



Half Yearly Report | for the half year ended December 31, 2013
(Un-Audited)





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Company Information

Board of Directors

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

Chief Financial Officer

Farooq Ahmad

Companay Secretary

Muhammad Saleem Hussain

Audit Committee

- Mr. Humayun Maqbool
(Chairman)
- Mr. Khalid Bashir
(Member)
- Mr. Asif Bashir
(Member)
- Mr. Khaleeqe Ahmad
(Secretary)

HR & R Committee

- Mr. Ahsan Bashir
(Chairman)
- Mr. Asif Bashir
(Member)
- Mr. Humayun Maqbool
(Member)

Share Registrar

Crescent Group (Pvt) Ltd.
306, 3rd Floor, Siddiq Trade
Centre, 72 Main Boulevard,
Gulberg, 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

Registered Office

7-B-III, Aziz Avenue, Gulberg-V,
Lahore.
Ph: +92-423-576 0379, 576 0382
Fax: +92-423-576 0376
Email: info@suraj.com
Web: www.suraj.com

Project Locations

Nooriabad, District Dadu, Sindh.
Kotla Kahloon, District Nankana
Sahib, Punjab, Bhaikot, Raiwind,
District Lahore, Punjab



Directors' Report

We are pleased to present the six-month financial statements for the period up to 31 December 2013, which have been reviewed by the auditors.

For the period under review the Company's performance was excellent and net profit for the period was Rs. 507.657 million with earnings per share of Rs. 23.31 (2012: Rs. 18.72). Net sales of the company were Rs. 5.097 billion as compared to Rs. 4.726 billion for the corresponding period, an increase of approximately 8%. Demand for cotton yarn and grey fabric both in the domestic as well as international markets remained robust. Distribution costs increased by about 5% and administrative costs by 10%. These increases were due to higher exports and inflation. Financial charges were Rs. 41.905 million as compared to Rs. 39.572 million which is about 5% higher, mainly due to higher borrowing costs for raw material inventory.

The current year had opened on the back of strong demand for our products and mainly stable prices for raw cotton. However, during the second 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 13.3 million bales, very close to target. However, prices, which remained largely in control have now started showing an upward trend which is serving to depress mills viability as yarn and fabric prices are not rising in tandem.

The energy situation in Punjab remained slightly better than last year but gas shortages meant that we had to switch to national grid and alternate fuels, as a result of which our operating costs increased manifold. Gas availability in Punjab was restricted to 2 days a week and in Sind, gas supplies remained suspended one day a week.

Upgrade of our spinning facilities in Nooriabad was completed on time. This modernization is helping us achieve optimum production and quality and lower costs through better efficiencies.

Future Prospects

In view of slack demand for yarn and fabrics, we expect the second half of FY2014 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 is eroding our market share in China. International and local cotton prices remain firm and in view of weakening end product prices, we expect that the results for the next six months will not be as robust as the period under review.

The energy crisis remains endemic even though the government has taken some initiatives to improve the supply to industry. However, these steps, although welcome are not enough and we need some major overhaul of the power sector to fulfill the needs of the industry.

Our cotton crop output has become stagnant and initial optimism always gives in to some kind of problem in terms of pest attack or weather. We have always been writing about employing advanced scientific measures to improve cultivation and output of cotton. We have failed to exploit new research in genetics and better seeds. India is an example of how cotton output can be increased to our advantage and help us in maintaining our competitive edge. 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

February 26, 2014
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 2013** 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 together with the notes forming part thereof, 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

February 26, 2014
Lahore

Condensed Interim
Financial Statements
For the Half Year Ended December 31, 2013

Condensed Interim Balance Sheet

As At December 31, 2013

		Un-Audited	Audited
		31 December 2013	30 June 2013
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
50,000,000 (30 june 2013: 50,000,000) ordinary			
shares of Rupees 10 each			
		500,000	500,000
Issued, subscribed and paid up share capital			
		217,800	198,000
Capital reserves			
		41,886	33,984
Revenue reserves			
		3,546,069	3,177,012
Total equity			
		3,805,755	3,408,996
Non-current liabilities			
Long term financing			
	5	313,628	336,807
Liabilities against assets subject to finance lease			
		750	854
Deferred tax			
		212,186	212,186
		526,564	549,847
Current liabilities			
Trade and other payables			
		838,707	770,582
Accrued interest on loans			
		20,734	21,132
Taxation- net			
		1,863	-
Short term borrowings			
		434,071	224,216
Current portion of non current liabilities			
		106,384	84,060
		1,401,759	1,099,990
Total liabilities			
		1,928,323	1,649,837
Total equity and liabilities			
		5,734,078	5,058,833

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 19 form an integral part of this interim financial information.

(CHIEF EXECUTIVE OFFICER)



		Un-Audited	Audited
		31 December 2013	30 June 2013
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	7	2,082,829	1,990,050
Long term investments - Available for sale	8	46,236	34,467
Long term deposits		18,974	18,974
		2,148,039	2,043,491
Current assets			
Stores, spares and loose tools		91,828	125,850
Stock-in-trade		1,747,573	1,716,673
Trade debts		417,737	406,138
Loans and advances	9	162,744	39,070
Trade deposits and short term prepayments		17,577	4,844
Balances with statutory authorities		68,690	66,044
Taxation-net		-	11,786
Other receivables		286	912
Short term investments	10	1,043,216	548,515
Cash and bank balances		36,388	95,510
		3,586,039	3,015,342
TOTAL ASSETS			
		5,734,078	5,058,833

(DIRECTOR)

Condensed Interim Profit And Loss Account (Un-Audited)

For The Half Year Ended 31 December 2013

		Half year ended		Quarter ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
	Note	(Rupees in thousand)			
Sales	11	5,097,406	4,726,190	2,471,129	2,443,503
Cost of sales	12	4,351,480	4,055,886	2,102,291	2,032,088
Gross profit		745,926	670,304	368,838	411,415
Distribution cost		128,434	123,405	55,403	76,889
Administrative expenses		55,453	50,293	29,524	28,480
Other operating expenses	13	44,992	46,375	23,067	30,934
		228,879	220,073	107,994	136,303
		517,047	450,231	260,844	275,112
Other operating income		98,212	42,517	66,422	28,384
		615,259	492,748	327,266	303,496
Finance cost		41,905	39,572	22,403	17,791
Profit before taxation		573,354	453,176	304,863	285,705
Taxation	14	65,697	82,517	37,734	34,031
Profit after taxation		507,657	370,659	267,129	251,674
Earnings per share					
- basic and diluted (Rupees)		23.31	18.72	12.26	12.71

The annexed notes from 1 to 19 form an integral part of this interim financial information.

(CHIEF EXECUTIVE OFFICER)

(DIRECTOR)



Condensed Interim Statement Of Comprehensive Income (Un-Audited)

For The Half Year Ended 31 December 2013

	Half year ended		Quarter ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	(Rupees in thousand)			
Profit for the period	507,657	370,659	267,129	251,674
Other comprehensive income / (loss):				
Items not to be reclassified to profit and loss in subsequent periods				
Net unrealized gain / (loss) on available for sale investments	7,902	(4,877)	8,861	(4,877)
Total comprehensive income for the period	515,559	365,782	275,990	246,797

The annexed notes from 1 to 19 form an integral part of this interim financial information.

(CHIEF EXECUTIVE OFFICER)

(DIRECTOR)

Condensed Interim Cash Flow Statement (Un-Audited)

For The Half Year Ended 31 December 2013

	Half year ended 31 December 2013	Half year ended 31 December 2012
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	573,354	453,176
Adjustment for non-cash and other items:		
Depreciation	97,768	91,548
Provision for slow moving stores, spares and loose tools	-	10,000
Gain on disposal of property, plant and equipment	(9,456)	(1,814)
Unrealized gain on revaluation of held for trading investments	(65,604)	(8,180)
Dividend income	(5,093)	(2,416)
Exchange gain	(741)	(3,986)
Finance cost	41,905	39,572
Cash flows from operating activities before working capital changes	632,133	581,886
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	34,022	(950)
Stock in trade	(30,900)	(291,451)
Trade debts	(10,858)	(24,410)
Loans and advances	(123,674)	(12,004)
Trade deposits and short term prepayments	(12,733)	(12,606)
Balances with statutory authorities	(2,646)	(346)
Other receivables	626	2,872
Increase in current liabilities:		
Trade and other payables	54,381	215,129
Net cash used in working capital	(91,782)	(123,766)
Cash generated from operations	540,351	458,120
Finance cost paid	(42,301)	(44,429)
Income tax paid	(52,048)	(48,896)
Dividend paid	(105,056)	(78,441)
Net cash from operating activities	340,946	286,354
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(193,893)	(155,017)
Proceeds from disposal of property, plant and equipment	12,800	3,702
Investments made - net	(432,964)	(230,366)
Dividend received	5,093	2,416
Increase in long term deposits	-	(502)
Net cash used in investing activities	(608,964)	(379,767)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from/(repayment of) long term financing - net	(867)	73,928
Repayment of finance lease liabilities	(92)	(305)
Increase in short term borrowings - net	209,855	85,292
Net cash generated from financing activities	208,896	158,915
Net increase in cash and cash equivalents	(59,122)	65,502
Cash and cash equivalents at the beginning of the period	95,510	5,754
Cash and cash equivalents at the end of the period	36,388	71,256

The annexed notes from 1 to 19 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 2013

		Capital Reserves			Revenue Reserves			
	Share capital	Premium on issue of shares	Unrealized gain / (loss) on available-for-sale investments	Sub total	General	Unappropriated profit	Sub total	Total
------(Rupees in thousand)-----								
Balance as on 01 July 2012	198,000	29,000	(86)	28,914	1,964,000	388,867	2,352,867	2,579,781
Net profit for the period from 01 July 2012 to 31 December 2012	-	-	-	-	-	370,659	370,659	370,659
Other comprehensive loss	-	-	(4,877)	(4,877)	-	-	-	(4,877)
Total comprehensive income for the period	-	-	(4,877)	(4,877)	-	370,659	370,659	365,782
Transfer to general reserve	-	-	-	-	250,000	(250,000)	-	-
Final dividend for the year ended 30 June 2012 at the rate of Rs. 4 per share	-	-	-	-	-	(79,200)	(79,200)	(79,200)
Balance as on 31 December 2012	198,000	29,000	(4,963)	24,037	2,214,000	430,326	2,644,326	2,866,363
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

The annexed notes from 1 to 19 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 2013

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 2013 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 the methods of computation adopted in preparation of this interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2013 except as follows:

IAS 19 - Employee Benefits – (Revised)

IFRS 7 - Financial Instruments: Disclosures - (Amendment)

- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

FIRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

The adoption of the above revision, amendments and interpretations of the standards did not have any effect on the condensed interim financial information.

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after 01 January 2013 but are yet to be notified by the SECP for the purpose of applicability in Pakistan.

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 2013.

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 2013.

	Un-Audited 31 December 2013	Audited 30 June 2013
	(Rupees in thousand)	
5. LONG TERM FINANCING - secured		
Opening balance	420,676	216,934
(Repaid) / acquired during the period / year	(867)	203,742
	419,809	420,676
Less: Current portion	106,181	83,869
	313,628	336,807



Selected Notes To The Interim Financial Information (Un-Audited)

For The Half Year Ended 31 December 2013

6. CONTINGENCIES AND COMMITMENTS

Contingencies

- There is no significant change in the contingencies since the date of the preceding published annual financial statements.

Commitments

- Commitments as at 31 December 2013 are Rs. Nil (30 June 2013: Rs. Nil).

		Un-Audited	Audited
		31 December 2013	30 June 2013
		(Rupees in thousand)	
	Note		
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	(7.1)	1,902,528	1,944,391
Assets subject to finance lease	(7.2)	1,305	1,450
Capital work-in-progress		178,996	44,209
		2,082,829	1,990,050
7.1 Operating fixed assets - tangible			
Opening book value		1,944,391	1,825,317
Add: Additions during the period / year -cost	(7.1.1)	59,104	328,415
		2,003,495	2,153,732
Less: Deletions during the period / year		3,344	18,242
		2,000,151	2,135,490
Less: Depreciation during the period / year		97,623	191,099
Book value at the end of the period / year		1,902,528	1,944,391
7.1.1 Additions during the period / year - cost			
Land		16,694	-
Buildings		-	3,710
Plant and machinery		31,262	307,583
Electric installations		2,043	-
Vehicles		9,105	17,122
		59,104	328,415
7.2 Assets subject to finance lease			
Opening book value		1,450	980
Add: Additions during the period / year		-	693
		1,450	1,673
Less: Depreciation during the period / year		145	223
Book value at the end of the period / year		1,305	1,450

Selected Notes To The Interim Financial Information (Un-Audited)
For The Half Year Ended 31 December 2013

		Un-Audited	Audited
		31 December 2013	30 June 2013
Note		(Rupees in thousand)	
8.	LONG TERM INVESTMENTS - available for sale		
	Quoted	2,200	2,200
	Unquoted	59,859	55,992
		62,059	58,192
	Impairment loss	(28,709)	(28,709)
	Unrealized gain on revaluation of investments	12,886	4,984
		46,236	34,467
9.	LOANS AND ADVANCES		
	Loans to employees	3,081	3,327
	Advances to suppliers	157,157	35,106
	Advance against letter of credit	2,506	637
		162,744	39,070
10.	SHORT TERM INVESTMENT		
	Others-quoted	955,443	526,346
	Unrealized gain on revaluation of investments	87,773	22,169
		1,043,216	548,515

		Un-Audited			
		Half year ended		Quarter ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		(Rupees in thousand)			
11.	SALES				
	Export	1,806,807	1,551,083	708,788	774,550
	Local	3,201,798	3,107,489	1,714,926	1,630,368
	Waste	88,801	67,618	47,415	38,585
		5,097,406	4,726,190	2,471,129	2,443,503
12.	COST OF SALES				
	Raw material consumed	3,287,243	3,041,587	1,548,017	1,488,012
	Sizing expenses	33,459	30,886	16,345	15,380
	Stores, spares and loose tools consumed	74,840	86,314	40,051	56,255
	Packing materials	50,809	44,608	26,034	22,849
	Salaries, wages and other benefits	249,017	239,548	128,594	129,668
	Fuel and power	521,256	413,432	275,929	200,080



Selected Notes To The Interim Financial Information (Un-Audited)

For The Half Year Ended 31 December 2013

	Un-Audited			
	Half year ended		Quarter ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	(Rupees in thousand)			
Repairs and maintenance	13,275	44,397	6,043	31,952
Insurance	11,269	12,211	5,432	6,557
Depreciation	92,025	86,078	46,262	43,149
Other factory overheads	8,268	8,090	4,346	4,158
	4,341,461	4,007,151	2,097,053	1,998,060
Work-in-process:				
Opening stock	98,952	98,485	120,576	82,463
Closing stock	(112,135)	(103,079)	(112,135)	(103,079)
	(13,183)	(4,594)	8,441	(20,616)
Cost of goods manufactured	4,328,278	4,002,557	2,105,494	1,977,444
Finished goods:				
Opening stock	551,623	361,730	524,858	362,824
Closing stock	(527,837)	(307,915)	(527,837)	(307,915)
	23,786	53,815	(2,979)	54,909
	4,352,064	4,056,372	2,102,515	2,032,353
Less: Export rebate	584	486	224	265
	4,351,480	4,055,886	2,102,291	2,032,088
13. OTHER OPERATING EXPENSES				
Workers profit participation fund	30,792	27,673	15,876	17,067
Workers welfare fund	11,701	7,674	5,797	3,345
Others	2,499	11,028	1,394	10,522
	44,992	46,375	23,067	30,934
14. TAXATION				
Charge for the period:				
Current	65,697	82,090	37,734	33,604
Deferred	-	427	-	427
	65,697	82,517	37,734	34,031

15. 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.

Selected Notes To The Interim Financial Information (Un-Audited)

For The Half Year Ended 31 December 2013

15.1 Business segments

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
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2012
	----- Un-Audited -----						
	----- Half year ended -----						
	----- (Rupees in thousand) -----						
Sales							
External	2,876,475	3,036,691	2,220,931	2,187,914	-	-	4,726,190
Inter-segment	528,211	498,415	-	-	528,211	498,415	-
	3,404,686	3,036,691	2,220,931	2,187,914	528,211	498,415	4,726,190
Cost of sales							
External	2,852,137	3,046,636	1,499,343	1,507,665	-	-	4,055,886
Inter-segment	-	-	528,211	498,415	528,211	498,415	-
	2,852,137	2,548,221	2,027,554	2,006,080	528,211	498,415	4,055,886
Gross profit	552,549	488,470	193,377	181,834	-	-	670,304
Distribution cost	45,186	51,897	83,248	71,508	-	-	123,405
Administrative expenses	46,221	41,645	9,232	8,648	-	-	50,293
	91,407	93,542	92,480	80,156	-	-	173,698
Profit before taxation and unallocated income and expenses	461,142	394,928	100,897	101,678	-	-	496,606



Selected Notes To The Interim Financial Information (Un-Audited)

For The Half Year Ended 31 December 2013

	Spinning			Weaving			Elimination of inter-segment transactions			Consolidated		
	Un-Audited			Un-Audited			Un-Audited			Un-Audited		
	Half year ended			Half year ended			Half year ended			Half year ended		
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	(Rupees in thousand)											
Unallocated income and expenses:												
Other operating expenses									(44,992)	(46,375)	98,212	42,517
Other operating income									(41,905)	(39,572)		
Finance cost									11,315	(43,430)		
Profit before taxation									573,354	453,176		
Taxation									65,697	82,517		
Profit for the year									507,657	370,659		
Inter segment sales and purchases have been eliminated on consolidation.												
Other disclosures												
Capital expenditure	190,884	155,017	3,009	-	-	-	-	-	193,893	155,017		
Segment assets	3,550,118	3,406,241	1,006,844	991,780	-	-	-	-	4,556,962	4,398,021		
Unallocated assets									1,177,116	660,812		
Consolidated total assets									5,734,078	5,058,833		
Segment liabilities	1,381,711	1,067,215	255,128	282,277	-	-	-	-	1,636,839	1,349,492		
Unallocated liabilities									291,484	300,345		
Consolidated total liabilities									1,928,323	1,649,837		
15.2 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 2013

16. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated 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	Half year ended
		31 December 2013	31 December 2012
		(Rupees in thousand)	
Associated companies	Sale of goods and services	51,625	199,211
	Purchase of goods and services	489,903	334,625
	Sale of fixed assets	3,000	37,466
	Dividend paid	56,463	-
Employees Provident Fund Trust	Amount contributed	5,823	5,303
Director and Chief Executive	Remuneration	9,196	8,690

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

		Un-Audited	Audited
The outstanding balances of such parties are as under:		31 December 2013	30 June 2013
Relationship with the Company	Nature of transactions	(Rupees in thousand)	
Associated companies	Creditors	3,863	94,685
	Trade debts	7,503	14,963
Employees Provident Fund Trust	Provident fund payable	210	178
Director and Chief Executive	Remuneration payable	674	-

17. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed dividend for the half year ended 31 December 2013 of Rupees Nil (30 June 2013: Rupees 6.0) per share amounting to Rupees Nil (30 June 2013: Rupees 118,800 thousands) at their meeting held on February 26, 2014.

18. DATE OF AUTHORIZATION

This interim financial information was authorized for issue by the Board of Directors of the Company on February 26, 2014.



Selected Notes To The Interim Financial Information (Un-Audited)

For The Half Year Ended 31 December 2013

19. GENERAL

- 19.1 The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2013 and 2012 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.
- 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.

(CHIEF EXECUTIVE OFFICER)

(DIRECTOR)







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