



SAIF GROUP



**Half-Yearly Report
(Un-audited)
31 December, 2013**

Certified ISO 9001:2008



Saif Textile Mills Limited



**In The Name Of Allah
The Merciful
The Compassionate**

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COMPANY INFORMATION

BOARD OF DIRECTORS	Anwar Saifullah Khan - Chairman Javed Saifullah Khan Osman Saifullah Khan - Chief Executive Jehangir Saifullah Khan Hoor Yousafzai Assad Saifullah Khan Arif Saeed - Saif Holdings Limited Nominee
AUDIT COMMITTEE	Hoor Yousafzai - Chairperson Jehangir Saifullah Khan - Member Assad Saifullah Khan - Member
HR & REMUNERATION COMMITTEE	Arif Saeed - Chairman Osman Saifullah Khan - Member Assad Saifullah Khan - Member
CHIEF FINANCIAL OFFICER	Noman Ahmad
COMPANY SECRETARY	Sabir Khan
LEGAL ADVISOR	Dr. Pervez Hassan Hassan & Hassan, Advocates Salahuddin Saif & Aslam (Attorney's at law)
AUDITORS	M/s Hameed Chaudhri & Co., Chartered Accountants HM House, 7-Bank Square, Lahore
BANKERS	Albaraka Bank (Pakistan) Limited Allied Bank Limited Askari Bank Limited BankIslami Pakistan Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited HSBC Bank Middle East Limited Industrial and Commercial Bank of China Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited The Bank of Punjab United Bank Limited
HEAD OFFICE	Kulsum Plaza, 4th Floor, 2020 - Blue Area, Islamabad-44000 Telephone : +92-51-2823924, 2829415 Fax : +92-51-2277843, 2822564 E-mail : stm@saifgroup.com
REGISTERED OFFICE	APTMA House, Tehkal Payan, Jamrud Road, Peshawar Telephone : +92-91-5843870, 5702941 Fax : +92-91-5840273 E-mail : peshawar@saifgroup.com
SHARES REGISTRAR	M/s Hameed Majeed Associates (Pvt.) Ltd., HM House, 7-Bank Square, Lahore Telephone : +92-42-7235081-7235082 Fax : +92-42-7358817 E-mail : info@hmaconsultants.com
MILLS	Industrial Estate, Gadoon Amazai, District Sawabi Telephone : +92-938-270313, 270429 Fax : +92-938-270514 E-mail : strngdn@saifgroup.com
CYBER	www.saiftextile.com

DIRECTORS' REVIEW REPORT

Dear Shareholders,

On behalf of the Board, it gives me pleasure to present the Company's un-audited financial statements for the half-year ended December 31, 2013. Our commentary on the salient features of the Company's performance follows below.

During the period under review, your Company performance remains steady vis-à-vis the corresponding period last year. The Company earned a gross profit of Rs.578.04 million (Margin: 14.46%) compared to a gross profit of Rs. 507.97 million (Margin: 14.42%) in the corresponding period last year. The subdued profitability came on back of a slowdown in yarn demand in the second quarter from all regions, especially China.

Operating profit too saw a modest improvement to Rs. 175 million as compared to Rs. 172 million. The dampness in profitability was primarily due to instability in PKR-USD parity and rising energy cost. Meanwhile, the reduction in demand of local yarn in domestic market driven to huge supply of imported Indian yarn, also impacted the profitability margins.

Despite the sanction of GSP+ status, the overall market sentiment remains depressed, at least in the short term. However, the long term prospects of the industry are encouraging. The GSP+ status is expected to bring influx of investment in Pakistan which will cause growth in the textile industry.

By the grace of Allah almighty your company has successfully started the commercial production of its own dyeing unit for cotton. We have also converted 25% of our spindles on specialized yarns so as to generate premiums using the same production capacity. We will continue to look at ways to create value for all shareholders.

Despite the fact that the province of Khyber Pakhtunkhwa remains mired in the mess that is the war against terrorism, we would like to conclude with the customary, but very much heartfelt, appreciation for the support of our valued customers and our banking partners. We would also like to highlight the hard work put in by the members of our corporate family. We look forward to the same dedication and cooperation in the days ahead.

Place: Islamabad
Dated: 27 February, 2014

OSMAN SAIFULLAH KHAN
Chief executive

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

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

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

Scope of Review

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

Conclusion

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

Place: LAHORE

Dated: 27, February 2014

HAMEED CHAUDHRI & CO.,
CHARTERED
ACCOUNTANTS

Engagement Partner: Osman Hameed Chaudhri

**CONDENSED INTERIM BALANCE SHEET AS AT
31 DECEMBER, 2013**

	Note	Un-audited 31 Dec., 2013	Audited 30 June, 2013
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,962,122	2,591,121
Intangible assets		601	689
Long term loans		13,240	8,213
Long term deposits		8,988	8,982
Deferred taxation - net		154,871	181,309
		<u>3,139,822</u>	<u>2,790,314</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		70,492	69,999
Stock-in-trade		2,402,020	1,694,585
Trade debts		789,925	786,239
Loans and advances		66,279	42,762
Trade deposits and short term prepayments		6,581	2,881
Other receivables		19,315	35,967
Investments		6,044	4,283
Deposit for shares	7	0	0
Taxation - net		179,825	175,067
Taxes refundable		64,724	58,460
Cash and bank balances		15,159	16,372
		<u>3,620,364</u>	<u>2,886,615</u>
		<u>6,760,186</u>	<u>5,676,929</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital		300,000	300,000
30,000,000 ordinary shares of Rs.10 each		<u>300,000</u>	<u>300,000</u>
Issued, subscribed and paid up capital		264,129	264,129
26,412,880 ordinary shares of Rs.10 each		265,981	265,981
Reserves		1,113,948	1,052,489
Unappropriated profit		1,644,058	1,582,599
		<u>1,644,058</u>	<u>1,582,599</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		133,554	137,708
NON-CURRENT LIABILITIES			
Sub-ordinated loan		526,000	494,000
Long term financing	8	863,527	524,412
Long term deposits		3,190	2,900
Deferred liability - staff retirement benefits		122,707	109,705
		<u>1,515,424</u>	<u>1,131,017</u>
CURRENT LIABILITIES			
Trade and other payables		633,796	511,836
Accrued mark-up		130,977	105,156
Short term borrowings		2,578,458	1,974,680
Current portion of long term financing	8	123,919	233,933
		<u>3,467,150</u>	<u>2,825,605</u>
CONTINGENCIES AND COMMITMENTS			
	9	<u>6,760,186</u>	<u>5,676,929</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Osman Saifullah Khan
Chief Executive

Assad Saifullah Khan
Director

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

	Quarter ended		Half-year ended		
	Note	31 Dec., 2013	31 Dec., 2012	31 Dec., 2013	31 Dec., 2012
					(Rupees in thousand)
SALES - NET		1,972,606	1,882,423	3,998,405	3,523,688
COST OF SALES		(1,741,164)	(1,635,766)	(3,420,365)	(3,015,716)
GROSS PROFIT		231,442	246,657	578,040	507,972
DISTRIBUTION COST		(45,093)	(34,579)	(95,936)	(74,615)
ADMINISTRATIVE EXPENSES		(49,184)	(40,372)	(92,914)	(76,888)
OTHER INCOME		1,803	4,456	3,084	4,648
OTHER EXPENSES		(4,373)	(5,663)	(12,790)	(12,749)
PROFIT FROM OPERATIONS		134,595	170,499	379,484	348,368
FINANCE COST		(72,772)	(58,817)	(138,331)	(137,088)
		61,823	111,682	241,153	211,280
EXCHANGE FLUCTUATION GAIN / (LOSS)		304	(32,256)	(65,454)	(39,256)
PROFIT BEFORE TAXATION		62,127	79,426	175,699	172,024
TAXATION	10	(1,358)	(23,222)	(52,362)	(33,140)
PROFIT AFTER TAXATION		60,769	56,204	123,337	138,884
OTHER COMPREHENSIVE INCOME		0	0	0	0
TOTAL COMPREHENSIVE INCOME		60,769	56,204	123,337	138,884
					(Rupees)
EARNINGS PER SHARE BASIC AND DILUTED		2.30	2.13	4.67	5.26

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Osman Saifullah Khan
Chief Executive

Assad Saifullah Khan
Director

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

	Note	Half-year ended (Rupees in thousand)	
		31 Dec., 2013	31 Dec., 2012
CASH FLOW FROM OPERATING ACTIVITIES	12	(160,776)	262,392
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(465,427)	(118,292)
Sale proceeds of operating fixed assets / insurance claims received		2,253	21,150
Investments disposed off		0	2,043
NET CASH USED IN INVESTING ACTIVITIES		(463,174)	(95,099)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term financing			
- obtained		791,642	80,729
- repaid		(606,998)	(119,407)
Liabilities against assets subject to finance lease - repaid		0	(693)
Short term borrowings - net		603,778	64,777
Dividend			
- paid		(63,861)	(51,643)
- received		632	55
Finance cost paid		(102,456)	(133,575)
Net cash generated from / (used in) financing activities		622,737	(159,757)
Net (decrease) / increase in cash and cash equivalents		(1,213)	7,536
Cash and cash equivalents - at beginning of the period		16,372	8,786
Cash and cash equivalents - at end of the period		15,159	16,322

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Osman Saifullah Khan
Chief Executive

Assad Saifullah Khan
Director

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

Share Capital	Reserves			Unappropriated profit/ (accumulated Loss)	Total
	Capital	Revenue	Sub-total		

(Rupees in thousand)

Balance as at July 01, 2012 (audited and restated) - note 4	264,129	115,981	150,000	265,981	657,733	1,187,843
Cash dividend for the year ended June 30, 2012 at the rate of Rs.2 per share	0	0	0	0	(52,826)	(52,826)
Total comprehensive income for the half-year ended December 31, 2012	0	0	0	0	138,884	138,884
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	4,499	4,499
- upon sale of revalued assets	0	0	0	0	2,919	2,919
Balance as at December 31, 2012	264,129	115,981	150,000	265,981	751,209	1,281,319
Balance as at July 01, 2013 (audited and restated) - note 4	264,129	115,981	150,000	265,981	1,052,489	1,582,599
Cash dividend for the year ended June 30, 2013 at the rate of Rs.2.5 per share	0	0	0	0	(66,032)	(66,032)
Total comprehensive income for the half-year ended December 31, 2013	0	0	0	0	123,337	123,337
Surplus on revaluation of property, plant and equipment on account of incremental depreciation realised during the period - net of deferred taxation	0	0	0	0	4,154	4,154
Balance as at December 31, 2013	264,129	115,981	150,000	265,981	1,113,948	1,644,058

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Osman Saifullah Khan
Chief Executive



Assad Saifullah Khan
Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

Saif Textile Mills Limited (the Company) was incorporated in Pakistan on December 24, 1989 as a Public Company under the Companies Ordinance, 1984 and its shares are quoted on all the Stock Exchanges of Pakistan. The Company is principally engaged in manufacture and sale of yarn. The Company's Mills are located in Industrial Estate, Gadoon Amazai, District Sawabi and the registered office of the Company is located at APTMA House, Tehkal Payan, Jamrud Road, Peshawar.

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. It has been prepared in accordance with the requirements of the International Accounting Standard 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. The figures for the half-year ended December 31, 2013 have, however, been subjected to limited scope review by the 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 audited annual financial statements for the year ended June 30, 2013.

3. 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 published financial statements of the Company for the year ended June 30, 2013 except for the adoption of a new accounting policy as referred to in note 4.

4. AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN THE CURRENT PERIOD

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

IAS 19 (revised) applicable for annual period beginning on and after January 01, 2013, has eliminated the corridor approach and requires to calculate finance cost on net funding bases. The Company has applied this change in accounting policy retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the earliest period presented in the condensed interim statement of changes in equity and condensed interim balance sheet has been restated; the effect of restatement on profit and loss account and cash flow statement, being immaterial, has been ignored. The Company has recorded unrecognised actuarial losses net of taxes associated with retirement benefits - gratuity by adjusting the opening balance of unappropriated profit and retirement benefits for the prior period presented and has used latest actuarial valuation conducted as on June 30, 2012 for making these adjustments. No fresh actuarial assessment has been carried-out for the preparation of this condensed interim financial information.

	As at June 30, 2013			As at June 30, 2012		
	Before restatement	As re-stated	Re-statement	Before restatement	As re-stated	Re-statement
	(Rupees in thousand)			(Rupees in thousand)		
Staff retirement benefits	(96,654)	(109,705)	(13,051)	(75,628)	(89,699)	(14,071)
Deferred tax asset	177,740	181,309	3,569	188,013	191,802	3,789
Unappropriated profit	(1,061,971)	(1,052,489)	9,482	(668,015)	(657,733)	10,282

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

	Note	Un-audited 31 Dec., 2013	Audited 30 June, 2013
(Rupees in thousand)			
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	2,573,675	2,498,081
Capital work-in-progress	6.3	81,394	10,990
Stores held for capital expenditure - {including in transit valuing Rs.219.636 million (June 30, 2013: Rs.20.041 million)}	6.4	<u>307,053</u>	<u>82,050</u>
		<u>2,962,122</u>	<u>2,591,121</u>
6.1 Operating fixed assets - tangible			
Book value at beginning of the period / year		2,498,081	2,262,200
Additions during the period / year	6.2	170,020	431,650
Book value of operating fixed assets disposed-off during the period / year		(1,989)	(23,376)
Depreciation charge for the period / year		<u>(92,437)</u>	<u>(172,393)</u>
Book value at end of the period / year		<u>2,573,675</u>	<u>2,498,081</u>
6.2 Additions during the period / year:			
Leasehold land		1,500	7,976
Buildings on leasehold land		16,906	10,365
Plant & machinery		106,723	356,502
Generators		23,079	13,302
Electric installations		930	1,991
Air conditioning equipment		2,370	14,062
Furniture & fixtures		321	468
Office equipment		3,471	6,199
Telephone installations		175	431
Weighing scales		0	7
Fire extinguishing equipment		325	352
Gas fittings		353	0
Vehicles		13,867	19,995
		<u>170,020</u>	<u>431,650</u>
6.3 Capital work-in-progress			
Factory buildings		25,832	0
Plant & machinery		28	0
Generators		<u>11,618</u>	<u>0</u>
		37,478	0
Advance payments			
- factory buildings		23,687	0
- plant & machinery	6.4	<u>20,229</u>	9,980
- vehicles		<u>0</u>	1,010
		<u>43,916</u>	<u>10,990</u>
		<u>81,394</u>	<u>10,990</u>

- 6.4 During the current period, borrowing cost at the rates ranging from 10.59% to 11.34% per annum amounting Rs.3,291 thousand (June 30, 2013: Rs.Nil) has been included in the cost of plant and machinery.

7. DEPOSIT FOR SHARES

There has been no change in the status of the Company's complaint filed before the Wafaqi Muhtasib for recovery of this deposit along with penalty since the date of preceding published annual audited financial statements of the Company for the year ended June 30, 2013.

	Note	Un-audited 31 Dec., 2013 (Rupees in thousand)	Audited 30 June, 2013
8. LONG TERM FINANCING - Secured			
Balance at beginning of the period / year		758,345	834,848
Add: disbursements during the period / year	8.1 to 8.3	791,642	80,729
Add: exchange fluctuation loss on foreign currency loan for the period / year		44,457	23,900
Less: repayments made during the period / year	8.2 & 8.4	<u>(606,998)</u>	<u>(181,132)</u>
Balance at end of the period / year		987,446	758,345
Less: current portion grouped under current liabilities		<u>123,919</u>	233,933
		<u>863,527</u>	<u>524,412</u>

- 8.1 United Bank Limited (UBL), during the current period, against a demand finance facility of Rs.300 million has disbursed Rs.153.301 million till December 31, 2013. This finance facility is repayable in 16 equal quarterly instalments of Rs.9.581 million each commencing from December, 2014 and is secured against first pari passu charge on fixed assets of the Company for Rs.400 million.

- 8.2 The Company, during the current period, by obtaining a term finance facility of Rs.500 million from The Bank of Punjab (BOP) has repaid U.S.\$5 million demand finance obtained from Aqua Nominees Limited - London. The term finance facility obtained from BOP is repayable in 9 equal half-yearly instalments of Rs.55.556 million each commencing from November, 2014 and is secured against first pari passu charge on fixed assets of the Company for Rs.667 million.

- 8.3 Habib Bank Limited, during the current period, against a demand finance facility of Rs.270 million has disbursed Rs.138.341 million till December 31, 2013. This finance facility is repayable in 8 equal half-yearly instalments of Rs.17.292 million each commencing from April, 2015 and is secured against first pari passu charge on fixed assets of the Company for Rs.360 million.

- 8.4 Outstanding balance of demand finance facility of Rs.160 million (Demand finance-I) has been fully repaid during the current period to UBL.

- 8.5 Except for the above mentioned changes all other term and conditions of the long term financing are the same as disclosed in audited annual financial statements of the Company for the year ended June 30, 2013.

9. CONTINGENCIES AND COMMITMENTS

Contingencies

- 9.1 Faysal Bank Limited, on behalf of the Company, has issued inland bank guarantees of Rs.116.127 million (June 30, 2013: Rs.111.374 million) in favour of various Government Institutions.
- 9.2 Refer contents of note 10.2.

	Un-audited	Audited
	31 Dec., 2013	30 June, 2013
	(Rupees in thousand)	

Commitments

- letters of credit for purchase of raw materials and stores and spare parts	359,235	50,883
- capital expenditure other than letters of credit	43,313	0

10. TAXATION - Net

	Un-audited			
	Quarter ended December 31,		Half-year ended December 31,	
	2013	2012	2013	2012
	(Rupees in thousand)			
Current	9,079	11,090	9,079	21,008
Prior year	16,845	12,132	16,845	12,132
Deferred	(24,566)	0	26,438	0
	1,358	23,222	52,362	33,140

10.1 Income tax assessments of the Company have been completed upto the Tax Year 2013. No numeric tax rate reconciliation has been given as provisions made during the current period represents minimum tax payable under section 113 and final tax deducted at source on realisation of foreign exchange proceeds under section 154 after adjusting tax credit under section 65B of the Income Tax Ordinance, 2001 (the Ordinance).

10.2 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. Exemption available under clause 126F was a specific exemption granted by the Federal Board of Revenue (FBR) to the specific areas of Khyber Pakhtunkhwa. The Company had filed a writ petition before the Peshawar High Court, Peshawar, praying exemption from levy of minimum tax under section 113 of the Ordinance, who vide its judgment dated July 18, 2012 admitted and allowed the Company's writ petition and directed the concerned authorities to extend the benefit of clause 126F to the Company in the light of clarification given by the FBR. Accordingly, no provision for minimum tax for the financial year ended June 30, 2012 amounted Rs.51.348 million was made in the books of account as well as provisions for minimum tax made during the financial years ended June 30, 2010 and 2011 aggregated Rs.91.344 million were written-back. The Department, against the said order, has filed an appeal with the Honorable Supreme Court of Pakistan, which is pending adjudication. An adverse judgment by the Honorable Supreme Court of Pakistan will create a tax liability amounting Rs.142.692 million.

11. TRANSACTIONS WITH RELATED PARTIES

11.1 Significant transactions with related parties are as follows:

Relationship	Nature of transactions	Un-audited	
		31 Dec., 2013	31 Dec., 2012
		(Rupees in thousand)	
Associated Companies	Purchase of fixed assets	0	10,508
	Sale of goods and services	0	29,483
	Purchase of goods and services	306,808	205,038
Dividend paid		32,742	26,194
Key management personnel	Remuneration and other benefits	29,382	32,474

	Un-audited 31 Dec., 2013	Audited 30 June, 2013
	(Rupees in thousand)	
11.2 Period / year end balances are as follows:		
Trade and other payables	<u>85,227</u>	<u>67,868</u>
Other receivables	<u>3,946</u>	<u>5,353</u>

12. CASH FLOW FROM OPERATING ACTIVITIES

	Un-audited Half-year ended 31 Dec., 2013	31 Dec., 2012
	(Rupees in thousand)	
Profit for the period - before taxation	175,699	172,024
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	92,525	81,558
Staff retirement benefits - gratuity (net)	13,002	10,505
Gain on sale of operating fixed assets - net	(265)	(3,140)
Finance cost	128,277	128,667
Exchange fluctuation loss on long term financing	76,457	29,000
Exchange fluctuation gain - net (others)	0	(1,943)
Gain on sale of investments	0	(318)
Adjustment on remeasurement of investments to fair value - net	(1,761)	(527)
Dividend income	(632)	(55)
Profit before working capital changes	483,302	415,771
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(493)	(2,042)
Stock-in-trade	(707,435)	(120,009)
Trade debts	(3,686)	49,344
Loans and advances	(23,517)	(7,839)
Trade deposits and short term prepayments	(3,700)	2,233
Other receivables	16,652	(10,727)
Taxes refundable	(6,264)	(1,752)
Increase / (decrease) in trade and other payables	119,789	(37,071)
	(608,654)	(127,863)
Cash (used in) / generated from operating activities	(125,352)	287,908
Income tax paid	(30,681)	(26,423)
Long term deposits from employees	290	853
Long term loans	(5,027)	12
Long term deposits	(6)	42
Net cash (used in) / generated from operating activities	(160,776)	262,392

13. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. There has been no change in the Company's sensitivity to these risks since June 30, 2013, except for the change in exposure from liquidity risks due to increase in borrowings and general exposure due to fluctuations in foreign currency and interest rates. There have been no change in risk management objectives and policies of the Company during the current period.

This condensed interim financial information does not include all financial risk management information and disclosures as required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statement as at June 30, 2013.

14. CORRESPONDING FIGURES

- 14.1 In order to comply with the requirements of IAS 34 'Interim Financial Reporting', the condensed interim balance sheet have 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 the immediately preceding financial year.
- 14.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. However, no significant re-classifications have been made except for re-statement made in accordance with IAS 19 (revised) as reflected in note 4 to this condensed interim financial information.

15. GENERAL

- 15.1 This condensed interim financial information was approved by the Board of Directors and authorised for issue on 27 February, 2014.
- 15.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

Osman Saifullah Khan
Chief Executive

Assad Saifullah Khan
Director

