



Interim Financial Report  
half year ended  
December 31, 2013  
(Un-audited)



Sally Textile Mills Limited

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## ***Company Information***

### **Board Of Directors**

Mian Iqbal Salahuddin                      Chief Executive Officer  
Mst. Munira Salahuddin  
Mian Yousaf Salahuddin  
Mian Asad Salahuddin  
Mian Sohail Salahuddin  
Sheikh Abdul Salam  
Syed Abid Raza Zaidi

### **Audit Committee**

Sheikh Abdul Salam                      Chairman  
Mian Asad Salahuddin                      Member  
Mian Sohail Salahuddin                      Member  
Syed Abid Raza Zaidi                      Secretary

### **Human Resources & Remuneration Committee**

Sheikh Abdul Salam                      Chariman  
Mst. Munira Salahuddin                      Member  
Mian Sohail Salahuddin                      Member

### **Chief Financial Officer**

Mr. Hasan Shahnawaz

### **Company Secretary**

Syed Abid Raza Zaidi

### **Auditors**

M/s Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

### **Bankers**

National Bank Of Pakistan  
Habibmetropolitan Bank Limited  
KASB Bank Limited  
Meezan Bank Limited  
Habib Bank Limited

### **Registered Office**

4-F, Gulberg II, Lahore.  
Phones : (042) 35754371, 35754373  
E-mail : sallytex@hotmail.com  
Fax : (042) 35754394

### **Mills**

Muzaffargarh Road, Jauharabad  
Phones: (0454) 720645, 720546, 720311

## Directors' Review

On behalf of the board of directors of **Sally Textile Mills Limited**, I am pleased to present the un-audited interim condensed financial statements for the half year ended December 31st 2013 along with auditors review report.

### Operating Results:

Textile industry continues to face challenges due to power related shortages. The recent GSP Plus status granted to Pakistan is a landmark achievement for the industry especially textiles; however its positive effects on the local industry are yet to be seen. Your company is focusing on improvement in technology and operations to stay ahead from its competitors and be better positioned to reap positive returns.

Summary of operating result is as under:

Description	Half year ended December 31, 2013 Rupees '000'	Half yearended December 31, 2012 Rupees '000'
Turnover-net	1,926,645	1,801,751
Gross profit	127,452	180,004
Profit before tax	40,928	93,150
Profit after tax	20,288	84,141

### Earning per Share

The earning per share of your company for the half year ended under review December 31, 2013 is PKR. 2.31 as compared to half year ended December 31, 2012 PKR. 9.59.

### Future Prospects

GSP Plus status granted to Pakistan is going to provide many opportunities of growth to the textile industry. We feel that companies which have continuously invested in their processes and technology will benefit more than others. Despite the previous uncertain period, your company has been investing in its machinery and has been improving its product range and quality. We feel that we are well positioned to achieve growth and positive returns from future export orders that Pakistan's value added textile sector will solicit internationally.

### Acknowledgement

Your directors would like to take the opportunity of appreciation for continuous support of their shareholders, dedication of company's managers, technicians and workers who worked hard to achieve their goals. Your directors also put on record the cooperation extended by the company banker as well as the reliability of their buyers and suppliers.

For and on behalf of the board



**MIAN IQBAL SALAHUDDIN**  
Chief Executive Officer

Date: **February 28, 2014**  
Lahore.

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

## **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Sally Textile Mills Limited** ("the Company") as at December 31, 2013 and the related condensed interim profit and loss account, statement of profit or loss and other comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period 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 for the quarter ended December 31, 2013 of the condensed interim profit and loss account and statement of profit or loss and other comprehensive income have not been reviewed as we are required to review only cumulative figures for the six months period ended on that date.

## **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 consist 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**

The Company has changed its accounting policy in respect of post-employment benefits, as referred to in note 3.1 to the condensed interim financial information and we concur with the change.

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

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**

**Chartered Accountants**

**Engagement Partner: ZUBAIR IRFAN MALIK**

**Date: FEBRUARY 28, 2014**

**Place: LAHORE**

## Condensed Interim Balance Sheet (Un-audited) as at December 31, 2013

	Note	December 31, 2013 Rupees '000 (Un-audited)	June 30, 2013 Rupees '000 (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<i>Authorized capital</i>			
20,000,000 (June 30, 2013: 20,000,000) ordinary shares of Rs. 10 each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital		<b>87,750</b>	87,750
Accumulated profit		<u>283,944</u>	<u>265,441</u>
<b>TOTAL EQUITY</b>		<b>371,694</b>	353,191
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		<b>255,496</b>	262,486
<b>LOAN FROM SPONSORS - UNSECURED</b>	5	<b>154,263</b>	144,847
<b>NON-CURRENT LIABILITIES</b>			
Long term finances - <i>Secured</i>	6	-	-
Employees retirement benefits		<b>92,213</b>	87,055
Deferred taxation		<u>159,267</u>	<u>159,267</u>
		<b>251,480</b>	246,322
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>322,384</b>	317,444
Accrued interest/mark-up		<b>13,972</b>	13,301
Short term borrowings - <i>Secured</i>	7	<b>455,862</b>	425,216
Current portion of non-current liabilities	8	<b>11,802</b>	21,802
Taxation		<u>33,827</u>	<u>23,054</u>
		<b>837,847</b>	800,817
<b>TOTAL LIABILITIES</b>		<b>1,089,327</b>	1,047,139
<b>CONTINGENCIES AND COMMITMENTS</b>	9	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,870,780</b></u>	<u>1,807,663</u>

*The annexed notes 1 to 18 form an integral part of this condensed interim financial information.*

Date: February 28, 2014  
Place: Lahore

  
**MIAN IQBAL SALAHUDDIN**  
 Chief Executive

	<i>Note</i>	<b>December 31, 2013</b> <i>Rupees '000</i> <i>(Un-audited)</i>	June 30, 2013 <i>Rupees '000</i> <i>(Audited)</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	1,018,771	1,038,842
Long term deposits - <i>Unsecured, Considered good</i>		11,244	11,244
		<b>1,030,015</b>	1,050,086
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		52,546	44,806
Stock in trade		468,260	477,252
Trade debts		251,383	175,991
Advances, prepayments and other receivables		53,517	38,679
Cash and bank balances		15,059	20,849
		<b>840,765</b>	757,577
<b>TOTAL ASSETS</b>		<b>1,870,780</b>	1,807,663



**MIAN YOUSAF SALAHUDDIN**  
Director

**Condensed Interim Profit and Loss Account (Un-audited)**  
**for the half year ended December 31, 2013**

	Note	Half year ended		Quarter ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
		Rupees '000	Rupees '000	Rupees '000	Rupees '000
<b>Turnover - net</b>	11	<b>1,926,645</b>	1,801,751	<b>1,041,904</b>	976,029
Cost of sales	12	<b>(1,799,193)</b>	(1,621,747)	<b>(1,009,593)</b>	(891,985)
<b>Gross profit</b>		<b>127,452</b>	180,004	<b>32,311</b>	84,044
Selling and distribution expenses		<b>(21,056)</b>	(22,641)	<b>(12,396)</b>	(14,419)
Administrative and general expenses		<b>(24,690)</b>	(19,619)	<b>(12,610)</b>	(9,599)
		<b>(45,746)</b>	(42,260)	<b>(25,006)</b>	(24,018)
		<b>81,706</b>	137,744	<b>7,305</b>	60,026
Other income		<b>711</b>	2,530	<b>662</b>	1,510
<b>Operating profit</b>		<b>82,417</b>	140,274	<b>7,967</b>	61,536
Finance cost		<b>(26,822)</b>	(30,242)	<b>(15,150)</b>	(15,116)
Notional interest		<b>(9,415)</b>	(8,332)	<b>(4,708)</b>	(4,166)
Other charges		<b>(5,252)</b>	(8,550)	<b>(506)</b>	(5,715)
<b>Profit before taxation</b>		<b>40,928</b>	93,150	<b>(12,397)</b>	36,539
Taxation	13	<b>(20,640)</b>	(9,009)	<b>(3,558)</b>	(752)
<b>Profit after taxation</b>		<b>20,288</b>	84,141	<b>(15,955)</b>	35,787
<b>Earnings per share - basic and diluted</b>		<b>2.31</b>	9.59	<b>(1.82)</b>	4.08

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Date: February 28, 2014  
 Place: Lahore

  
 MIAN IQBAL SALAHUDDIN  
 Chief Executive

  
 MIAN YOUSAF SALAHUDDIN  
 Director

## Condensed Interim Statement profit or loss and other Comprehensive Income (*Un-audited*) for the half year ended December 31, 2013

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	<i>Rupees '000</i>	<i>Rupees '000</i>	<i>Rupees '000</i>	<i>Rupees '000</i>
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Incremental depreciation	10,754	11,338	5,376	5,669
<b>Other comprehensive income before taxation</b>	<b>10,754</b>	<b>11,338</b>	<b>5,376</b>	<b>5,669</b>
Taxation	(3,764)	(3,968)	(1,882)	(1,984)
<b>Other comprehensive income after taxation</b>	<b>6,990</b>	<b>7,370</b>	<b>3,494</b>	<b>3,685</b>
<b>Profit after taxation</b>	<b>20,288</b>	<b>84,141</b>	<b>(15,955)</b>	<b>35,787</b>
<b>Total comprehensive income</b>	<b>27,278</b>	<b>91,511</b>	<b>(12,461)</b>	<b>39,472</b>

*The annexed notes 1 to 18 form an integral part of this condensed interim financial information.*



**MIAN IQBAL SALAHUDDIN**  
Chief Executive



**MIAN YOUSAF SALAHUDDIN**  
Director

Date: February 28, 2014  
Place: Lahore

**Condensed Interim Cash Flow Statement (Un-audited)**  
*for the half year ended December 31, 2013*

	December 31, 2013 Rupees '000	December 31, 2012 Rupees '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	40,928	93,150
<b>Adjustments for non-cash items</b>		
Interest / markup on borrowings	25,354	29,579
Notional interest	9,415	8,332
Gain on disposal of operating fixed assets	(708)	(737)
Provision for employees retirement benefits	10,455	7,128
Depreciation	25,440	23,262
	69,956	67,564
<b>Operating profit before changes in working capital</b>	110,884	160,714
<b>Changes in working capital</b>		
Stores, spares and loose tools	(7,739)	(9,922)
Stock in trade	8,993	(64,764)
Trade debts	(75,392)	6,174
Advances, prepayments and other receivables	(14,837)	14,771
Long term deposits	-	(604)
Trade and other payables	(834)	18,436
	(89,809)	(35,909)
<b>Cash generated from operations</b>	21,075	124,805
<b>Payments for</b>		
Employees retirement benefits	(5,297)	(3,942)
Interest/markup on borrowings	(24,684)	(31,925)
Income tax	(9,868)	(3,546)
Dividend on ordinary shares	(3,000)	-
<b>Net cash (used in)/generated from operating activities</b>	(21,774)	85,392
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(6,912)	(39,308)
Proceeds from disposal of property, plant and equipment	2,250	1,764
<b>Net cash used in investing activities</b>	(4,662)	(37,544)

Date: February 28, 2014  
Place: Lahore

  
MIAN IQBAL SALAHUDDIN  
Chief Executive

December 31, 2013

December 31, 2012

*Rupees '000*

*Rupees '000*

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of long term finances	(10,000)	(10,000)
Net increase/(decrease) in short term borrowings	30,646	(37,955)
Loan from sponsors repaid	-	(2,650)
<b>Net cash generated/(used in) financing activities</b>	<b>20,646</b>	<b>(50,605)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(5,790)</b>	<b>(2,757)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>20,849</b>	<b>16,010</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>15,059</b>	<b>13,253</b>

*The annexed notes 1 to 18 form an integral part of this condensed interim financial information.*



**MIAN YOUSAF SALAHUDDIN**  
Director

## Condensed Interim Statement of Changes in Equity (*Un-audited*) for the half year ended December 31, 2013

	Issued subscribed and paid-up capital	Accumulated profit	Total equity
	<i>Rupees '000</i>	<i>Rupees '000</i>	<i>Rupees '000</i>
<b>Balance as at July 01, 2012 - Audited</b>	87,750	123,007	210,757
<b>Comprehensive income</b>			
Profit after taxation	-	84,141	84,141
Other comprehensive income	-	7,370	7,370
<b>Total comprehensive income</b>	-	91,511	91,511
<b>Transaction with owners</b>			
<b>Balance as at December 31, 2012 - Un-audited</b>	87,750	214,518	302,268
<b>Comprehensive income</b>			
Profit after taxation - ( <i>restated</i> )	-	75,868	75,868
Other comprehensive loss - ( <i>restated</i> )	-	(16,170)	(16,170)
<b>Total comprehensive income</b>	-	59,698	59,698
<b>Transaction with owners</b>			
Interim dividend @ 10% i.e Rs. 1 per ordinary share	-	(8,775)	(8,775)
<b>Balance as at June 30, 2013 - Audited</b>	87,750	265,441	353,191
<b>Comprehensive income</b>			
Profit after taxation	-	20,288	20,288
Other comprehensive income	-	6,990	6,990
<b>Total comprehensive income</b>	-	27,278	27,278
<b>Transaction with owners</b>			
Final dividend @ 10% i.e. Rs. 1 per ordinary share	-	(8,775)	(8,775)
<b>Balance as at December 31, 2013 - Un-audited</b>	87,750	283,944	371,694

*The annexed notes 1 to 18 form an integral part of this condensed interim financial information.*



**MIAN IQBAL SALAHUDDIN**  
Chief Executive



**MIAN YUSAF SALAHUDDIN**  
Director

Date: February 28, 2014  
Place: Lahore

## Notes to the Condensed Interim Financial Information (*Un-audited*) for the half year ended December 31, 2013

### 1 REPORTING ENTITY

Sally Textile Mills Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Karachi Stock Exchange Limited and Lahore Stock Exchange Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at 4 F, Gulberg II, Lahore. The manufacturing facility, including the power generation unit, is located at Joharabad District Khushab in the Province of Punjab.

### 2 BASIS OF PREPARATION

This interim financial information is not audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2013.

The comparative interim balance sheet as at June 30, 2013 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim statement of profit or loss and other comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for the half year ended December 31, 2012 are based on unaudited, reviewed interim financial information. The interim profit and loss account and interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2013 and December 31, 2012 are neither audited nor reviewed.

#### 2.1 Statement of compliance

This condensed interim financial report has been prepared in accordance with the requirements of 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 and directives issued under the Companies Ordinance, 1984 have been followed.

#### 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

#### 2.3 Judgments, estimates and assumptions

The preparation of financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

#### 2.4 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2013, except for the change referred to in note 3.1.

## Notes to the Condensed Interim Financial Information (*Un-audited*) for the half year ended December 31, 2013

**3.1** During the period, the Company has changed its accounting policy in respect of post-employment benefits whereby actuarial gains and losses are recognized in other comprehensive income in the periods in which they occur. Current and past services costs, gains or losses on settlement and net interest on defined benefit obligation continue to be recognized in profit or loss. Prior to change, actuarial gains and losses were recognized in profit or loss in the period in which they occurred. No adjustment was required as the balance of accumulated profits as at the reporting date already includes all actuarial gains/losses that have occurred upto the reporting date, which otherwise would have been taken to accumulated profits through other comprehensive income. However, other comprehensive income for the period ended June 30, 2013 has been adjusted to include the actuarial gain/loss arising during the year ended June 30, 2013 which was recognized in profit or loss for that year.

#### 4 ADOPTION OF NEW AND REVISED APPROVED ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

"The following amendment to approved accounting standards are effective in the current period and relevant to the Company."

##### *IAS 19 - Employee Benefits ('Revised 2011')*

The revised standard, among other changes not relevant to the Company, has eliminated the option that allowed entities to defer the recognition of changes in net defined benefit liability under the '10% Corridor Approach' and has amended some of the disclosure requirements for defined benefit plans. The revised standard requires immediate recognition of actuarial gains and losses in other comprehensive income. Services costs and net interest are required to be recognized in profit or loss as the occur. The Company has adopted the revised standards which has resulted in change in accounting policy as referred to in note 3.1

##### *IAS 34 - Interim Financial Reporting ('Amendments')*

The amendments align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 - Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The adoption has not resulted in any additional disclosure in this condensed interim financial information as the Company was already reporting the same in its interim financial information in the previous periods.

	<i>Note</i>	<b>December 31, 2013</b> <i>Rupees '000</i> <i>(Un-Audited)</i>	June 30, 2013 <i>Rupees '000</i> <i>(Audited)</i>
<b>5 LOAN FROM SPONSORS - UNSECURED</b>			
Loan from sponsors		<b>212,472</b>	212,472
Current maturity presented under current liabilities	8	<b>(3,472)</b>	(3,472)
		<b>209,000</b>	209,000
Less: unamortized notional interest		<b>(54,737)</b>	(64,153)
		<b>154,263</b>	144,847

**5.1** This loan has been obtained from sponsors of the Company, and is interest free. As per the loan agreement, the loan is payable by June 30, 2016. However, the Company has the option to make early repayments. The loan has been carried at amortized cost which has been determined using a discount rate of 13% , being the average effective borrowing rate of the Company on the date of initial measurement at amortized cost.

## Notes to the Condensed Interim Financial Information (*Un-audited*) for the half year ended December 31, 2013

	<i>Note</i>	<b>December 31, 2013</b>	June 30, 2013
		<i>Rupees '000</i>	<i>Rupees '000</i>
		<b>(Un-Audited)</b>	<b>(Audited)</b>
<b>6 LONG TERM FINANCES - SECURED</b>			
These represent long term finances utilized under interest/markup arrangements from banking companies			
Demand Finance - I		<b>8,330</b>	18,330
Current maturity presented under current liabilities	8	<b>(8,330)</b>	(18,330)
		<u>-</u>	<u>-</u>

### 7 SHORT TERM BORROWINGS

The aggregate available short term funded facilities amounts to Rs. 718 million (June 30, 2013: Rs. 718 million) out of which Rs. 262 million (June 30, 2013: Rs. 293 million) remained unavailed as at the reporting date.

	<i>Note</i>	<b>December 31, 2013</b>	June 30, 2013
		<i>Rupees '000</i>	<i>Rupees '000</i>
		<b>(Un-Audited)</b>	<b>(Audited)</b>
<b>8 CURRENT MATURITY OF NON-CURRENT LIABILITIES</b>			
Loan from sponsors - <i>unsecured</i>	5	<b>3,472</b>	3,472
Long term finances - <i>secured</i>	6	<b>8,330</b>	18,330
		<u><b>11,802</b></u>	<u>21,802</u>

### 9 CONTINGENCIES AND COMMITMENTS

#### 9.1 Contingencies

There is no significant change in the status of contingencies since June 30, 2013.

#### 9.2 Commitments

**9.2.1** Commitments under irrevocable letters of credit - 4,104

**9.2.2** The Company is committed to pay Rs. 220,000 for every month it occupies the office premises owned by the directors of the Company.

**9.2.3** The Company has acquired a production facility subject to operating lease. Lease agreement covers a period of ten years and is renewable/extendable on mutual consent. Lease rentals are payable monthly in arrears. Commitments for payments in future periods under the lease agreement amounted to Rs. 40 million (June 30 2013: Rs 42.4 million).

## Notes to the Condensed Interim Financial Information (*Un-audited*) for the half year ended December 31, 2013

	<i>Note</i>	December 31, 2013	June 30, 2013
		<i>Rupees '000</i>	<i>Rupees '000</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>10 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	10.1	999,511	1,019,882
Capital work in progress		19,260	18,960
		<u>1,018,771</u>	<u>1,038,842</u>
<b>10.1 Operating fixed assets</b>			
Net book value at the beginning of the period/year		1,019,882	939,203
Additions during the period/year			
Buildings on freehold land		-	216
Plant and machinery		7	77,462
Electric Installations		58	-
Tools and equipment		-	9
Office equipment		277	464
Furniture and fixtures		16	487
Arms and ammunitions		-	33
Vehicles		6,253	6,288
		6,611	84,959
Transfer from capital work in progress		-	45,879
Net book value of assets disposed during the period/year		(1,542)	(1,024)
Depreciation for the period/year		(25,440)	(49,135)
Net book value at the end of the period/year		<u>999,511</u>	<u>1,019,882</u>
		Half year ended	Quarter ended
		December 31, 2013	December 31, 2012
		<i>Rupees '000</i>	<i>Rupees '000</i>
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
		December 31, 2013	December 31, 2012
		<i>Rupees '000</i>	<i>Rupees '000</i>
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
<b>11 TURNOVER - NET</b>			
<b>Local</b>			
Yarn		1,171,143	1,201,819
Waste		42,742	38,028
		1,213,885	1,239,847
<b>Export</b>			
Yarn		712,760	561,904
		<u>1,926,645</u>	<u>1,801,751</u>
		611,791	625,350
		24,436	19,171
		636,227	644,521
		405,677	331,508
		<u>1,041,904</u>	<u>976,029</u>

11.1 Yarn export sales include indirect exports amounting to Rs. 669,919,203 (2012: Rs. 536,253,874) for the half year ended December 31, 2013 and Rs.377,509,487 (2012: Rs. 305,858,774) for the quarter ended December 31, 2013.

## Notes to the Condensed Interim Financial Information (*Un-audited*) for the half year ended December 31, 2013

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	<i>Rupees '000</i> (Un-Audited)	<i>Rupees '000</i> (Un-Audited)	<i>Rupees '000</i> (Un-Audited)	<i>Rupees '000</i> (Un-Audited)
<b>12 COST OF SALES</b>				
Raw material consumed	1,265,029	1,127,649	708,571	604,023
Stores, spares and loose tools consumed	70,621	69,051	36,221	34,449
Salaries, wages and benefits	158,688	155,451	78,609	77,237
Power and fuel	299,362	227,403	148,710	105,311
Insurance	1,429	1,243	824	715
Vehicle running and maintenance	1,871	1,589	984	842
Rent, rates and taxes	2,400	2,400	1,200	1,200
Depreciation	23,335	21,390	11,668	10,695
Others	7,027	9,729	3,907	5,239
	<b>1,829,762</b>	<b>1,615,905</b>	<b>990,694</b>	<b>839,711</b>
Work in process				
- at the beginning of the period	44,537	32,681	41,642	36,200
- at the end of the period	(44,628)	(35,995)	(44,628)	(35,995)
	(91)	(3,314)	(2,986)	205
	<b>1,829,671</b>	<b>1,612,591</b>	<b>987,708</b>	<b>839,916</b>
Finished goods				
- at the beginning of the period	58,416	68,735	110,779	111,648
- at the end of the period	(88,894)	(59,579)	(88,894)	(59,579)
	(30,478)	9,156	21,885	52,069
	<b>1,799,193</b>	<b>1,621,747</b>	<b>1,009,593</b>	<b>891,985</b>

### 13 PROVISION FOR TAXATION

13.1 Provision for current tax has been made in accordance with the requirements of section 18 and section 154 of the Income Tax Ordinance, 2001.

13.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.

### 14 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise key management personnel (including chief executive and directors) and sponsors of the Company. Transactions with sponsors are limited to provision of interest free loans to the Company and rental payments for office premises used by the Company. Details of transactions and balances with related parties is as follows:

	Half year ended	
	December 31, 2013	December 31, 2012
	<i>Rupees '000</i> (Un-Audited)	<i>Rupees '000</i> (Un-Audited)
<b>14.1 Transactions with related parties</b>		
<b>Nature of relationship</b>	<b>Nature of transaction</b>	
Key management personnel	Short term employee benefits	4,845
Sponsors	Borrowings repaid	-
	Rent paid	1,320
		4,360
		2,650
		1,320

## Notes to the Condensed Interim Financial Information (*Un-audited*) for the half year ended December 31, 2013

		Half year ended	
		December 31, 2013	December 31, 2012
		<i>Rupees '000</i>	<i>Rupees '000</i>
<b>14.2</b>	<b>Balances with related parties</b>		
	<b>Nature of relationship</b>	<b>Nature of transaction</b>	
	Key management personnel	Short term employee benefits	520
	Sponsors	Borrowings repaid	212,472
			212,472

### 15 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require any adjustment or disclosure in this condensed interim financial report.

### 16 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in this condensed interim financial information.

### 17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on February 28, 2014.

### 18 GENERAL

**18.1** There are no other significant activities since June 30, 2013 affecting the interim financial information.

**18.2** Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

**18.3** Figures have been rounded off to the nearest Rupee.



**MIAN IQBAL SALAHUDDIN**  
Chief Executive



**MIAN YOUSAF SALAHUDDIN**  
Director

Date: February 28, 2014  
Place: Lahore

# BOOK POST

UNDER POSTAL CERTIFICATE

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