

MASOOD TEXTILE MILLS LIMITED



**ACCOUNTS
FOR THE SECOND QUARTER ENDED
31 DECEMBER 2013**

CONTENTS

	Page
COMPANY INFORMATION	1
DIRECTORS' REPORT TO THE MEMBERS	2
AUDITORS' REPORT TO THE MEMBERS	3
BALANCE SHEET	4
PROFIT AND LOSS ACCOUNT	5
COMPREHENSIVE INCOME	6
CASH FLOW STATEMENT	7
STATEMENT OF CHANGES IN EQUITY	8
NOTES TO THE FINANCIAL INFORMATION	9-13

COMPANY INFORMATION

CHAIRMAN	: MR. NASEER AHMAD SHAH
CHIEF EXECUTIVE OFFICER	: MR. SHAHID NAZIR AHMAD
DIRECTORS	: MR. MUHAMMAD ARSHAD : MR. MATLOOB HUSSAIN : MR. SHAHID IQBAL : MR. FAZAL AHMAD : MR. SHOAIB AHMAD KHAN (NIT-Nominee)
COMPANY SECRETARY	: MIAN ABDUL BARI
CHIEF FINANCIAL OFFICER	: MR. TANVEER AHMAD SIDDIQUI
AUDIT COMMITTEE	: MR. FAZAL AHMAD (Chairman) : MR. MATLOOB HUSSAIN : MR. SHAHID IQBAL
HR & REMUNERATION COMMITTEE	: MR. MUHAMMAD ARSHAD (Chairman) : MR. NASEER AHMAD SHAH : MR. SHAHID IQBAL
AUDITORS	: M/S. RIAZ AHMAD & COMPANY CHARTERED ACCOUNTANTS
SHARE REGISTRAR	: ORIENT SOFTWARE AND MANAGEMENT SERVICES (PVT) LIMITED 35-Z, AMEER PLAZA, OPP: MUJAHID HOSPITAL COMMERCIAL CENTRE MADINA TOWN, FAISALABAD. PHONE: 041 - 8711930 - 8715759 FAX : 041 - 8711930
REGISTERED OFFICE	: UNIVERSAL HOUSE, WEST CANAL ROAD FAROOQABAD, FAISALABAD. PHONE: 041 - 8734910-12 FAX : 041 - 8731180
MILLS	: 32-K.M., SHEIKHUPURA ROAD, FAISALABAD.

DIRECTORS' REPORT TO THE MEMBERS

The Directors of the Company are pleased to present the un-audited financial statements of the Company for the 2nd Quarter ended 31st December, 2013 along with consolidated Half Yearly Results with the comparative figures of the previous corresponding period. In compliance to the Code of Corporate Governance, it's accompanied by the Review Report compiled by the Auditors.

During the current half year our sales were increased from Rupees 11.666 Billion to Rupees 13.272 Billion, mainly due to enhanced exports, thus expressing an increase of 13.76 % over the previous period. The gross profit was increased from Rupees 1,946.844 million to Rupees 2,085.413 million over the last corresponding period. Moreover, our profit before taxation was increased from Rupees 483.160 million to Rupees 648.014 million, thus translating into an increase of 34.12 %, over the corresponding half year. The resultant profit after taxation of Rupees 383.746 million of the previous half year was increased to Rupees 524.636 million during the current corresponding period. The earning per share was improved from Rupees 5.93 to Rupees 8.41 per share, during the current period.

We feel pleased to mention that during the period under review, a Chinese Company has expressed its intention to acquire substantial shareholding of Masood Textile Mills Limited. Messrs Shandong Ruyi Science and Technology Group Company Limited of China and Mr. Shahid Nazir Ahmad and Mrs. Nazia Nazir (existing shareholders) executed an agreement with the major shareholders of the Company on 09 January 2014 to acquire 51.01% ordinary shares of the Company plus such additional shares as may be required to be purchased from the general public to comply with the takeover laws. The requisite formalities and approvals from competent authorities for this transaction are in process.

The management is hopeful that foreign investment and technical skills will contribute a lot towards enhancement of turnover and financial results of the Company. Recently, Pakistan was granted GSP-Plus status from January 1st, 2014. GSP-Plus status will allow Pakistani exports to enter the European Market at duty free tariff. GSP status brings Pakistan at par with Bangladesh and Sri Lanka who are already enjoying same privileges. Now, the status has given a level play field to Pakistani exporters to compete with them. The Company is expected to be a major beneficiary of GSP-Plus status due to its considerable presence in value added sectors. Our management is making stern efforts to avail the maximum benefits from this opportunity. Our efforts will continue as usual to enhance our production facilities to meet the requirements of our foreign buyers. As such, the process of replacing the existing equipments will continue to gradually enhance the efficiencies to the maximum level. Likewise, efforts will continue to overcome energy crisis by generating electricity from our own sources. In view of above, management is expecting improved financial results in subsequent period.

We express our appreciation for the hard working employed by the workers and exerting professional skills by the officers for achieving production targets, leading towards better financial results during the period under review.

FOR AND ON BEHALF OF THE BOARD

FAISALABAD
26 February, 2014

(SHAHID NAZIR AHMAD)
Chief Executive Officer

AUDITORS' REPORT TO THE MEMBERS

ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of MASOOD TEXTILE MILLS LIMITED as at 31 December 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as "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 and condensed interim statement of comprehensive income for the quarters ended 31 December 2013 and 31 December 2012 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 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 condensed 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 31 December 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

RIAZ AHMAD & COMPANY

Chartered Accountants

Name of engagement Partner:

Mubashar Mehmood

Date: 26 February, 2014

FAISALABAD

MASOOD TEXTILE MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2013

	Note	Un-audited 31 Dec 2013 (Rupees in Thousand)	Audited 30 June 2013 Restated
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
125 000 000 (30 June 2013: 65 000 000) ordinary shares of Rupees 10 each		1,250,000	650,000
60 000 000 (30 June 2013: 60 000 000) preference shares of Rupees 10 each		600,000	600,000
		<u>1,850,000</u>	<u>1,250,000</u>
Issued, subscribed and paid up share capital	5	953,333	995,000
Reserves		4,451,457	4,082,252
Total Equity		5,404,790	5,077,252
Surplus on revaluation of freehold land		606,262	606,262
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	1,833,933	2,182,436
Liabilities against assets subject to finance lease		111,721	115,227
Deferred liability for gratuity		387,418	344,075
		2,333,072	2,641,738
CURRENT LIABILITIES			
Trade and other payables		2,429,623	2,278,636
Accrued mark-up		212,316	184,305
Short term borrowings		8,993,063	7,590,117
Current portion of non-current liabilities		789,868	729,873
Provision for taxation		123,378	222,712
		12,548,248	11,005,643
Total Liabilities		14,881,320	13,647,381
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		<u>20,892,372</u>	<u>19,330,895</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	5,802,449	5,522,095
Investment in an associate		-	-
Long term advances		4,891	6,054
Long term security deposits		50,169	35,104
		5,857,509	5,563,253
CURRENT ASSETS			
Stores, spare parts and loose tools		991,814	906,634
Stock-in-trade		6,177,100	6,501,520
Trade debts		5,600,076	3,832,218
Loans and advances		572,517	719,235
Short term deposits and prepayments		403,968	410,969
Other receivables		845,504	871,434
Cash and bank balances		443,884	525,632
		15,034,863	13,767,642
TOTAL ASSETS		<u>20,892,372</u>	<u>19,330,895</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

MASOOD TEXTILE MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 31 DECEMBER 2013
(UN-AUDITED)

	Half Year Ended		Quarter Ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
----- (Rupees in thousand) -----				
SALES	13,271,610	11,665,673	6,843,288	5,997,517
COST OF SALES	(11,186,197)	(9,718,829)	(5,815,588)	(4,948,304)
GROSS PROFIT	2,085,413	1,946,844	1,027,700	1,049,213
DISTRIBUTION COST	(607,703)	(684,589)	(292,756)	(354,962)
ADMINISTRATIVE EXPENSES	(230,403)	(182,971)	(116,216)	(96,599)
OTHER EXPENSES	(34,305)	(43,579)	(17,265)	(31,698)
	(872,411)	(911,139)	(426,237)	(483,259)
	1,213,002	1,035,705	601,463	565,954
OTHER INCOME	54,490	31,732	44,709	14,239
PROFIT FROM OPERATIONS	1,267,492	1,067,437	646,172	580,193
FINANCE COST	(619,478)	(584,277)	(319,937)	(314,662)
SHARE OF LOSS FROM ASSOCIATE	-	-	-	-
PROFIT BEFORE TAXATION	648,014	483,160	326,235	265,531
TAXATION	(123,378)	(99,414)	(66,296)	(52,148)
PROFIT AFTER TAXATION	524,636	383,746	259,939	213,383
		Restated		Restated
EARNINGS PER SHARE - BASIC (RUPEES)	8.41	5.93	4.17	3.32
- DILUTED (RUPEES)	7.84	4.64	3.89	2.60

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

MASOOD TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2013
(UN-AUDITED)

	Half Year Ended		Quarter Ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
----- (Rupees in thousand) -----				
	Restated		Restated	
PROFIT AFTER TAXATION	524,636	383,746	259,939	213,383
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Recognition of actuarial loss on defined benefit plan	-	(9,329)	-	(4,665)
Items that may be reclassified subsequently to profit or loss				
Other comprehensive loss for the period	-	(9,329)	-	(4,665)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	524,636	374,417	259,939	208,718

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

 CHIEF EXECUTIVE OFFICER

 DIRECTOR

MASOOD TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2013
(UN-AUDITED)

	Note	Half Year Ended	
		31 Dec 2013	31 Dec 2012
(Rupees in Thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilized in) operations	9	326,839	(823,061)
Finance cost paid		(591,467)	(572,078)
Income tax paid		(181,953)	(124,966)
Dividend paid to ordinary shareholders		(104,490)	(104,198)
Dividend paid to preference shareholders		(50,431)	(61,612)
Gratuity paid		(33,223)	(30,382)
Net decrease in long term advances		1,163	569
Net increase in long term security deposits		(15,065)	(7,837)
Net cash used in operating activities		(648,627)	(1,723,565)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		16,482	12,432
Capital expenditure on property, plant and equipment		(478,998)	(394,813)
Net cash used in investing activities		(462,516)	(382,381)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		16,991	139,522
Repayment of long term financing		(312,029)	(351,588)
Repayment of Preference Shares		(41,667)	(13,333)
Repayment of liabilities against assets subject to finance lease		(36,846)	(19,319)
Short term borrowings-net		1,402,946	1,927,718
Net cash from financing activities		1,029,395	1,683,000
NET DECREASE IN CASH AND CASH EQUIVALENTS		(81,748)	(422,946)
CASH AND CASH EQUIVALENTS AT THE			
BEGINNING OF THE PERIOD		525,632	925,384
CASH AND CASH EQUIVALENTS AT THE			
END OF THE PERIOD		443,884	502,438

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

MASOOD TEXTILE MILLS LIMITED

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

(Rupees in Thousand)

	RESERVES								TOTAL EQUITY
	SHARE CAPITAL	CAPITAL			REVENUE			Total	
		Share Premium	Redemption Fund	Sub Total	General	Unappropriated profit	Sub Total		
Balance as at 30 June 2012-Audited	1,008,333	400,000	141,666	541,666	214,500	2,616,055	2,830,555	3,372,221	4,380,554
Effect of changes in accounting policy (Note 3.1)	-	-	-	-	-	(11,056)	(11,056)	(11,056)	(11,056)
Balance as at 30 June 2012 Audited (Restated)	1,008,333	400,000	141,666	541,666	214,500	2,604,999	2,819,499	3,361,165	4,369,498
Preference shares repaid	(13,333)	-	-	-	-	-	-	-	(13,333)
Transfer from capital redemption reserve fund	-	-	(13,333)	(13,333)	-	13,333	13,333	-	-
Transfer to capital redemption reserve fund	-	-	5,000	5,000	-	(5,000)	(5,000)	-	-
Transferred to general reserve	-	-	-	-	500,000	(500,000)	-	-	-
Dividend at the rate of Rupees 1.75 per share (Ordinary shares)	-	-	-	-	-	(105,000)	(105,000)	(105,000)	(105,000)
Dividend at the rate of Rupees 1.49 per share (Preference shares)	-	-	-	-	-	(61,612)	(61,612)	(61,612)	(61,612)
Profit after taxation for the half year ended 31 Dec 2012	-	-	-	-	-	383,746	383,746	383,746	383,746
Other comprehensive loss for the half year ended 31 Dec 2012	-	-	-	-	-	(9,329)	(9,329)	(9,329)	(9,329)
Total comprehensive income for the half year ended 31 Dec 2012	-	-	-	-	-	374,417	374,417	374,417	374,417
Balance as at 31 Dec 2012 Un-audited	995,000	400,000	133,333	533,333	714,500	2,321,137	3,035,637	3,568,970	4,563,970
Profit after taxation for the half year ended 30 June 2013	-	-	-	-	-	522,612	522,612	522,612	522,612
Other comprehensive loss for the half year ended 30 Jun 2013	-	-	-	-	-	(9,330)	(9,330)	(9,330)	(9,330)
Total comprehensive income for the half year ended 30 Jun 2013	-	-	-	-	-	513,282	513,282	513,282	513,282
Balance as at 30 June 2013 Audited (Restated)	995,000	400,000	133,333	533,333	714,500	2,834,419	3,548,919	4,082,252	5,077,252
Transfer from capital redemption reserve fund	-	-	(41,667)	(41,667)	-	41,667	41,667	-	-
Preference shares repaid	(41,667)	-	-	-	-	-	-	-	(41,667)
Transfer to capital redemption reserve fund	-	-	41,667	41,667	-	(41,667)	(41,667)	-	-
Dividend at the rate of Rupees 1.75 per share (Ordinary shares)	-	-	-	-	-	(105,000)	(105,000)	(105,000)	(105,000)
Dividend at the rate of Rupees 1.27 per share (Preference shares)	-	-	-	-	-	(50,431)	(50,431)	(50,431)	(50,431)
Profit after taxation for the half year ended 31 Dec 2013	-	-	-	-	-	524,636	524,636	524,636	524,636
Other comprehensive income for the half year ended 31 Dec 2013	-	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 Dec 2013	-	-	-	-	-	524,636	524,636	524,636	524,636
Balance as at 31 Dec 2013-Un-audited	953,333	400,000	133,333	533,333	714,500	3,203,624	3,918,124	4,451,457	5,404,790

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

MASOOD TEXTILE MILLS LIMITED

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

1. THE COMPANY AND ITS OPERATIONS

Masood Textile Mills Limited is a public limited company incorporated under the Companies Act, 1913 (now Companies Ordinance, 1984) and listed on all stock exchanges in Pakistan. Its registered office is situated at Universal House, West Canal Road, Faisalabad. The main objects of the company are manufacturing and sale of cotton/ synthetic fibre yarn, knitted/ dyed fabrics and garments.

- 1.1 Messrs Shandong Ruyi Science and Technology Group Company Limited of China and Mr. Shahid Nazir Ahmad and Mrs. Nazia Nazir (existing shareholders) executed an agreement with the major shareholders of the Company on 09 January 2014 to acquire 51.01% ordinary shares of the Company plus such additional shares as may be required to be purchased from the general public to comply with the takeover laws. The requisite formalities and approvals from competent authorities for this transaction are in process.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of Company for the half year ended 31 December 2013 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Company for the year ended 30 June 2013.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computation for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2013 except for the change in accounting policy under IAS-19 "Employee Benefits" with effect from 01 July 2013 as given below:

- 3.1 During the period, the company has adopted IAS-19(Amendment) "Employee benefits" and changed its basis for recognition of actuarial gains and losses on its defined benefit plan. According to new policy actuarial gains and losses are recognized in other comprehensive income in the period in which they occur. Amounts recognized in profit and loss account are limited to current and past service costs, gains and losses on settlements, and net interest income/expense. Previously, the company recognized actuarial gains and losses over the expected average remaining working lives of the employees, to the extent that unrecognized actuarial gains/losses exceeds 10 percent of present value of defined benefit obligation. This change in accounting policy has been accounted for retrospectively in accordance with IAS-8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Had there been no change in this accounting policy, the amount recognized in this condensed interim financial information and financial statements for the year ended 30 June 2013 would have been different as follows:

	31 Dec 2013	30 June 2013
	(Rupees in thousand)	
Decrease in provision for gratuity	29,715	29,715
Increase in un-appropriated profit	29,715	29,715
Increase in other comprehensive income	-	18,659

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2013.

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Un-audited 31 Dec 2013 (Number of shares)	Audited 30 June 2013		Un-audited 31 Dec 2013 (Rupees in Thousand)	Audited 30 June 2013
60 000 000	60 000 000	Ordinary shares of Rupees 10 each fully paid in cash	600,000	600,000
35 333 334	39 500 000	Cumulative preference shares (non-voting) of Rupees 10 each fully paid in cash	353,333	395,000
<u>95 333 334</u>	<u>99 500 000</u>		<u>953,333</u>	<u>995,000</u>

6. LONG TERM FINANCING-SECURED

Opening balance	2,858,665	3,198,158
Add:		
Obtained during the period/year	16,991	367,924
Less: Repaid during the period / year	312,029	707,417
	2,563,627	2,858,665
Less: Current portion shown under current liabilities	729,694	676,229
	<u>1,833,933</u>	<u>2,182,436</u>

7. CONTINGENCIES AND COMMITMENTS

a) Contingencies

Guarantees of Rupees 68.104 million (30 June 2013: Rupees 68.104 million) have been given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections and Collector of Customs for import license fee.

b) Commitments

i) Contracts for capital expenditure are amounting to Rupees 68,800 million (30 June 2013: Rupees 56.445 million) and other than capital expenditure are amounting to Rupees 80.832 million (30 June 2013: Rupees 126.296 million).

ii) Ijarah (operating lease) commitments amounting to Rupees 49.243 million (30 June 2013 : Rupees 45.507 million)

8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 8.1)	5,360,131	5,248,413
Assets subject to finance lease (Note 8.2)	231,230	208,666
Capital work-in-progress	211,088	65,016
	<u>5,802,449</u>	<u>5,522,095</u>

8.1 Operating fixed assets

Opening book value	5,248,413	4,521,584
Add:		
Cost of additions during the period /year (Note 8.1.1)	332,926	909,027
Book value of assets transferred from assets subject to finance lease	996	927
Surplus on freehold land	-	226,930
	5,582,335	5,658,468
Less:Book value of deletions during the period/year (Note 8.1.2)	12,857	14,158
	5,569,478	5,644,310
Less: Depreciation charged for the period/year	209,347	395,897
	<u>5,360,131</u>	<u>5,248,413</u>

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

8.1.1 Cost of additions during the period/year

Freehold land	7,768	44,519
Buildings on freehold land	38,357	55,167
Plant and machinery	249,877	717,681
Electric and gas installations	18,946	38,996
Factory equipment	2,090	3,372
Telephone installations	112	1,310
Furniture and fixtures	3,964	17,943
Office equipment	433	84
Computer equipment	8,947	20,462
Vehicles	2,432	9,493
	332,926	909,027

8.1.2 Book value of deletions during the period/year

Freehold land	220	-
Buildings on freehold land	-	943
Plant and machinery	9,775	8,534
Electric and gas installations	246	-
Office equipment	43	-
Computer equipment	145	-
Vehicles	2,428	4,681
	12,857	14,158

8.2 Assets subject to finance lease

Opening book value	208,666	173,431
Add: Additions during the period/year - (Note 8.2.1)	39,870	69,010
	248,536	242,441
Less: Book value of assets transferred to operating fixed assets (Note 8.2.2)	996	927
	247,540	241,514
Less: Depreciation charged during the period/year	16,310	32,848
	231,230	208,666

8.2.1 Additions during the period/year

Plant and machinery	39,870	60,650
Vehicles	-	8,360
	39,870	69,010

8.2.2 Book value of assets transferred to operating fixed assets

Plant and machinery	996	-
Vehicles	-	927
	996	927

(Un-audited)

Half Year Ended	
31 Dec 2013	31 Dec 2012
(Rupees in thousand)	

9. CASH GENERATED FROM OPERATIONS

Profit before taxation	648,014	483,160
Adjustments for non-cash charges and other items:		
Depreciation	225,657	204,120
Provision for gratuity	76,562	101,590
(Gain) / loss on sale of property, plant and equipment	(3,625)	17,341
Finance cost	619,478	584,277
Working capital changes (Note 9.1)	(1,239,247)	(2,213,549)
	326,839	(823,061)

9.1 Working capital changes
(Increase) / decrease in current assets:

Stores, spare parts and loose tools	(85,180)	(51,973)
Stock in trade	324,420	(507,497)
Trade debts	(1,767,858)	(1,589,243)
Loans and advances	146,718	(74,369)
Short term deposits and prepayments	(33,758)	(12,250)
Other receivables	25,930	(94,360)
	(1,389,728)	(2,329,692)
Increase in trade and other payables	150,481	116,143
	(1,239,247)	(2,213,549)

10. SEGMENT INFORMATION

10.1 Segment results

	Spinning		Knitting		Processing and Garments		Elimination of inter-segment transactions		Total-Company	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	(Rupees in Thousand)									
Sales	1,128,242	865,643	4,443,574	2,890,377	12,741,123	11,239,951	(5,041,329)	(3,330,298)	13,271,610	11,665,673
Cost of sales	(1,037,717)	(815,131)	(4,308,819)	(2,797,530)	(10,880,990)	(9,436,466)	5,041,329	3,330,298	(11,186,197)	(9,718,829)
Gross profit	90,525	50,512	134,755	92,847	1,860,133	1,803,485	-	-	2,085,413	1,946,844
Distribution cost	(13,068)	(12,329)	(47,363)	(43,000)	(547,252)	(629,260)	-	-	(607,703)	(684,589)
Administrative expenses	(11,685)	(8,998)	(33,364)	(27,566)	(185,154)	(146,407)	-	-	(230,403)	(182,971)
	(24,953)	(21,327)	(80,747)	(70,566)	(732,406)	(775,667)	-	-	(838,106)	(867,560)
Profit before taxation and unallocated income and expenses	65,572	29,185	54,008	22,281	1,127,727	1,027,818	-	-	1,247,307	1,079,284
Unallocated income and expenses:										
Other expenses									(34,305)	(43,579)
Other income									54,490	31,732
Finance cost									(619,478)	(584,277)
Share of loss from associate									-	-
Taxation									(123,378)	(99,414)
Profit after taxation									524,636	383,746

10.2 Reconciliation of reportable segment assets and liabilities:

	Spinning		Knitting		Processing and Garments		Total-Company	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	31 Dec 2013	30 June 2013	31 Dec 2013	30 June 2013	31 Dec 2013	30 June 2013	31 Dec 2013	30 June 2013
	(Rupees in Thousand)							
Total assets for reportable segments	1,641,231	687,667	1,379,894	1,868,996	9,950,238	10,173,586	12,971,363	12,930,249
Unallocated assets							7,921,009	6,400,646
Total assets as per balance sheet							20,892,372	19,330,895

	Spinning		Knitting		Processing and Garments		Total-Company	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	31 Dec 2013	30 June 2013	31 Dec 2013	30 June 2013	31 Dec 2013	30 June 2013	31 Dec 2013	30 June 2013
	(Rupees in Thousand)							
Total liabilities for reportable segments	331,727	91,288	568,971	682,935	2,085,471	1,964,812	2,986,169	2,739,035
Unallocated liabilities							11,895,151	10,908,346
Total liabilities as per balance sheet							14,881,320	13,647,381

11. TRANSACTIONS WITH RELATED PARTIES

Remuneration paid to Chief Executive Officer, Directors and Executives during the period is Rupees 58.857 million (31 December 2012: Rupees 46.383 million).

12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company for the year ended 30 June 2013.

13. DATE OF AUTHORIZATION

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

14. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made except for earnings per share-basic and diluted have been restated as preference dividend (undeclared) amounting to Rupees 28.140 million and Rupees 13.998 million for the half year ended 31 December 2012 and quarter ended 31 December 2012 respectively has been subtracted from profit after taxation for these computations in compliance with requirements of IAS 33 'Earnings Per Share'.

15. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR