (profit) participation fund	0	12,389
Workers' welfare fund	11,746	11,746
Dividend payable	5,156	0
Others	247	114
	174,949	164,480

10. Taxation

- 10.1** Except for the matter detailed in note 10.2, there has been no significant change in the status of tax cases as detailed in the note 26 to the audited financial statements of the Company for the year ended June 30, 2014.
- 10.2** The Commissioner Inland Revenue - Appeals [CIR(A)], has decided the appeal for the tax year 2008 and upheld the order of the Department. Since no relief has been allowed by the CIR(A), the Company has filed an appeal before the Appellate Tribunal Inland Revenue against order of the CIR(A), which is pending adjudication.
- 10.3** 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.
- 10.4** Provision for the current period represents minimum tax payable under section 113 of the Ordinance net of tax credit for investment in plant & machinery under section 65B of the Ordinance amounting Rs.1.772 million.

11. Contingencies and Commitments

- 11.1** There has been no significant change in the status of contingencies as reported in the audited financial statements of the Company for the year ended June 30, 2014.
- 11.2** Counter guarantee given by the Company to a commercial bank outstanding as at December 31, 2014 was for Rs.75 million (June 30, 2014: Rs.60 million).
- 11.3** The Company, during the current period, has challenged the levy of Gas Infrastructure Development Cess (GIDC) by filing a petition before the Peshawar High Court, Peshawar (PHC). The PHC has stayed the levy / cess charged through GIDC and the Respondents were directed to submit their comments. Earlier, the Supreme Court of Pakistan had dismissed the appeal of Federation on the same matter on August 22, 2014, wherein it was held that the levy under the GIDC Act, 2011 was not covered under any entry relating to the imposition or levy of a tax as envisaged in the Constitution.
Sui Northern Gas Pipelines Ltd., along with gas bill for the month of December, 2014, has raised GIDC demands aggregating Rs.56.202 million, which is payable along with interest subject to order of the Court / Authority. The petition before the PHC is pending adjudication.
- 11.4** The Company has filed a writ petition before the PHC against the Government of Khyber Pakhtunkhwa and Others in respect of minimum wages Notification dated September 09, 2014 whereby minimum wages of workers were enhanced upto Rs.15,000 per month. The PHC has admitted the writ petition and granted an interim order against the enhancement of minimum wages. An adverse judgment by the PHC will create additional wage liabilities aggregating Rs.14.541 million approximately.

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	Un-audited Dec. 31, 2014 (Rupees in thousand)	Audited June 30, 2014
11.5 Commitments against irrevocable letters of credit outstanding at the period / year-end were for:		
- stores and spares	7,405	4,554
- raw materials	150,036	28,846
	157,441	33,400

11.6 Refer contents of note 10.3.

12. Other Expenses

	Cumulative	
	Jul. - Dec., 2014	Jul. - Dec., 2013
	(Rupees in thousand)	
Donations (without directors' interest)	3	1,045
Donation to Waqf-e-Kuli Khan	0	5,480
Workers' (profit) participation fund	0	12,418
Workers' welfare fund	0	4,719
Provision against obsolete generator's parts	5,556	0
	5,559	23,662

13. Transactions with Related Parties

Name	Nature of relationship	Nature of transaction		
Babri Cotton Mills Ltd.	Associated Company	Utilities:		
		- paid	68	14
		- received	645	315
		Dividend paid	1,023	0
Bannu Woollen Mills Ltd.	-do-	Dividend paid	4,678	0
		Utilities paid	0	78
		Expenses paid	193	0
		Salaries paid on behalf	179	69
		Mark-up earned	0	214
Bibojee Services (Pvt.) Ltd.	-do-	Mark-up earned	0	395
		Dividend paid	1,687	0

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.

14. Financial Risk Management

14.1 Financial Risk Factors

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, 2014. There have been no significant changes in the risk management policies since the year-end.

14.2 Fair Value Estimation

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

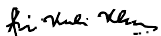
15. Date of Authorisation for Issue


This condensed interim financial information was authorised for issue on February 22, 2015 by the Board of Directors of the Company.

16. Corresponding Figures

16.1 In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of the preceding financial year, 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 immediately preceding financial year.

16.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to this condensed interim financial information.


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


Mushtaq Ahmad Khan, FCA
Director

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