

Reliance Cotton Spinning Mills Limited
Half Yearly Accounts December 31, 2013

CONTENTS

COMPANY PROFILE	03
DIRECTORS' REVIEW	04
AUDITOR'S REVIEW	05
CONDENSED INTERIM BALANCE SHEET	06
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT	07
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	08
CONDENSED INTERIM CASH FLOW STATEMENT	09
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	10
SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	11

COMPANY PROFILE

BOARD OF DIRECTORS

CHAIRMAN	:	MR. MOHAMMAD ABDULLAH
CHIEF EXECUTIVE	:	MR. SHAYAN ABDULLAH
DIRECTOR	:	MR. AMER ABDULLAH MR. YOUSUF ABDULLAH MR. NABEEL ABDULLAH MR. MOHAMMAD YOUNUS
INDEPENDENT DIRECTOR	:	MR. ASIF ELAHI
AUDIT COMMITTEE		
CHAIRMAN	:	MR. AMER ABDULLAH
MEMBER	:	MR. ASIF ELAHI
MEMBER	:	MR. NABEEL ABDULLAH
HUMAN RESOURCE & REMUNERATION COMMITTEE		
CHAIRMAN	:	MR. MOHAMMAD YOUNUS
MEMBER	:	MR. SHAYAN ABDULLAH
MEMBER	:	MR. ASIF ELAHI
CHIEF FINANCIAL OFFICE	:	MR. NAVEED-UL-ISLAM
SECRETARY	:	MR. UMAR RAHI
AUDITORS	:	M. YOUSUF ADIL SALEEM & COMPANY CHARTERED ACCOUNTANTS
MANAGEMENT CONSULTANT	:	M. YOUSUF ADIL SALEEM & COMPANY CHARTERED ACCOUNTANTS
TAX CONSULTANTS	:	M. YOUSUF ADIL SALEEM & COMPANY CHARTERED ACCOUNTANTS
LEGAL ADVISOR	:	HASSAN & HASSAN ADVOCATES
BANKERS	:	HABIB BANK LIMITED MCB BANK LIMITED HABIB METROPOLITAN BANK LIMITED
SHARE REGISTRAR	:	HAMEED MAJEED ASSOCIATES (PVT) LTD
REGISTERED OFFICE	:	312, COTTON EXCHANGE BUILDING, I.I.CHUNDRIGAR ROAD, KARACHI.
MILLS	:	FEROZE WATTOAN TEHSIL AND DISTRICT SHEIKHUPURA

DIRECTORS' REVIEW

We are pleased to present un-audited interim financial information of the company for the half year ended December 31, 2013 duly reviewed by auditors.

The period under review has shown satisfactory results mainly due to good sales volume and better product mix despite of increase in production cost of raw material and of energy.

Salient features of the half year under review are as follows:

- ◆ The gross sales of the half year remained Rs.2.274 billion as compared to Rs.1.741 billion of the corresponding period.
- ◆ Gross profit for the period registered an increase of 20.75% as compared to last half year's result.
- ◆ Finance cost for the half year is Rs.78.511 million as against Rs.76.245 million of the corresponding period.
- ◆ The Company has earned after tax profits of Rs.196.953 million as against Rs.117.067 million of the corresponding period.

FUTURE OUTLOOK

Your company has registered good result for the first half of the year as compared to the corresponding period. Textile sector is facing a difficult period because of poor market demand and of higher production cost. The management of your company has concerned of prevailing situations and is putting all its efforts to produce good results for the remaining period of the year.

The directors appreciate the hard work and commendable services rendered by staff and workers of the company.

For and on behalf of the Board of Directors

Karachi
Dated: February 27, 2014

Shayan Abdullah
Chief Executive

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Reliance Cotton Spinning Mills Limited (the Company) as at December 31, 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 and notes to the accounts for the six-months 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. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2013 and December 31, 2012 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2013.

Scope of Review

We conducted our review in accordance with the 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 the 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 the approved accounting standards as applicable in Pakistan for interim financial reporting.

M. Yousuf Adil Saleem & Co.

Chartered Accountants

Engagement Partner:

Talat Javed

Dated: February 27, 2014

Multan

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2013

	Note	Un-Audited December 31 2013 Rupees	Audited June 30 2013 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,366,520,371	1,201,243,703
Long term investments	5	495,456,255	438,944,127
Long term loans		73,000	136,000
Long term deposits		8,858,230	8,858,230
		1,870,907,856	1,649,182,060
CURRENT ASSETS			
Stores, spare parts and loose tools		33,447,160	30,848,492
Stock-in-trade		2,059,243,476	1,080,605,587
Trade debts		351,663,456	377,973,930
Loans and advances		22,910,118	3,887,792
Deposits and short term prepayments		682,892	986,140
Other receivables		9,565,306	7,485,384
Advance income tax		31,381,477	49,217,138
Tax refunds due from the Government		116,217,739	69,758,320
Cash and bank balances		158,322,887	11,360,581
		2,783,434,511	1,632,123,364
		4,654,342,367	3,281,305,424
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 12,000,000 (June 30, 2013: 12,000,000) ordinary shares of Rs. 10 each		120,000,000	120,000,000
Issued, subscribed and paid-up share capital 10,292,000 (June 30, 2013: 10,292,000) ordinary shares of Rs. 10 each		102,920,000	102,920,000
General reserve		130,000,000	130,000,000
Un-appropriated profit		1,592,216,242	1,403,424,202
		1,825,136,242	1,636,344,202
NON-CURRENT LIABILITIES			
Long Term Financing	6	50,000,000	66,666,667
Deferred liabilities			
- employee benefits - unfunded		41,959,419	37,478,851
- deferred tax liability		36,727,783	32,299,419
		128,687,202	136,444,937
CURRENT LIABILITIES			
Trade and other payables		345,053,585	241,395,567
Mark-up accrued		23,776,712	13,899,589
Short term borrowings	7	2,281,422,385	1,190,849,919
Current portion of long term financing		33,333,333	33,333,333
Provision for taxation		16,932,908	29,037,877
		2,700,518,923	1,508,516,285
CONTINGENCIES AND COMMITMENTS			
	8	4,654,342,367	3,281,305,424

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Karachi:
Date : February 27, 2014

Shayan Abdullah
Chief Executive Officer

Amer Abdullah
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

	Note	Six months ended		Three months ended	
		December 31	December 31	December 31	December 31
		2013	2012	2013	2012
	Rupees.....	Rupees.....	
Sales	9	2,274,321,494	1,741,063,346	1,029,892,738	878,388,494
Cost of sales	10	1,948,677,180	1,471,381,923	892,686,012	740,230,349
Gross profit		325,644,314	269,681,423	137,206,726	138,158,145
Other operating income		3,627,196	1,553,519	934,406	1,177,235
		329,271,510	271,234,942	138,141,132	139,335,380
Distribution cost		63,264,158	69,147,555	29,914,725	38,245,778
Administrative expenses		19,305,895	18,268,084	10,236,984	10,448,868
Other operating expenses		12,701,882	8,647,537	3,972,512	4,202,134
Finance cost		78,511,443	76,244,885	47,556,898	41,280,161
		173,783,378	172,308,061	91,681,119	94,176,941
		155,488,132	98,926,881	46,460,013	45,158,439
Share of profit of associates		48,839,707	36,727,586	27,924,227	16,424,967
Profit before taxation		204,327,839	135,654,467	74,384,240	61,583,406
Taxation					
Current		16,932,908	10,367,385	11,685,972	6,659,570
Prior		(13,986,786)	-	(13,986,786)	-
Deferred		4,428,364	8,220,343	3,765,654	6,318,523
		7,374,486	18,587,728	1,464,840	12,978,093
Profit for the period		196,953,353	117,066,739	72,919,400	48,605,313
Earnings per share - basic and diluted		19.14	11.37	7.09	4.72

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Karachi:
Date : February 27, 2014

Shayan Abdullah
Chief Executive Officer

Amer Abdullah
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013**

	Six months ended		Three months ended	
	December 31 2013	December 31 2012	December 31 2013	December 31 2012
Rupees.....	Rupees.....	
Profit for the period	196,953,353	117,066,739	72,919,400	48,605,313
Other comprehensive income:				
Items that may be reclassified subsequently to profit and loss				
Share in associates' unrealized gain on available for sale investments - net	17,639,214	17,791,807	11,028,516	9,628,777
Share in associate's unrealized (loss) / gain on hedging instruments	(63,146)	49,749	42,288	(24,951)
	17,576,068	17,841,556	11,070,804	9,603,826
Items that will not be reclassified subsequently to profit and loss	-	-	-	-
Total comprehensive income for the period	214,529,421	134,908,295	83,990,204	58,209,139

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Karachi:
Date : February 27, 2014

Shayan Abdullah
Chief Executive Officer

Amer Abdullah
Director

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

	Six months ended December 31 2013 Rupees	Six months ended December 31 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	204,327,839	135,654,467
Adjustments for:		
Depreciation of property, plant and equipment	54,036,741	48,871,139
Provision for employee benefits	8,349,098	6,500,000
Gain on disposal of property, plant and equipment	(2,305,353)	-
Finance cost	78,511,443	76,244,885
Share of profit of associates	(48,839,707)	(36,727,586)
	<u>89,752,222</u>	<u>94,888,438</u>
	294,080,061	230,542,905
Working capital changes (Increase) / decrease in current assets :		
Stores, spare parts and loose tools	(2,598,668)	(4,513,105)
Stock-in-trade	(978,637,890)	(852,570,135)
Trade debts	26,310,474	(78,601,736)
Loans and advances	(19,022,326)	(29,714,258)
Deposits and short term prepayments	303,248	14,519
Other receivables	(2,079,922)	(105,232)
Increase in current liabilities :		
Trade and other payables	103,629,687	118,851,986
	<u>(872,095,397)</u>	<u>(846,637,961)</u>
Cash used in operations	(578,015,336)	(616,095,056)
Dividends paid	(20,555,669)	(12,795,631)
Employee benefits paid	(3,868,530)	(8,621,509)
Finance cost paid	(68,634,320)	(70,733,279)
Sales tax paid	(12,178,193)	(2,552,032)
Income taxes paid	(31,496,655)	(19,284,830)
	<u>(136,733,367)</u>	<u>(113,987,281)</u>
Net cash used in operating activities	(714,748,703)	(730,082,337)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(226,258,057)	(159,380,319)
Proceeds from disposal of property, plant and equipment	9,250,001	-
Decrease in long term loans	63,000	141,000
Dividends received	4,750,266	3,247,602
	<u>(212,194,790)</u>	<u>(155,991,717)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	-	100,000,000
Repayment of long term financing	(16,666,667)	-
Short term borrowings - net	1,090,572,466	820,156,101
Net cash from financing activities	1,073,905,799	920,156,101
Net increase in cash and cash equivalents	146,962,306	34,082,047
Cash and cash equivalents at beginning of period	11,360,581	5,031,306
Cash and cash equivalents at end of period	158,322,887	39,113,353

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Karachi:
Date : February 27, 2014

Shayan Abdullah
Chief Executive Officer

Amer Abdullah
Director

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

	Share capital	Revenue reserves		Total
		General reserve	Un-appropriated profit	
.....Rupees				
Balance as at July 1, 2012	102,920,000	130,000,000	1,064,816,311	1,297,736,311
Total comprehensive income for the period:				
Profit for six months ended December 31, 2012	-	-	117,066,739	117,066,739
Other comprehensive income for the period	-	-	17,841,556	17,841,556
	-	-	134,908,295	134,908,295
Effects of the items directly recognized in equity by associates	-	-	1,006,785	1,006,785
Distribution to owners:				
Final dividend for the year ended June 30, 2012 @ Rs. 1.25 per share	-	-	(12,865,000)	(12,865,000)
Balance as at December 31, 2012	102,920,000	130,000,000	1,187,866,391	1,420,786,391
Total comprehensive income for the period:				
Profit for the six months ended June 30, 2013	-	-	191,807,800	191,807,800
Other comprehensive income for the period	-	-	22,785,742	22,785,742
	-	-	214,593,542	214,593,542
Effects of the items directly recognized in equity by associates	-	-	964,269	964,269
Balance as at June 30, 2013	102,920,000	130,000,000	1,403,424,202	1,636,344,202
Total comprehensive income for the period:				
Profit for six months ended December 31, 2013	-	-	196,953,353	196,953,353
Other comprehensive income for the period	-	-	17,576,068	17,576,068
	-	-	214,529,421	214,529,421
Effects of the items directly recognized in equity by associates	-	-	(5,153,381)	(5,153,381)
Distribution to owners:				
Final dividend for the year ended June 30, 2013 @ Rs. 2.00 per share	-	-	(20,584,000)	(20,584,000)
Balance as at December 31, 2013	102,920,000	130,000,000	1,592,216,242	1,825,136,242

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Karachi:
Date : February 27, 2014

Shayan Abdullah
Chief Executive Officer

Amer Abdullah
Director

**SELECTED EXPLANATORY NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013**

1 GENERAL INFORMATION

Reliance Cotton Spinning Mills Limited ("the Company") was incorporated in Pakistan on June 13, 1990 as a public limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 312, Cotton Exchange Building, I.I. Chundrigar Road, Karachi. The Company is currently listed on Karachi Stock Exchange Limited and Lahore Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn. The mill is located at District Sheikhpura in the Province of Punjab.

1.1 This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

2 BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the six months period ended December 31, 2013 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.

2.2 This condensed interim financial information is un-audited. However, a limited scope review has been performed by the statutory auditors of the Company in accordance with the clause (xix) of the Code of Corporate Governance and they have issued their review report thereon.

2.3 This condensed interim financial information does not include all of the information required for the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2013.

3 ACCOUNTING POLICIES AND ESTIMATES

3.1 Except as mentioned in 3.2, the accounting policies and methods of computation adopted for preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited financial statement for the year ended June 30, 2013.

3.2 Change in accounting policy

3.2.1 During the current period, the Company has changed its accounting policy in respect of post-retirement defined benefit plan as required under IAS 19, "Employee Benefits" (Revised 2011). According to the new policy, all actuarial gains and losses are recognized in Other Comprehensive Income (OCI) in the periods in which they occur. Amounts recorded in profit and loss account are limited to current and past service cost, gain or loss on settlement and net interest income or expense. All other changes in the net defined benefit obligations are recognized in OCI with no subsequent recycling through profit and loss account. Previously, the Company was recognizing actuarial gains / losses which exceeds 10% of the present value of defined benefit obligations over the average remaining working lives of the employees in the profit and loss account.

The effect of such change is considered immaterial to this condensed interim financial information as a whole, so no impact has been taken.

3.2.2 The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). Income tax on items of other comprehensive income is required to be allocated on the same basis i.e. the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments require retrospective application.

3.3 Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those applied to the preparation of the annual audited financial statement for the year ended June 30, 2013.

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

		Un-audited December 31 2013 Rupees	Audited June 30 2013 Rupees
4	PROPERTY, PLANT AND EQUIPMENT		
		Note	
	Operating assets	4.1	1,117,260,153
	Capital work in progress	4.2	1,056,275,655
			<u>144,968,048</u>
			<u>1,201,243,703</u>
4.1	Operating assets		
	Opening book value		1,056,275,655
	Additions during the period / year		966,644,130
	Freehold land		-
	Vehicles		2,795,860
	Computers		553,595
			<u>3,349,455</u>
	Transfer from capital work in progress		
	Factory Building		50,665,475
	Residential building		27,032,769
	Plant and machinery		103,887,279
	Electric Installation		7,514,298
			<u>189,099,821</u>
	Book value of Plant and Machinery disposed off during the period / year		(133,640)
	Depreciation charged during the period / year		(102,684,111)
			<u>1,056,275,655</u>
			<u>1,117,260,153</u>
4.2	Capital work in progress		
	Buildings - civil works		97,880,784
	Plant and machinery		35,087,264
	Electric installation		12,000,000
	Advances for Vehicles		-
			<u>144,968,048</u>
			<u>249,260,218</u>
5	LONG TERM INVESTMENTS		
	The latest available un-audited financial results of associates as of December 31, 2013 have been used for the purpose of application of equity method.		
6	LONG TERM FINANCING		
	From banking company - secured		
	The Company has paid two installments of the loan of Rs. 8.333 million each on due dates.		
7	SHORT TERM BORROWINGS		
	From banking companies - secured		
	Running finance		233,628,626
	Other short term finance		957,017,000
	Temporary bank overdraft		204,293
			<u>1,190,849,919</u>
			<u>2,281,422,385</u>
8	CONTINGENCIES AND COMMITMENTS		
8.1	Contingencies		
	Guarantees have been issued by banks on behalf of the Company in the normal course of business		22,428,843
	Post dated cheques issued in favour of Commissioner Inland Revenue		105,803,446
			<u>128,232,289</u>
			<u>19,878,348</u>
			<u>111,870,814</u>
			<u>131,749,162</u>

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

8.2 Claims not acknowledged as debt

During the period it was discovered that there were unauthorized withdrawals of funds from one of the company's bank accounts (running finance account) using forged signatures on cheques from cheque books issued by the Bank's staff without the Company's authority. On becoming aware of the matter, an FIR has been lodged in addition to taking up the matter with the bank. Based on the advice of its legal counsel, the management believes that the company does not have any liability whatsoever in respect of such net unauthorized withdrawals of funds accumulating to Rs.20,605,789/- (including markup).

	Un-audited December 31 2013 Rupees	Audited June 30 2013 Rupees
8.3 Commitments		
Irrevocable letters of credit for import of:		
-Plant and machinery	26,980,017	80,526,906
-Stores and spare parts	5,642,939	4,879,795
-Raw material	58,705,208	33,038,720
Contract for capital expenditure	40,033,490	72,666,632
	<u>131,361,654</u>	<u>191,112,053</u>

	Six months ended		Three months ended	
	December 31 2013	December 31 2012	December 31 2013	December 31 2012
Rupees.....	Rupees.....	

9 SALES

Local

Yarn	316,732,299	211,818,894	91,106,755	50,334,792
Waste	40,308,113	50,736,871	20,581,969	36,975,759
	<u>357,040,412</u>	<u>262,555,765</u>	<u>111,688,724</u>	<u>87,310,551</u>

Export

Yarn	1,053,943,800	906,445,867	406,125,933	472,445,888
Yarn (under SPO)	832,915,876	571,079,903	500,475,763	318,212,119
Waste	27,766,269	-	10,559,057	-
	<u>1,914,625,945</u>	<u>1,477,525,770</u>	<u>917,160,753</u>	<u>790,658,007</u>
	<u>2,271,666,357</u>	<u>1,740,081,535</u>	<u>1,028,849,477</u>	<u>877,968,558</u>
Processing services	30,000	-	30,000	-
Export rebate	2,625,137	981,811	1,013,261	419,936
	<u>2,274,321,494</u>	<u>1,741,063,346</u>	<u>1,029,892,738</u>	<u>878,388,494</u>

9.1 Local sales of yarn inclusive of sales tax is Rs.323.421 million (Dec 31, 2012: Rs.211.850 million). SPO sales inclusive of sales tax Rs.845.516 million (Dec 31, 2012: Rs.571.080 million). Local waste sales inclusive of sales tax is Rs.41.431 million (Dec 31, 2012: Rs.50.737 million). Processing services inclusive of sales tax is Rs.0.0306 million (Dec 31, 2012: nil).

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

10	COST OF SALES	Six months ended		Three months ended	
		December 31	December 31	December 31	December 31
		2013	2012	2013	2012
	Rupees.....	Rupees.....	
	Raw material consumed	1,437,757,808	1,128,327,339	716,007,107	595,539,010
	Packing material consumed	31,012,953	26,200,031	15,497,732	13,812,939
	Store and spare parts consumed	44,425,303	35,093,763	20,272,215	19,287,561
	Salaries, wages and benefits	142,534,723	118,751,057	72,840,477	61,987,047
	Fuel and power	170,882,269	130,461,852	86,424,111	70,490,988
	Insurance	5,073,982	4,955,063	2,523,982	2,561,561
	Repairs and maintenance	7,274,879	6,372,761	805,516	5,968,830
	Travelling and conveyance	3,775,611	2,954,360	2,278,422	1,639,129
	Processing and doubling charges	28,425,351	4,096,070	10,531,812	653,750
	Other manufacturing overheads	1,296,497	844,657	438,071	303,966
	Depreciation	54,036,741	48,871,139	27,432,213	25,070,976
		1,926,496,117	1,506,928,092	955,051,658	797,315,757
	Work in process				
	At beginning of period	78,014,316	90,743,089	104,713,937	107,231,590
	At end of period	(124,521,086)	(58,851,393)	(124,521,086)	(58,851,393)
		(46,506,770)	31,891,696	(19,807,149)	48,380,197
	Cost of goods manufactured	1,879,989,347	1,538,819,788	935,244,509	845,695,954
	Finished goods				
	At beginning of period	186,200,699	91,679,107	111,621,325	60,391,241
	Yarn purchased	39,961,259	9,787,624	3,294,303	3,047,750
	At end of period	(157,474,125)	(168,904,596)	(157,474,125)	(168,904,596)
		68,687,833	(67,437,865)	(42,558,497)	(105,465,605)
		1,948,677,180	1,471,381,923	892,686,012	740,230,349

11 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business enters into transactions with various related parties.

The transactions with related parties during the period generally consist of sales and purchases.

Nature and description of related party transactions during the period along with monetary values are as follows:

Nature of Relationship	Nature of Transaction	Six months ended	
		December 31	December 31
		2013	2012
		Rupees	
Associated companies	Sales of finished goods, raw material / stores and spare parts / machinery	339,569,449	390,863,587
	Purchases of;		
	- finished goods, raw material / stores and spare parts	50,385,040	6,311,485
	- machinery	-	1,250,000
	- electricity	38,169,807	48,897,676
	Services rendered	30,000	-
	Services obtained	3,874,569	1,460,228
	Dividend received	4,750,262	3,247,600
	Dividend paid	15,501,640	9,687,230
	Shared expenses paid	2,644,811	2,295,329
Post-employment benefits	Contribution for the period	8,349,098	6,500,000
Key Management Personnel	Remuneration and other benefits	17,108,765	17,820,699

Transactions with related parties are carried out at arm's length in the normal course of business. The consideration is computed on commercial terms and conditions.

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

12 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on February 27, 2014.

13 RE-CLASSIFICATION AND RE-ARRANGEMENTS

No significant re-arrangement or reclassification of corresponding figures has been made, except the following:

From	To	Six months ended December 31 2012 Rupees	Three months ended December 31 2012 Rupees
Cost of sales Other manufacturing overheads	Cost of sales Travelling and conveyance	2,954,360	1,639,129

14 GENERAL

Figures have been rounded off to the nearest rupee.

Karachi:
Date : February 27, 2014

Shayan Abdullah
Chief Executive Officer

Amer Abdullah
Director

