

Half Yearly Report

31 December 2014

(Un-audited)



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Company Information

Board of Directors

Khalid Bashir	(Chairman)
Nadeem Maqbool	(Chief Executive)
Ahsan Bashir	
Amjad Mahmood	
Asif Bashir	
Humayun Maqbool	
Mohammad Iqbal	

Chief Financial Officer

Farooq Ahmad

Company Secretary

Gulraiz Ali

Audit Committee

Humayun Maqbool	(Chairman)
Ahsan Bashir	(Member)
Asif Bashir	(Member)

HR & R Committee

Ahsan Bashir	(Chairman)
Asif Bashir	(Member)
Humayun Maqbool	(Member)

Legal Advisor

Muhammad Iqbal Khawaja

Share Registrar

Crescent Group (Pvt.) Ltd.
10th Floor, BOP Tower, 10-B,
Block E-2, Gulberg III, Lahore

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Bankers

Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited
Dubai Islamic Bank Limited
Habib Metropolitan Bank Limited

Registered Office

7-B-III, Aziz Avenue, Gulberg-V, Lahore.
Ph: +92-423-576 0381
Fax: +92-423-576 0376
Email: info@suraj.com
Web: www.suraj.com

Project Locations

Nooriabad, Sindh.
Shahkot, District Nankana Sahib, Punjab.
Rawind, District Lahore, Punjab.



Directors' Report

We are pleased to present the six-month financial statements for the period up to 31 December 2014, which have been reviewed by the auditors.

The period under review has been one of reduced operating margins with slack demand for both yarn and fabrics. The results reflect the effect of these factors and the Company posted earnings after tax of Rs. 295.212 million with earnings per share of Rs. 12.32 (2013: Rs. 21.19). Net sales of the company were Rs. 4.838 billion as compared to Rs. 5.097 billion for the corresponding period, a decrease of approximately 5%. Distribution costs decreased by approximately 30% due to a decline in exports and administrative costs remained about the same as the previous period. Financial charges were Rs. 36.474 million as compared to Rs. 41.905 million which is lower by about 13%, mainly due to better financial management and repayments of borrowings during this period.

The current year had opened on the back of strong demand for our products and mainly stable prices for raw cotton. However, towards the end of the first quarter, we witnessed a significant slowing down in demand in the international markets. Raw cotton prices remained largely within range as the international raw material prices also showed a weaker trend. The crop was expected to be around 14 million bales and the latest figures show arrivals to be around 14.45 million bales, which is higher than target. Presently, the raw cotton prices in both the domestic and international market are on an upward trend with slack demand and depressed prices for our end products. This has resulted in an erosion of profitability and we expect that during the coming period, the viability of mills will be adversely affected.

The energy situation in Punjab remains erratic at best and power shortages continue to persist. Mills have resorted to alternate generation at much higher costs increasing our operating costs. Gas availability in both Punjab and Sindh remains restricted in varying degrees. With the sharp decline in oil prices, our self-generation on furnace oil and diesel has become more viable and we hope that the government will also move to reduce tariffs on electricity through the national grid.

Future Prospects

We expect the second half of FY2015 to remain sluggish in terms of profitability. Both domestic and international demand for our products has become very weak especially China which is depicting a sharp downturn. Pakistan textile products are also facing severe competition from India, which continues to take our market share in international markets of yarn and is also affecting our domestic markets especially in fine counts.


Although the cotton crop output in the current year has been improved over last year, we feel that these increases are marginal and efforts must be made to use advanced research and genetics to improve our yields. We continue to raise this issue in our reports for the last many years but see no credible moves on the part of the government to address this problem. Higher output leading to stable prices will also help in maintaining our margins for better profitability.

Acknowledgements

We would take this opportunity to thank all our shareholders and partners for their valued support and our employees for their dedication. We would also like to thank the Board of Directors for their guidance and advice at all times.

Nadeem Maqbool
Chief Executive

16 February 2015
Lahore



Auditor Report to the Members On Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet **Suraj Cotton Mills Limited** as at **31 December 2014** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the accounts, for the six-month period 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 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.

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

Chartered Accountants

Engagement Partner: **Farooq Hameed**
Ernst & Young Ford Rhodes Sidat Hyder

16 February 2015
Lahore

Condensed Interim Financial Statements

For the Half Year Ended December 31, 2014

Condensed Interim Balance Sheet

As At December 31, 2014

	Un-Audited	Audited
	31 December 2014	30 June 2014
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital 50,000,000 (30 June 2014: 50,000,000) ordinary shares of Rupees 10 each	500,000	500,000
Issued, subscribed and paid up share capital	239,580	217,800
Capital reserves	77,750	38,667
Revenue reserves	3,855,406	3,690,874
Total equity	4,172,736	3,947,341
Non-current liabilities		
Long term financing	112,036	251,537
Liabilities against assets subject to finance lease	527	635
Deferred tax	215,535	215,535
	328,098	467,707
Current liabilities		
Trade and other payables	1,010,550	791,840
Accrued interest on loans	18,029	19,213
Taxation- net	937	-
Short term borrowings	365,639	205,276
Current portion of non current liabilities	86,502	115,691
	1,481,657	1,132,020
Total liabilities	1,809,755	1,599,727
Total equity and liabilities	5,982,491	5,547,068
CONTINGENCIES AND COMMITMENTS		
	6	

The annexed notes from 1 to 17 form an integral part of this interim financial information.

CHIEF EXECUTIVE OFFICER

Condensed Interim Balance Sheet

As At December 31, 2014

		Un-Audited	Audited
		31 December 2014	30 June 2014
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	7	2,020,406	1,982,781
Investment Properties		100,000	100,000
Long term deposits		19,531	19,531
		2,139,937	2,102,312
Current assets			
Stores, spares and loose tools		95,740	89,846
Stock in trade		1,510,877	1,372,741
Trade debts		317,330	459,258
Loans and advances	8	88,773	56,046
Trade deposits and short term prepayments		25,181	4,618
Balances with statutory authorities		49,999	70,306
Taxation- net		-	3,024
Other receivables		550	817
Short term investments	9	1,659,961	1,185,844
Cash and bank balances		82,560	190,673
Assets held for sale		11,583	11,583
		3,842,554	3,444,756
TOTAL ASSETS		5,982,491	5,547,068

DIRECTOR

Condensed Interim Profit and Loss Account (Un-Audited)

For The Half Year Ended 31 December 2014

	Note	Half year ended		Quarter ended	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
(Rupees in thousand)					
Sales	10	4,838,912	5,097,406	2,328,691	2,471,129
Cost of sales	11	4,358,121	4,351,480	2,054,914	2,102,291
Gross profit		480,791	745,926	273,777	368,838
Distribution cost		89,680	128,434	45,974	55,403
Administrative expenses		57,360	55,453	30,243	29,524
Other operating expenses	12	29,219	44,992	18,034	23,067
		176,259	228,879	94,251	107,994
		304,532	517,047	179,526	260,844
Other operating income		88,931	98,212	68,267	66,422
		393,463	615,259	247,793	327,266
Finance cost		36,474	41,905	18,960	22,403
Profit before taxation		356,989	573,354	228,833	304,863
Taxation	13	61,777	65,697	30,652	37,734
Profit after taxation		295,212	507,657	198,181	267,129
Earnings per share			Restated		Restated
- basic and diluted (Rupees)		12.32	21.19	8.27	11.15

The annexed notes from 1 to 17 form an integral part of this interim financial information.

Condensed Interim Statement of Comprehensive Income (Un-Audited) For The Half Year Ended 31 December 2014

	Half year ended		Quarter ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	(Rupees in thousand)			
Profit for the period	295,212	507,657	198,181	267,127
Other comprehensive income:				
Items not to be reclassified to profit and loss in subsequent periods				
Net unrealized gain on available for sale investments	39,083	7,902	38,921	8,861
Total comprehensive income for the period	334,295	515,559	237,102	275,988

The annexed notes from 1 to 17 form an integral part of this interim financial information.

Condensed Interim Cash Flow Statement (Un-Audited)

For The Half Year Ended 31 December 2014

	Half year ended 31 December 2014	Half year ended 31 December 2013
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	356,989	573,354
Adjustment for non-cash and other items:		
Depreciation	97,071	97,768
Gain on disposal of property, plant and equipment	(236)	(9,456)
Unrealized (gain)/loss on revaluation of held for trading investments	4,976	(65,604)
Dividend income	(13,637)	(5,093)
Exchange gain	(3,052)	(741)
Finance cost	36,474	41,905
Cash flows from operating activities before working capital changes	478,585	632,133
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(5,895)	34,022
Stock in trade	(138,136)	(30,900)
Trade debts	144,980	(10,858)
Loans and advances	(32,727)	(123,674)
Trade deposits and short term prepayments	(20,563)	(12,733)
Balances with statutory authorities	20,307	(2,646)
Other receivables	267	626
Increase in current liabilities:		
Trade and other payables	218,710	54,381
Net cash (used in) /from working capital	186,943	(91,782)
Cash generated from operations	665,528	540,351
Finance cost paid	(37,658)	(42,301)
Income tax paid	(57,815)	(52,048)
Dividend paid	(108,900)	(105,056)
Net cash from operating activities	461,155	340,946
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(135,210)	(193,893)
Proceeds from disposal of property, plant and equipment	750	12,800
Investments made - net	(440,010)	(432,964)
Dividend received	13,637	5,093
Net cash used in investing activities	(560,833)	(608,964)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from/(repayment of) long term financing - net	(168,689)	(867)
Repayment of finance lease liabilities	(109)	(92)
Increase/(decrease) in short term borrowings - net	160,363	209,855
Net cash (used in) / generated from financing activities	(8,435)	208,896
Net decrease in cash and cash equivalents	(108,113)	(59,122)
Cash and cash equivalents at the beginning of the period	190,673	95,510
Cash and cash equivalents at the end of the period	82,560	36,388

The annexed notes from 1 to 17 form an integral part of this interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Condensed Interim Statement of Changes in Equity (Un-Audited) For The Half Year Ended 31 December 2014

	Share capital	Capital Reserves			Revenue Reserves			Total
		Premium on issue of shares	Unrealized gain / (loss) on available-for-sale investments	Sub total	General	Unappropriated profit	Sub total	
------(Rupees in thousand)-----								
Balance as on 01 July 2013	198,000	29,000	4,984	33,984	2,214,000	963,012	3,177,012	3,408,996
Net profit for the period from 01 July 2013 to 31 December 2013	-	-	-	-	-	507,657	507,657	507,657
Other comprehensive income	-	-	7,902	7,902	-	-	-	7,902
Total comprehensive income for the period	-	-	7,902	7,902	-	507,657	507,657	515,559
Transfer to general reserve	-	-	-	-	750,000	(750,000)	-	-
Issue of bonus shares for the year ended 30 June 2013 at the rate of 10%	19,800	-	-	-	-	(19,800)	(19,800)	-
Final dividend for the year ended 30 June 2013 at the rate of Rs. 6 per share	-	-	-	-	-	(118,800)	(118,800)	(118,800)
Balance as on 31 December 2013	217,800	29,000	12,886	41,886	2,964,000	582,069	3,546,069	3,805,755
Balance as on 01 July 2014	217,800	29,000	9,667	38,667	2,964,000	726,874	3,690,874	3,947,341
Net profit for the period from 01 July 2014 to 31 December 2014	-	-	-	-	-	295,212	295,212	295,212
Other comprehensive income	-	-	39,083	39,083	-	-	-	39,083
Total comprehensive income for the period	-	-	39,083	39,083	-	295,212	295,212	334,295
Transfer to general reserve	-	-	-	-	500,000	(500,000)	-	-
Issue of bonus shares for the year ended 30 June 2014 at the rate of 10%	21,780	-	-	-	-	(21,780)	(21,780)	-
Final dividend for the year ended 30 June 2014 at the rate of Rs. 5 per share	-	-	-	-	-	(108,900)	(108,900)	(108,900)
Balance as on 31 December 2014	239,580	29,000	48,750	77,750	3,464,000	391,406	3,855,406	4,172,736

The annexed notes from 1 to 17 form an integral part of this interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Selected Notes to the Interim Financial Information (Un-Audited)

For The Half Year Ended 31 December 2014

1. THE COMPANY AND ITS ACTIVITIES

Suraj Cotton Mills Limited (the Company) is a public limited company incorporated in Pakistan on 18 December 1984 under the Companies Act, 1913 (Now Companies Ordinance, 1984). The registered office of the Company is located at 7-B-III, Aziz Avenue, Gulberg-V, Lahore. Its shares are quoted on Karachi and Lahore Stock Exchanges in Pakistan. The Company is engaged in the manufacturing, sale and trading of yarn, cloth and processing of cloth.

2. BASIS OF PREPARATION

2.1 This interim financial information is unaudited and is being submitted to shareholders, as required by section 245 of Companies Ordinance, 1984.

2.2 This interim financial information of the Company for the six month period ended 31 December 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.3 The accounting policies and computation methods adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2014 except for as disclosed in note 2.4 below.

2.4 The Company has adopted the following amended International Financial Reporting Standards (IFRSs) which became effective during the period:

IAS 19 - Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 - Financial Instruments : Presentation – (Amendment) - offsetting Financial Assets and Financial Liabilities

IAS 36 - Impairment of Assets – (Amendment) Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 - Financial Instruments: Recognition and Measurement – (Amendment) - Novation of derivatives

IFRIC 21 - Levies

The adoption of the above amendments and interpretation did not have any significant impact on this condensed interim financial information.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in the preparation of this interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2014.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of the estimation are the same as those that applied to the financial statements for the year ended 30 June 2014.

	Un-Audited	Audited
	31 December 2014	30 June 2014
	(Rupees in thousand)	
5. LONG TERM FINANCING - secured		
Opening balance	367,010	420,676
Repaid during the period / year	(168,689)	(53,666)
	198,321	367,010
Less: Current portion	86,285	115,473
	112,036	251,537

Selected Notes to the Interim Financial Information (Un-Audited)

For The Half Year Ended 31 December 2014

6. CONTINGENCIES AND COMMITMENTS

Contingencies

- There is contingent liability in respect of bank guarantees issued by the Company's bankers in the ordinary course of business in favour of collector of customs aggregating to Rs. 810 thousand (30 June 2014: Rs. 810 thousand) against cases pending in the court of law.

Commitments

- Commitments as at 31 December 2014 are Rs. Nil (30 June 2014: Rs. Nil 49,202).

	Note	Un-Audited 31 December 2014 (Rupees in thousand)	Audited 30 June 2014
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	(7.1)	1,894,408	1,935,757
Assets subject to finance lease	(7.2)	1,044	1,160
Capital work-in-progress		124,954	45,864
		2,020,406	1,982,781
7.1 Operating fixed assets - tangible			
Opening book value		1,935,757	1,944,391
Add: Additions during the period / year -cost	(7.1.1)	56,120	209,333
		1,991,877	2,153,724
Less: Deletions during the period / year		514	15,659
		1,991,363	2,138,065
Less: Depreciation during the period / year		96,955	202,308
Book value at the end of the period / year		1,894,408	1,935,757
7.1.1 Additions during the period / year - cost			
Land		-	16,694
Buildings		-	7,106
Plant and machinery		56,120	168,978
Office Equipment		-	1,200
Electric installations		-	5,503
Vehicles		-	9,852
		56,120	209,333
7.2 Assets subject to finance lease			
Opening book value		1,160	1,450
		1,160	1,450
Less: Depreciation during the period / year		116	290
Book value at the end of the period / year		1,044	1,160

Selected Notes to the Interim Financial Information (Un-Audited)

For The Half Year Ended 31 December 2014

	Note	Un-Audited	Audited
		31 December 2014	30 June 2014
		(Rupees in thousand)	
8. LOANS AND ADVANCES			
Loans to employees		5,272	5,299
Advances to suppliers		78,240	44,374
Advance against letter of credit		5,261	6,373
		88,773	56,046
9. SHORT TERM INVESTMENTS			
Available for sale		165,839	26,756
Held for trading		1,494,122	1,159,088
		1,659,961	1,185,844

	Un-Audited			
	Half year ended		Quarter ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
(Rupees in thousand)				
10. SALES				
Export	1,289,775	1,806,807	614,710	708,788
Local	3,463,127	3,201,798	1,670,365	1,714,926
Waste	86,011	88,801	43,617	47,415
	4,838,912	5,097,406	2,328,691	2,471,129
11. COST OF SALES				
Raw material consumed	2,876,833	3,287,243	1,401,054	1,548,017
Sizing expenses	29,347	33,459	14,919	16,345
Stores, spares and loose tools consumed	81,035	74,840	39,443	40,051
Packing materials	51,142	50,809	24,681	26,034
Salaries, wages and other benefits	291,428	249,017	148,443	128,594
Fuel and power	602,681	521,256	311,051	275,929
Repairs and maintenance	23,457	13,275	12,457	6,043
Insurance	12,079	11,269	5,924	5,432
Other factory overheads	8,771	8,268	4,145	4,346
Depreciation	91,881	92,025	46,372	46,262
	4,068,654	4,341,461	2,008,489	2,097,053

Selected Notes to the Interim Financial Information (Un-Audited)

For The Half Year Ended 31 December 2014

	Un-Audited			
	Half year ended		Quarter ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	(Rupees in thousand)			
Work-in-process:				
Opening stock	113,163	98,952	118,901	120,576
Closing stock	(124,674)	(112,135)	(124,674)	(112,135)
	(11,511)	(13,183)	(5,773)	8,441
Cost of goods manufactured	4,057,143	4,328,278	2,002,716	2,105,494
Finished goods:				
Opening stock	673,903	551,623	424,942	524,858
Closing stock	(372,926)	(527,837)	(372,926)	(527,837)
	300,977	23,786	52,016	(2,979)
	4,358,121	4,352,064	2,054,732	2,102,515
Less: Export rebate	-	584	(182)	224
	4,358,121	4,351,480	2,054,914	2,102,291
12. OTHER OPERATING EXPENSES				
Workers profit participation fund	19,051	30,792	11,862	15,876
Workers welfare fund	7,776	11,701	4,842	5,797
Others	2,392	2,499	1,330	1,394
	29,219	44,992	18,034	23,067
13. TAXATION				
Charge for the period:				
Current	61,777	65,697	30,652	37,734
	61,777	65,697	30,652	37,734

14. OPERATING SEGMENT INFORMATION

The textile sector comprises of spinning, combing, weaving, dyeing, bleaching, printing, stitching, buying, selling and dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber(s). This sector also includes power generation facilities which provide electricity for internal consumption purposes.

For management purposes, the Suraj Cotton Mills is organized into business units based on their products and services and has two reportable operating segments as follows:

Spinning: Production of different quality of yarn using natural and artificial fibers.

Weaving: Production of different quality of greige fabric using yarn.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

	Spinning		Weaving		Elimination of inter-segment transactions		Total	
	Un-Audited							
	Half year ended							
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
(Rupees in thousand)								
Sales								
External	2,948,454	2,876,475	1,890,456	2,220,931	-	-	4,838,912	5,097,406
Inter-segment	654,772	528,211	-	-	654,772	528,211	-	-
	3,603,226	3,404,686	1,890,456	2,220,931	654,772	528,211	4,838,912	5,097,406
Cost of sales								
External	3,207,662	2,852,137	1,150,459	1,499,343	-	-	4,358,121	4,351,480
Inter-segment	-	-	654,772	528,211	654,772	528,211	-	-
	3,207,662	2,852,137	1,805,231	2,027,554	654,772	528,211	4,358,121	4,351,480
Gross profit	395,564	552,549	85,227	193,377	-	-	480,791	745,926
Distribution cost	39,134	45,186	50,546	83,248	-	-	89,680	128,434
Administrative expenses	46,471	46,221	10,869	9,232	-	-	57,360	55,453
	85,605	91,407	61,435	92,480	-	-	147,040	183,887
Profit before taxation and unallocated income and expenses	309,959	461,142	23,792	100,897	-	-	333,751	562,039

Selected Notes to the Interim Financial Information (Un-Audited) For The Half Year Ended 31 December 2014

	Un-Audited						
	Half year ended						
	Spinning		Weaving		Elimination of Inter-segment transactions		Consolidated
31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	(Rupees in thousand)						
Unallocated income and expenses:							
Other operating expenses						(29,219)	(44,992)
Other operating income						88,931	98,212
Finance cost						(36,474)	(41,905)
						23,238	11,315
Profit before taxation						356,989	573,354
Taxation						61,777	65,697
Profit for the year						295,212	507,657
Inter segment sales and purchases have been eliminated on consolidation.							
Other disclosures							
Capital expenditure	115,369	190,884	19,841	3,009	-	135,210	193,893
	Un-audited 31 December 2014	Audited 30 June 2014	Un-audited 31 December 2014	Audited 30 June 2014	Un-audited 31 December 2014	Audited 30 June 2014	Audited 30 June 2014
Segment assets	3,209,341	3,190,275	826,663	940,172	-	4,035,994	4,130,447
Unallocated assets						1,946,497	1,416,621
Consolidated total assets						5,982,491	5,547,068
	(Rupees in thousand)						
Segment liabilities	1,282,663	1,048,062	232,343	244,232	-	1,515,006	1,292,294
Unallocated liabilities						294,749	307,433
Consolidated total liabilities						1,809,755	1,599,727

14.2

Geographical segments

Secondary information is reported geographically.

The Company operates in three major geographical segments i.e. Pakistan, Europe and Far East. The cumulative revenue attributable to foreign countries is disclosed in note 10.

Selected Notes to the Interim Financial Information (Un-Audited)

For The Half Year Ended 31 December 2014

15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, companies in which directors are interested, staff retirement funds, directors and key management personnel. Significant transactions with related parties and associated undertakings are as under:

Relationship with the Company	Nature of transactions	Un-Audited	
		Half year ended 31 December 2014	Half year ended 31 December 2013
		(Rupees in thousand)	
Associated companies	Sale of goods and services	50,426	51,625
	Purchase of goods and services	374,148	489,903
	Sale of fixed assets	-	3,000
	Dividend paid	40,966	56,463
Employees Provident Fund Trust	Amount contributed	6,847	5,823
Director and Chief Executive	Remuneration	10,507	9,196

Transactions entered into with the key management personnel as per their terms of employment are excluded from related party transactions.

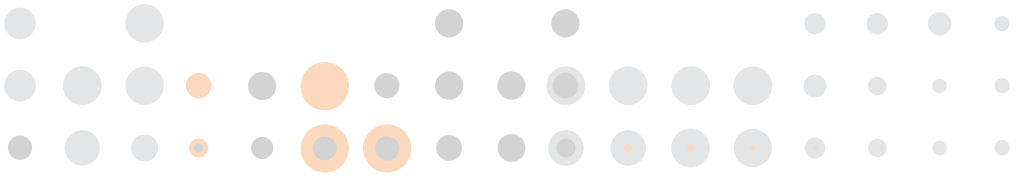
Relationship with the Company	Nature of transactions	Un-Audited	Audited
		31 December 2014	30 June 2014
The outstanding balances of such parties are as under:		(Rupees in thousand)	
Associated companies	Creditors	40,837	17,772
	Trade debts	79	30,963
Employees Provident Fund Trust	Provident fund payable	454	496
Director and Chief Executive	Remuneration payable	595	498

16. DATE OF AUTHORIZATION

This interim financial information was authorized for issue by the Board of Directors of the Company on February 16, 2015.

17. GENERAL

- 17.1 The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2014 and 2013 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.



Selected Notes to the Interim Financial Information (Un-Audited) For The Half Year Ended 31 December 2014

- 19.2 Provisions in respect of Worker's Welfare Fund (WWF), Worker's Profit Participation Fund (WPPF) and taxation are estimated and these are subject to final adjustment in the annual financial statements.
- 19.3 Figures have been rounded off to the nearest thousand rupees.



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