



organic yarn
01 815 709
Din Textile Mills Ltd
Pakistani



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CORPORATE INFORMATION

Board of Directors

Shaikh Mohammad Muneer	Chairman/Chief Executive
Shaikh Mohammad Pervez	Director
Shaikh Mohammad Tanveer	Director
Mr. Shahzad Naseer	Director
Mr. S. M. Naveed	Director
Mr. Faisal Jawed	Director
Mr. Farhad Shaikh Mohammad	Director

Company Secretary

Mr. Islam Ahmed

Chief Financial Officer

Mr. Shaukat Hussain Ch.
(FPFA, CFC)

Auditors

Mushtaq & Co.,
Chartered Accountants

- ☞ Allied Bank Ltd.
- ☞ Barclays Bank PLC .
- ☞ Dubai Islamic Bank Pakistan Ltd.
- ☞ Faysal Bank Ltd.
- ☞ Habib Bank Ltd.
- ☞ Habib Metropolitan Bank Ltd.
- ☞ MCB Bank Ltd.
- ☞ Meezan Bank Ltd.
- ☞ National Bank of Pakistan
- ☞ Pak Oman Investment Co. Ltd.
- ☞ Standard Chartered Bank (Pakistan) Ltd.
- ☞ The Bank of Punjab

Audit Committee

Shaikh Mohammad Pervez	Chairman
Mr. Faisal Jawed	Member
Mr. Farhad Shaikh Mohammad	Member

Registered Office

Din House, 35-A/1, Lalazar Area,
Opp: Beach Luxury Hotel, M. T. Khan Road, Karachi.

Mills

- Unit-I and II: Kot Akbar Khan, 70 Km Multan Road, Tehsil Pattoki,
District Kasur, Punjab.
- Unit-III: Revenue Estate, Bhai Kot, Tablighi Chowk, Raiwind Road,
Tehsil and Distt. Lahore - Punjab.
- Unit-IV: 48 Km Multan Road, Bhai Pheru, District Kasur, Punjab.

Website

www.dingroup.com

DIRECTORS' REPORT

Dear shareholders

The Board of Directors take great privilege to present the un-audited financial statements of the Company along with observation on the performance of the Company for the half year ended December 31,2012, are hereby presented to you in compliance with requirements of the section 245 of the Companies Ordinance, 1984.

Financial Results

During the half year under review, the major highlights of the Company's financial results as compared to the preceding half year are as follows:

		Half Year Ended		
		31-Dec-12	31-Dec-11	Inc. / (Dec.) % age
Sales	Rupees in '000'	3,893,086	3,486,706	12
Gross Profit / (Loss)	Rupees in '000'	627,841	(468,472)	234
Pre-tax Profit / (Loss)	Rupees in '000'	358,043	(799,662)	145
After Tax Profit / (Loss)	Rupees in '000'	280,992	(669,075)	142
Gross Profit / (Loss)	Percentage	16.13	(13.44)	
After Tax Profit / (Loss)	Percentage	7.22	(19.19)	
Earning / (Loss) per share	Rupees	13.79	(32.82)	

The financial performance of the company, during the half year ended 31st Dec 2012, the result are favourable. Competitive cotton prices and better marketing efforts by the Directors and all staff members have borne fruit. Inspite the whole industry facing problems in shape of high cost of fuel and power. The factors contributing the improvements coupled with the efforts by the managements are:

- An improvement in the global economic environment that has brought an element of stability in the textile markets, resulting in the gradual increase in the demand of yarn and other intermediary raw material. The timely purchase of raw material at competitive prices were prudent decision by your company's management.
- Although the overall economy continues showing downward profitability trend, the management of your company expects that they will remain successful in improving the situation in the remaining period of the financial year by strategic planning modernization and diversification of yarn market from local to export and reduce the per unit input cost. In addition to sales of premium quality yarn, the rise in overall sale of your company was also boosted by the start of the sale of certain categories of specialized yarn in the market.

General Market Conditions

All sectors of the textile industry face many of the same challenges. It is noteworthy that the spinning industry operates in a free competitive environment especially with regards to the use and availability of raw materials. It procures 11.5 million bales domestically and 3 million bales from the international market on international terms. International procurement became necessary due to insufficient cotton crop since last ten years. It is therefore perfectly legitimate for it to expect the latitude to market and sell its products in the international market on the same principles. Having done so much to attain international competitiveness, the free market mechanism is at the heart of our interest and philosophy.

The energy crisis has forced the textile mills to close their units, especially in Punjab the industry is under severe pressure electricity load shedding has increased to 12 hours. Besides, gas supply to the industry has also reduced to 3 days a week, which is likely to be further rose and makes the situation more miserable. Electricity crisis has reached to its highest level, hitting hard to the textile industrial potential that is earning \$12 billion per annum besides providing jobs to about 10 million people of people. The government of Pakistan (GoP) has decided to convert all the existing and new power plants to the specifications of Thar Coal versus earlier plan of converting these to imported coal. In a historic decision, the government has decided that a coal off-take agreement would be signed between Generation Company (Genco) and Sindh Engro Coal Mining Company (SECMC). Thar has an enormous energy potential. SECMC's Thar Block-2, which is only one percent of the entire Thar coal reserves, can produce 4000MW for next 50 years. Total foreign exchange savings for 4000MW of Thar coal based power plants are estimated at more than US \$50bn for life of the project. SECMC has completed the feasibility study on Thar coal project, confirming the technical, commercial and environmental viability of the project. All the required government approvals have been obtained and the mining work is likely to start later this year. SECMC's mining project, which will cost US \$1.3 billion, is expected to take less than four years for completion at Jamshoro.

The path of inflation in 2012-13 could remain sticky around current levels due to high oil prices, large suppressed inflation exchange rate pass through, hike in freight etc. On the macro economy level the GDP growth for 2012-13 have been estimated at 7.6% /- 0.25% and the fiscal deficit is targeted at 5.1% of GDP. Beside the gas load shedding in winter season the gas load shedding is now continuous in summer season which is affecting the cost of production. In the present scenario the results of company are likely to be positive, the management is also doing its best effort to increase and constant the profitability.

Future Outlook

The textile industry continues to face various challenges in the shape of rising energy prices, political unrest and sharp movement in raw material prices. These factors can adversely affect the profitability of the company in remaining period of this financial year. Moreover, the performance of third quarter will also depend on the supply situation of gas to industry in Punjab.

The economies of the world's leading countries are facing a sever crises and the Pakistan economy is at a very critical stage. The present trend of increase in inflation, domestic borrowing costs, deadly flash of blood and unprecedented abnormal hike in power costs is likely to be continued whereas the value of the rupee relative to a basket of international currencies is expected to be weaken further.

The Company will continue in streamlining our operation and further strengthen our focus on the positively enhancing the quality of life of the people of Pakistan through our People, product and planet and creating shared valued activities. Despite the challenges being faced on the country, we continue to have a long term optimistic outlook to our business. We are hopeful that economics prospect of the country will improve in the future.

The financial results for the period are good, however the textile sector has faced uncertainty in product demand and raw material. Volatile cotton and other raw material prices combined with other factors such as shortage and high cost of energy, inflationary trend in the cost of all major inputs may affect the textile industry and erode the profitability. State Bank of Pakistan has reduced the policy discount rate by 50bps in its monetary policy statements announced in October 2012 and this trend of reducing interest rate is likely to benefit the Company. The management is trying its best to maintain and further improve the results by controlling the factors which are under its control.

Your Company management is pleased to inform the member that to increase the wealth of stakeholders and capture the maximum market share locally and internationally strengthen the Din Brand, Din Textile is expected to purchase a spinning mill (Ihsan Raiwind Mills (Pvt) Ltd.) having installed capacity of 17,088 spindles which help us to increase the productivity and profitability of the company and make the new job opportunity.

Acknowledgment

The Mission of Din Textile Mills Limited is to be the finest organization, and to conduct business responsibly and in a straight forward way. Our hallmark is honesty, innovation, teamwork of our people and our ability to respond effectively to change in all aspects of life including technology, culture and environment. Our basic aim is to benefit the customers, employees and shareholders and to fulfill our commitments to the society. We will create a work environment, which motivates, recognizes and rewards achievements at all levels of the organization because "In Allah We Believe & In People We Trust" we will always conduct ourselves with integrity and strive to be the best.

Finally, we take this opportunity to thank all our stakeholders for the loyalty they have shown us during these difficult times. We acknowledge the cooperation, support and loyalty of our employees, banks, shareholders, various government bodies and board of directors. The Company looks towards your continuous support as always to help us navigate through difficult economic conditions both locally and internationally.

On behalf of the Board of Directors

Karachi:
Dated : February 22, 2013

SHAIKH MOHAMMAD MUNEER
Chief Executive

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 326385214 Fax: 32639843
Branch Office: 501-B, City Towers, Gulberg-I I, Lahore. Tel: 35788637 Fax: 35788626
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Member of



Illinois, USA

Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Din Textile Mills Limited** as at December 31, 2012, 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 (here -in-after referred to as the "interim financial information") for the half year then ended. 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. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

Scope of Review

We conducted our review in accordance with international standard on review engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the 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, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi:
Dated : February 22, 2013

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Mushtaq Ahmed Vohra
FCA

**Condensed Interim Balance Sheet (Un-audited)
As at December 31, 2012**

(Amounts in Thousand)		(Un-audited)	(Audited)
	Note	31-Dec-12 Rupees	30-Jun-12 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	1,664,338	1,695,685
Long term deposits		15,533	15,500
Deferred tax assets		92,994	139,625
		1,772,865	1,850,810
CURRENT ASSETS			
Stores, spare parts and loose tools		169,257	122,048
Stock in trade	6	1,073,701	1,128,025
Trade debts		1,119,435	1,005,597
Loans and advances		405,971	71,044
Trade deposits and short term prepayments		6,304	5,594
Other receivables		187	3,525
Tax refunds due from The Government		120,690	100,899
Cash and bank balances		164,911	74,424
		3,060,456	2,511,156
CURRENT LIABILITIES			
Trade and other payables		2,101,337	1,576,585
Accrued mark up / interest		59,072	63,469
Short term borrowings		286,623	501,526
Current portion of			
Long term financing from banking companies - secured		221,273	222,563
Liabilities against assets subject to finance lease		33,045	34,739
		2,701,350	2,398,882
WORKING CAPITAL			
		359,106	112,274
TOTAL CAPITAL EMPLOYED			
		2,131,971	1,963,084
NON CURRENT LIABILITIES			
Long term financing from banking companies - secured		165,500	274,215
Liabilities against assets subject to finance lease		33,458	46,815
Deferred liabilities			
Staff retirement benefits - gratuity		85,434	75,468
		284,392	396,498
CONTINGENCIES AND COMMITMENTS			
	7		
Net Worth		1,847,579	1,566,586
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
50,000,000 (June 30, 2012: 50,000,000) ordinary shares of Rs. 10/- each		500,000	500,000
Net Worth Represented by:			
Issued, subscribed and paid up capital 20,383,353 (June 30, 2012: 20,383,353) ordinary shares of Rs. 10/- each		203,833	203,833
Reserves		1,643,746	1,362,753
		1,847,579	1,566,586

The annexed notes form an integral part of these condensed interim financial statements.

Karachi:
Dated : February 22, 2013

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MOHAMMAD TANVEER
Director

Condensed Interim Profit and Loss Account (Un-audited)
For the quarter and half year ended December 31, 2012

(Amounts in Thousand except earning per share)

	Half Year Ended		Quarter Ended	
	31-Dec-12 Rupees	31-Dec-11 Rupees	31-Dec-12 Rupees	31-Dec-11 Rupees
Sales	3,893,086	3,486,706	1,982,762	1,874,246
Cost of sales	(3,265,245)	(3,955,178)	(1,622,673)	(1,953,573)
Gross Profit / (Loss)	627,841	(468,472)	360,089	(79,327)
Distribution cost	(59,905)	(62,585)	(29,463)	(30,628)
Administrative expenses	(52,325)	(50,506)	(26,430)	(25,733)
Other operating expenses	(18,932)	(3,291)	(12,211)	(1,591)
Finance cost	(138,911)	(215,153)	(69,343)	(116,908)
	(270,073)	(331,535)	(137,447)	(174,860)
	357,768	(800,007)	222,642	(254,187)
Other operating income	275	345	274	86
Profit / (Loss) before taxation	358,043	(799,662)	222,916	(254,101)
Provision for taxation	(77,051)	130,587	(16,554)	92,750
Profit / (Loss) for the period	280,992	(669,075)	206,362	(161,351)
Earning / (Loss) per share - basic and diluted	13.79	(32.82)	10.12	(7.92)

The annexed notes form an integral part of these condensed interim financial statements.

Karachi:
Dated : February 22, 2013

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MOHAMMAD TANVEER
Director

**Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter and half year ended December 31, 2012**

(Amounts in Thousand)

	Half Year Ended		Quarter Ended	
	31-Dec-12 Rupees	31-Dec-11 Rupees	31-Dec-12 Rupees	31-Dec-11 Rupees
Profit / (Loss) for the period	280,992	(669,075)	206,362	(161,351)
Other comprehensive income for the period	-	-	-	-
Total comprehensive Income / (Loss) for the period	280,992	(669,075)	206,362	(161,351)

The annexed notes form an integral part of these condensed interim financial statements.

Karachi:
Dated : February 22, 2013

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MOHAMMAD TANVEER
Director

Condensed Interim Cash Flow Statement (Un-audited) For the half year ended December 31, 2012

(Amounts in Thousand)

	31-Dec-12 Rupees	31-Dec-11 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	358,043	(799,662)
Adjustments for		
Depreciation	82,930	85,867
Staff retirement benefits - gratuity	18,910	11,792
Provision for doubtful debts	-	3,000
Workers' profit participation fund	18,844	-
Finance cost	138,911	215,153
Gain on disposal of property, plant and equipment	(36)	(295)
	259,559	315,517
Profit / (Loss) before working capital changes	617,602	(484,145)
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	(47,209)	(40,443)
Stock in trade	54,324	(549,622)
Trade debts	(113,838)	186,626
Loans and advances	(334,927)	717,518
Trade deposits and short term prepayments	757	(74)
Other receivables	3,338	(63)
	(437,555)	313,942
Increase in current liabilities		
Trade and other payables	500,495	415,742
Cash generated from operations	680,542	245,539
Finance cost paid	(143,308)	(192,653)
Taxes paid	(44,784)	(34,493)
Dividend paid	(15)	(40,255)
Workers' profit participation fund paid	-	(48,874)
Staff retirement benefits - gratuity paid	(8,944)	(4,068)
Net cash generated from / (used) in operating activities	483,491	(74,804)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	916	1,187
Fixed capital expenditure	(52,463)	(176,827)
Long term deposits	(1,499)	(3,421)
Net cash used in investing activities	(53,046)	(179,061)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(110,005)	66,395
Liabilities against assets subject to finance lease	(15,051)	56,579
Net cash generated from / (used) in financing activities	(125,056)	122,974
Net increase / (decrease) in cash and cash equivalents	305,389	(130,891)
Cash and cash equivalents at the beginning of the period	(427,101)	(689,955)
Cash and cash equivalents at the end of the period	(121,712)	(820,846)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	164,911	45,813
Short term borrowings	(286,623)	(866,659)
	(121,712)	(820,846)

The annexed notes form an integral part of these condensed interim financial statements.

Karachi:
Dated : February 22, 2013

SHAIKH MOHAMMAD MUNEEB
Chief Executive

SHAIKH MOHAMMAD TANVEER
Director

**Condensed Interim Statement of Changes in Equity (Un-audited)
For the half year ended December 31, 2012**

(Amounts in Thousand)

Particulars	Share capital	Reserves			Sub total	Total
		Capital	Revenue			
		Merger reserve	General	Unappropriated profit		
Rupees						
Balance as at July 01, 2011	203,833	10,377	400,000	1,662,630	2,073,007	2,276,840
Total comprehensive Loss for the half year ended December 31, 2011	-	-	-	(669,075)	(669,075)	(669,075)
Dividend for the year ended June 30, 2011 @ Rs.2/- per share	-	-	-	(40,767)	(40,767)	(40,767)
Balance as at December 31, 2011	203,833	10,377	400,000	952,788	1,363,165	1,566,998
Balance as at July 01, 2012	203,833	10,377	400,000	952,377	1,362,754	1,566,587
Total comprehensive income for the Half year ended December 31, 2012	-	-	-	280,992	280,992	280,992
Balance as at December 31, 2012	203,833	10,377	400,000	1,233,369	1,643,746	1,847,579

The annexed notes form an integral part of these condensed interim financial statements.

Karachi:
Dated : February 22, 2013

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MOHAMMAD TANVEER
Director

**Selected Notes to the Condensed Interim Financial Statements (Un-audited)
For the half year ended December 31, 2012**

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The company is limited by shares, incorporated in Pakistan on June 13, 1988 and is quoted on stock exchanges at Karachi and Lahore. The registered office of the company is situated at 35-A/1, Lalazar area, opposite Beach Luxury Hotel, M. T. Khan road, Karachi in the province of Sindh, Pakistan.
- 1.2 The principal business of the company is to manufacture and sale of yarn. The manufacturing units are located at Pattoki, Raiwind and Bhai pheru in the province of Punjab, Pakistan.
- 1.3 The company had entered into an agreement during the year ended June 30, 2011 with Brother Textile Mills Limited having registered office at 135 Upper mall, Lahore (Manufacturing unit located at 48 Km Multan Road, Bhai Pheru) and obtained a license to use the site and spinning unit with installed capacity of 17,280 spindles. During the period, the license was renewed and extended for a period of twelve months expiring on November 12, 2013. Upon expiry of the license period, the agreement may be extended for future periods at the option of both parties. The license fee is agreed at rupees 2,472,500 per month payable quarterly in advance.
- 1.4 During the period company has entered into agreement with Din Farm Products (Pvt) Limited (an associated undertaking) to sale electric power at a reference rice as and when required by the Din Farm Products (Pvt) Limited. The company will charge tariff against fuel cost component at cost of furnace oil 247 grams per KWH delivered by the company based on specific fuel consumption and at the reference fuel price adjusted from time to time for fuel price movement. Tariff against fixed cost component will be charged at Rs. 1.67 per KWH delivered by the company which includes but not limited to O & M cost, insurance cost etc.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company as at and for the year ended 30th June, 2012.

These condensed interim financial information are being submitted to the shareholders as required by the Listing regulations of Karachi and Lahore Stock Exchange and section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements comprise of condensed interim balance sheet, 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 selected notes for the half year ended December 31, 2012 which have been subject to a review but not audited. These condensed interim financial statements also include condensed interim profit and loss statement for the quarter ended December 31,2012.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation which have been used in the preparation of these condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2012.
- 3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the company's operations or did not have any impact on the accounting policies of the company.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of these condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by management in the preparation of these condensed interim financial information's are the same as those that were applied to the financial statements as at and for the year ended June 30, 2012.

- 4.2 The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2012.

5 PROPERTY, PLANT AND EQUIPMENT

		(Un-audited)	(Audited)
	Note	31-Dec-12	30-Jun-12
-----Rupees in '000'-----			
Operating assets	5.1	1,617,185	1,565,851
Capital work in progress - at cost	5.2	47,153	129,834
		1,664,338	1,695,685

- 5.1 The cost of additions and deletions to property, plant and equipment during the half year ended were as follows.

	31-Dec-12		31-Dec-11	
	Acquisition Cost	Disposal	Acquisition Cost	Disposal
	-----Rupees in '000'-----		-----Rupees in '000'-----	
Owned Assets				
Building	44	-	35	-
Plant and machinery	124,225	-	82,612	5,400
Electric installation	2,016	-	1,110	-
Tools and equipment	737	-	113	-
Furniture and fixture	1,129	-	318	-
Office equipment	1,973	-	164	-
Computers	2,462	-	2,812	-
Vehicles	137	4,318	71	1,315
Leased Assets				
Plant and machinery	-	-	82,295	-
Vehicles	2,421	-	-	-
	135,144	4,318	169,530	6,715

5.2 **CAPITAL WORK IN PROGRESS**

	(Un-audited)	(Audited)
	31-Dec-12	30-Jun-12
	-----Rupees in '000'-----	
Building	23,993	19,622
Plant and machinery	235	92,126
Electric Installation	22,925	18,086
	47,153	129,834

6 **STOCK IN TRADE**

- 6.1 Raw material amounting to Rs. Nil (June 30, 2012 : Rs. 273,377,892) stated at their net realizable value aggregating Rs. Nil (June 30, 2012 : Rs. 241,124,819). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. Nil (June 30, 2012 : Rs. 32,253,073).
- 6.2 Finished goods amounting to Rs. Nil (June 30, 2012 : Rs. 36,357,998) stated at their net realizable value aggregating Rs. Nil (June 30, 2012 : Rs. 29,445,679). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. Nil (June 30, 2012 : Rs. 6,912,319).
- 6.3 Stock in trade includes Rs. 10,689,293 (June 30, 2012: 7,823,893) in respect of waste stock carried at net realizable valued.

7 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the contingencies and commitments since the last audited financial statements except as disclosed in note 7.1, 7.2 and 7.3 respectively.

- 7.1 The company has issued post dated cheques amounting to Rs. 60.073 million (June 30, 2012: Rs. 54.437 million) in favor of Collector of Customs in lieu of custom levies against various statutory notification. The indemnity bonds furnished by the company are likely to be released after the fulfillment of term of related SROs.

	(Un-audited)	(Audited)
	31-Dec-12	30-Jun-12
	-----Rupees in '000'-----	

7.2 Contingencies

Bills discounted with recourse	-	392,420
Bank guarantees issued in ordinary course of business	139,240	139,240

7.3 Commitments

Letters of credit for capital expenditure	38,433	-
Letter of credit for raw material	761,201	263,624
Letter of credit for stores and spares	653,968	11,941

8 TRANSACTIONS WITH RELATED PARTIES

	(Un-audited)	(Un-audited)
	31-Dec-12	31-Dec-11
	-----Rupees in '000'-----	

Transactions with related parties	Relationship		
MCB Bank Limited	Associated company		
Deposits		154,583	111,886
Withdrawals		138,874	145,514
Din Farm Product (Pvt) Limited	Associated company		
Sale of electricity		1,813	-
Salaries and other employees benefits	Key management personnel	35,337	37,477
Staff retirement benefits	Key management personnel	902	4,303
		(Un-audited)	(Audited)
		31-Dec-12	30-Jun-12
		-----Rupees in '000'-----	
Balances outstanding at the period end			
MCB Bank Limited		19,035	3,326

9 CORRESPONDING FIGURES

Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. Significant reclassifications includes the following.

From	To	Nature	Rupees in thousand
Distribution Cost (Commission & Claim)	Sale-Net (Commission & Claim)	Better Presentation	52,647
Cash and cash equivalents (Short term borrowings against murabha finance)	Increase in current liabilities (trade and other payables against murabhaha finance)	Proper classification	2,148

10 EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the end of interim period, company has entered into agreement to acquire entire share capital of Ihsan Raiwind Mills (Pvt) Limited having registered office at F-207, Textile Avenue, Off polytechnic College SITE, Karachi. As per the terms and condition of the agreement management desires to acquire the shares together with management control of the company. The basis of transaction will be through acquisition of the shares of Ihsan Raiwind Mills (Pvt) Limited, and the company will acquire the retained assets without any liabilities of Ihsan Raiwind Mills (Pvt) Limited and the excluded assets shall be transferred to the sellers by the company.

11 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on **February 22, 2013** by the board of directors of the company.

12 GENERAL

Figures have been rounded off to the nearest thousand rupees.

Karachi:
Dated : February 22, 2013

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MOHAMMAD TANVEER
Director