

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2013

| | Dec 31, 2013 | June 30, 2013 | | Dec 31, 2013 | June 30, 2013 |
|--|-----------------------------|-------------------|--|-----------------------------|-------------------|
| Note | Rupees in '000 | | Note | Rupees in '000 | |
| | (Unaudited) | (Audited) | | (Unaudited) | (Audited) |
| | ----- Rupees in '000' ----- | | | ----- Rupees in '000' ----- | |
| SHARE CAPITAL AND RESERVES | | | NON CURRENT ASSETS | | |
| Authorised 45,000,000 Ordinary shares of Rs. 10 each | <u>450,000</u> | <u>450,000</u> | | | |
| Issued, subscribed and paid up | 180,737 | 180,737 | Property, plant and equipment | 10,576,754 | 5,470,659 |
| Reserves | 5,022,432 | 5,022,432 | Long-term investments | 24,139 | 1,396,305 |
| Unappropriated profit | 5,338,063 | 3,733,735 | Long-term deposits | 11,850 | 5,039 |
| | <u>10,541,232</u> | <u>8,936,904</u> | | <u>10,612,743</u> | <u>6,872,003</u> |
| SHARE OF ASSOCIATE'S SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax | 2,610 | 2,610 | | | |
| NON CURRENT LIABILITIES | | | CURRENT ASSETS | | |
| Long-term financing | 2,142,069 | 690,369 | Stores, spares and loose tools | 575,140 | 231,354 |
| Deferred liabilities | 219,755 | 118,236 | Stock-in-trade | 8,017,803 | 4,027,035 |
| | 2,361,824 | 808,605 | Trade debts | 1,355,800 | 1,129,122 |
| CURRENT LIABILITIES | | | Loans and advances | 162,189 | 114,251 |
| Trade and other payables | 1,424,265 | 838,134 | Trade deposits and short-term prepayments | 184,778 | 7,784 |
| Interest / mark-up payable | 99,959 | 31,200 | Other receivables | 75,182 | 26,364 |
| Short-term borrowings | 6,047,448 | 1,847,512 | Other financial assets | 20,797 | 13,464 |
| Current portion of : | | | Tax refundable | 202,946 | 132,916 |
| long-term financing | 884,770 | 231,345 | Cash and bank balances | 173,157 | 144,239 |
| liabilities against assets subject to finance lease | - | 2,222 | | 10,767,792 | 5,826,529 |
| Taxation | 18,427 | - | | <u>21,380,535</u> | <u>12,698,532</u> |
| | 8,474,869 | 2,950,413 | | <u>21,380,535</u> | <u>12,698,532</u> |
| CONTINGENCIES AND COMMITMENTS | <u>21,380,535</u> | <u>12,698,532</u> | | <u>21,380,535</u> | <u>12,698,532</u> |
| | 10 | 11 | | | |

The annexed notes from 1 to 19 form an integral part of these consolidated interim financial statements.

Chief Executive Officer

Director

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

| | Note | Half year ended | | Quarter ended | |
|---|------|-----------------------------|------------------|-----------------------------|------------------|
| | | Dec 31, | | Dec 31, | |
| | | 2013 | 2012 | 2013 | 2012 |
| | | (July - Dec) | | (Oct - Dec) | |
| | | ----- Rupees in '000' ----- | | ----- Rupees in '000' ----- | |
| Sales | | 10,753,127 | 9,710,473 | 5,551,146 | 5,010,931 |
| Cost of goods sold | 14 | (9,146,145) | (8,092,894) | (4,842,542) | (4,097,702) |
| Gross profit | | 1,606,982 | 1,617,579 | 708,604 | 913,229 |
| Other operating income | | 39,548 | 10,284 | 35,876 | 5,449 |
| Gain on Bargain purchase on fair value measurement of net assets and consideration transferred as on the acquisition date | 3.2 | 338,930 | - | - | - |
| Gain on revaluation of previously held interest | 3.4 | 389,056 | - | - | - |
| | | 2,374,516 | 1,627,863 | 744,480 | 918,678 |
| Distribution cost | | (239,656) | (225,364) | (137,813) | (121,278) |
| Administrative expenses | | (144,160) | (99,786) | (77,147) | (52,614) |
| Other operating expenses | | (75,463) | (64,777) | (29,379) | (36,035) |
| Financial cost | | (206,031) | (132,184) | (127,059) | (70,953) |
| | | (665,310) | (522,111) | (371,398) | (280,880) |
| Share of (loss) / profit from joint venture | | (41,525) | 15,566 | - | (12,393) |
| Share of profit from Associate | 13.1 | 2,185 | 62,369 | - | 33,760 |
| Profit before taxation | | 1,669,866 | 1,183,687 | 373,082 | 659,165 |
| Taxation | 9 | 24,715 | (74,238) | 24,715 | (34,889) |
| Profit after taxation | | 1,694,581 | 1,109,449 | 397,797 | 624,276 |
| Earnings per share - Basic and diluted | | 93.76 | 61.38 | 22.01 | 34.54 |

The annexed notes from 1 to 19 form an integral part of these consolidated interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013

| | Half year ended | | Quarter ended | |
|---|-----------------------------|--------------|----------------|--------------|
| | December 31, | December 31, | December 31, | December 31, |
| | 2013 | 2012 | 2013 | 2012 |
| | ----- Rupees in '000' ----- | | | |
| Profit after taxation | 1,694,581 | 1,109,449 | 397,797 | 624,276 |
| Other comprehensive income | | | | |
| Items that may be reclassified subsequently to profit and loss account | - | - | - | - |
| Items that will not be reclassified subsequently to profit and loss account | | | | |
| Actuarial gain / loss - Net of tax | 3.1.2 - | - | - | - |
| Total comprehensive income for the period | 1,694,581 | 1,109,449 | 397,797 | 624,276 |

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

| | Reserves | | | | | Total |
|---|------------------|------------------|-------------------|--------------------|---------------------------|----------------------|
| | Share Capital | Capital | | Revenue | | |
| | | Share Premium | Merger Reserve | General Reserve | Un-appropriated Profit | |
| | Rupees in '000' | | | | | |
| Balance at July 01, 2012 | 180,737 | 10,920 | 11,512 | 5,000,000 | 2,181,358 | 7,384,527 |
| Profit for the period ended June 30, 2013 | - | - | - | - | 2,533,811 | 2,533,811 |
| Other comprehensive income | - | - | - | - | - | - |
| | - | - | - | - | 2,533,811 | 2,533,811 |
| Total comprehensive income for the year | 180,737 | 10,920 | 11,512 | 5,000,000 | 4,715,169 | 9,918,338 |
| Transaction with owners: | | | | | | |
| Associate's share of surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax. | - | - | - | - | 1,469 | 1,469 |
| Final cash dividend for the year ended June 30, 2012 @ Rs. 20 per share | - | - | - | - | (361,475) | (361,475) |
| Interim dividend in specie for the period ended December 31, 2012 in 100:09 ratio | - | - | - | - | (439,191) | (439,191) |
| Interim cash dividend for the period ended March 31, 2013 @ Rs. 10 per share | - | - | - | - | (180,737) | (180,737) |
| Cost of issue of shares | - | - | - | - | (1,500) | (1,500) |
| Balance as at June 30, 2013 (audited) | 180,737 | 10,920 | 11,512 | 5,000,000 | 3,733,735 | 8,936,904 |
| Profit for the period ended December 31, 2013 | - | - | - | - | 1,694,581 | 1,694,581 |
| Other comprehensive income | - | - | - | - | - | - |
| Interim cash dividend for the period ended September 31, 2013 @ Rs. 5 per share | - | - | - | - | (90,369) | (90,369) |
| | - | - | - | - | 1,604,212 | 1,604,212 |
| Total comprehensive income for the period | 180,737 | 10,920 | 11,512 | 5,000,000 | 5,337,947 | 10,541,116.00 |
| Transaction with owners: | | | | | | |
| Associate's share of surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax and disposal. | - | - | - | - | 116 | 116 |
| | 180,737 | 10,920 | 11,512 | 5,000,000 | 5,338,063 | 10,541,232 |
| Balance as at December 31, 2013 | 180,737 | 10,920 | 11,512 | 5,000,000 | 5,338,063 | 10,541,232 |

CHIEF EXECUTIVE OFFICER

DIRECTOR

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

| | Half year ended | |
|--|---------------------------|----------------------|
| | December 31, 2013 | December 31, 2012 |
| Note | -----Rupees in '000'----- | |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 1,669,866 | 1,183,687 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 288,161 | 227,266 |
| Provision for gratuity | 35,805 | 34,034 |
| Share of (profit)/ loss from associate | (2,185) | (62,369) |
| Share of loss from Joint venture | 41,525 | (15,566) |
| Unrealised (gain)/ loss on revaluation of foreign currency loans | (36,084) | 8,016 |
| Gain on disposal of property, plant and equipment | (1,018) | (243) |
| Gain on revaluation/ disposal of other financial assets | (2,684) | (37) |
| Profit on bank deposits | (17) | - |
| Gain on Bargain purchase on fair value measurement of net assets and consideration transferred as on the acquisition date | (338,930) | - |
| Gain on revaluation of long term investment | (389,056) | - |
| Finance cost | 206,031 | 132,814 |
| Dividend income | (843) | (506) |
| Operating profit before working capital changes | 1,470,571 | 1,507,096 |
| Working capital changes | | |
| (Increase) / decrease in current assets | | |
| Stores, spares and loose tools | (84,342) | (60,637) |
| Stock in trade | (3,038,967) | (1,726,127) |
| Trade debts | (103,040) | (351,527) |
| Loans and advances | (47,938) | (34,988) |
| Trade deposits and short-term prepayments | (31,490) | (13,812) |
| Other receivables | (48,818) | (11,703) |
| Other financial assets | (2,684) | 943 |
| Tax refundable | 23,675 | (2,957) |
| Increase in current liabilities | | |
| Trade and other payables | 217,641 | 186,092 |
| | (3,115,962) | (2,014,716) |
| Cash used in operations | (1,645,391) | (507,620) |
| Income taxes paid | (78,341) | (160,411) |
| Finance cost paid | (126,586) | (114,375) |
| Gratuity paid | (12,727) | (7,906) |
| Net cash used in operating activities | (1,863,045) | (790,312) |

B. CASH FLOWS FROM INVESTING ACTIVITIES

| | | |
|---|--------------------|------------------|
| Purchase of property, plant and equipment | (1,772,580) | (453,362) |
| Acquisition of subsidiary | 3.3 (1,611,522) | - |
| Proceeds on disposal of property, plant and equipment | 30,140 | 971 |
| Proceeds on disposal of other financial assets | - | 34,510 |
| Long-term deposits | (96) | 979 |
| Dividend received | 846 | 17,459 |
| Net cash used in investing activities | (3,353,213) | (399,443) |

C. CASH FLOWS FROM FINANCING ACTIVITIES

| | | |
|--|------------------|------------------|
| Long-term financing obtained | 1,287,535 | 78,000 |
| Repayment of long-term financing | (141,972) | (72,311) |
| Loans from directors obtained / (repaid) - net | (9,490) | (2,356) |
| Repayment of liabilities against assets subject to finance lease | (2,222) | (2,252) |
| Short term borrowings - net | - | (508,563) |
| Dividend paid | (98,101) | (369,116) |
| Net cash (used in) / generated from financing activities | 1,035,750 | (876,598) |

Net decrease in cash and cash equivalent (4,180,508) (2,066,353)

Cash and cash equivalent at beginning of the period (1,693,783) (823,570)

Cash and cash equivalent at end of the period (5,874,291) (2,889,923)

CASH AND CASH EQUIVALENTS

| | | |
|----------------------------|--------------------|--------------------|
| Cash and bank balances | 173,157 | 90,077 |
| Short-term running finance | (6,047,448) | (2,980,000) |
| | (5,874,291) | (2,889,923) |

The annexed notes from 1 to 19 form an integral part of these consolidated interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

INDUS DYEING & MANUFACTURING COMPANY LIMITED
SELECTED EXPLANATORY NOTES
TO THE CONSOLIDATED CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR HALF YEAR ENDED 31 DECEMBER 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

The " Group " consists of :

1.1 Holding Company

Indus Dyeing & Manufacturing Co. Limited (the Company) was incorporated in Pakistan on July 23, 1957 as a public limited Company under the Companies Act 1913 since repealed and replaced by the Companies Ordinance, 1984. Registered office of the Company is situated at Office No. 508, 5th, floor, Beaumont Plaza, Civil Lines, Karachi. The Company is currently listed on Karachi Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn. The manufacturing facilities of the Company are located in Karachi, Hyderabad and Muzaffargarh. The Company is also operating two ginning units including one on leasing arrangements in District Multan. The Company has the following group entities :

- Indus Lyallpur Limited - Wholly owned subsidiary
- Indus Home Limited - Wholly owned subsidiary
- Sunrays Textile Mills Limited - Associated undertaking

1.2 Subsidiary Company - (Indus Lyallpur Limited)

The Subsidiary Company is a wholly owned Company of the holding Company. The Subsidiary Company is an unlisted public Limited Company, incorporated in Pakistan on April 25, 1992 under the Companies Ordinance, 1984. Principal business of the Company is manufacturing and sale of yarn. Mill is located at 38th kilometre, Sheikhpura Road, District Faisalabad in the province of Punjab. Registered office of the holding Company is situated at Office No. 508, 5th floor, Beaumont Plaza, Civil Lines, Karachi. The Holding Company acquired 71,540,000 ordinary shares of the Subsidiary Company @ 6.85 per share aggregating to Rs. 490 million, making it a wholly owned subsidiary of the Holding Company through execution of an agreement for purchase of shares. The effective date of acquisition was January 31, 2012.

1.3 Subsidiary Company - (Indus Home Limited)

The Subsidiary Company is a wholly owned Company of the holding Company. The Subsidiary Company is an unlisted public Limited Company, incorporated in Pakistan on May 18, 2006 under the Companies Ordinance, 1984. Principal business of the Company is manufacturing and sale of greige and finished terry cloth and other textile products. The Company has started its operation from October 11, 2006 and located at Manga Mandi Lahore in the province of Punjab. Registered office of the Company is situated at 174, Abu Bakar Block, New Garden Town, Lahore. The Holding Company acquired further 75,000,000 ordinary shares of the Subsidiary Company at a further consideration of Rs 1293 million, by way of piecemeal acquisition. The effective date of acquisition was 21 November 2013.

1.4 Associated Undertaking

The Holding Company also has investment in an Associate Sunrays Textile Mills Limited. Principal business of the associate is manufacturing and sale of yarn.

2. BASIS OF CONSOLIDATION :

- The consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Company together - " the Group " .
- Subsidiary Company are fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control the company is established and excluded from consolidation from the date of disposal or when the control is lost.
- The financial statements of the Subsidiary Company is prepared for the same reporting period as of the Holding Company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of the Subsidiary Company have been consolidated on a line by line basis.
- Material intra-group balances and transactions have been eliminated.

3. BUSINESS COMBINATION :

During the year the Company acquired against cash further 75,000,000 ordinary shares of INDUS HOME LIMITED (IHL) at consideration of Rupees 1,293 million (USD 12 million), making it a wholly-owned subsidiary. Previously the Company held 49.99% holdings in IHL, which was then accounted for by equity method prescribed in International Accounting Standards 27(Revised 2008 consolidated and separate financial statements). The transaction occurred on 21 November 2013.

3.1 Assets acquired and liabilities recognised at the date of acquisition

| | Carrying amountsRupees in 000.... | Fair values |
|--|--|------------------|
| Non Current Assets | | |
| Operating fixed assets / Work in progress | 2,873,337 | 3,651,589 |
| Long term deposit and deferrd cost | 6,715 | 6,715 |
| | 2,880,051 | 3,658,303 |
| Current Assets | | |
| Stock in trade | 859,581 | 859,581 |
| Stores, spares and loose tools | 240,238 | 240,238 |
| Trade debtors | 48,464 | 48,464 |
| Advances,deposits,prepayment and other receivables | 219,450 | 219,450 |
| Sales tax refundable | 92,849 | 92,849 |
| Cash and bank balances | 6,578 | 6,578 |
| | 1,467,160 | 1,467,160 |
| Current Liabilities | | |
| Short term bank borrowings | 324,980 | 324,980 |
| Current portion of long term loans | 306,259 | 306,259 |
| Creditors, accrued and other liabilities | 235,768 | 326,063 |
| Provison for taxation | 82,549 | 82,549 |
| | 949,555 | 1,039,850 |
| Non current Liabilities | | |
| Long term loans | 959,511 | 959,511 |
| Less Current maturity of loan term loans | (306,259) | (306,259) |
| | 653,253 | 653,253 |
| Deferred liabilities -Staff Gratuity | 78,268 | 78,268 |
| - Taxation | 387 | 387 |
| | 2,665,749 | 3,353,706 |
| Net Assets | 2,665,749 | 3,353,706 |

3.2 Gain on Bargain purchase on fair value measurement of net assets and consideration transferred as on the acquisition date

| | | Rupeesin '000.... |
|--|-----|--|
| Net Assets acquired | 3.1 | <u>3,353,706</u> |
| Consideration transferred | | 1,293,120 |
| Fair value of pre-existing interest in IHL | 3.4 | <u>1,721,656</u> |
| Total consideration | | <u>3,014,776</u> |
| Gain on bargain purchase | | <u>338,930</u> |
| Net cash outflow on acquisition of subsidiary | | |
| 3.3 Consideration paid in cash | | 1,293,120 |
| Cash and cash equivalent balance acquired | | 318,402 |
| | | <u>1,611,522</u> |
| 3.4 Re-measurement of previously held interest in IHL | | |
| Fair value on date of acquisition | | 1,721,656 |
| Less: Carrying value on date of acquisition | 3.5 | <u>(1,332,599)</u> |
| Gain on re-measurement of previously held interest | | <u>389,057</u> |
| 3.5 Previous investment in joint venture | | |
| Opening carrying value (1st July 2013) | | <u>1,374,124</u> |
| Share of loss for the period (upto 21 November 2013) | | <u>(41,525)</u> |
| Closing carrying value (as at 21 November 2013) | | <u>1,332,599</u> |

3.6 Provisional values

The Company is in the process to determine the fair values of the assets and liabilities of Indus Home Limited. Therefore, the amounts reported for the fair values of the assets and liabilities are provisional and will be updated, if required, when the process will be completed.

4. STATEMENT OF COMPLIANCE :

These consolidated condensed interim financial statements are unaudited and have been prepared in accordance with the approved Accounting Standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

5 ACCOUNTING POLICIES

The accounting policies, applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2013 except as disclosed in note 3.1.

5.1 Change in accounting policy

5.1.1 IAS 1 - Presentation of Financial Statements – Presentation of items of Other Comprehensive Income

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.

As a result of amendments in IAS 1, The Company modified the presentation of the item of OCI in its statements of Profit and Loss and Other Comprehensive Income, to present items that would be reclassified to profit and loss in the future separately from those that would never be. Comparative information has been represented on the same basis.

As a result of amendments in IAS 1, the Company modified the presentation of the item of OCI in its statements of Profit and Loss and Other Comprehensive Income, to present items that would be reclassified to profit and loss in the future separately from those that would never be. Comparative information has been represented on the same basis.

5.1.2 IAS 19 - Employee Benefits (as revised in 2011)

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). The amended IAS 19 require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which was allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. Previously, the Company was recognizing all actuarial gains / losses in the profit and loss account.

The effect of such changes as discussed in note 5.1.1 and 5.1.2 is considered immaterial to this condensed interim financial information as whole, so no impact has been taken.

6 BASIS OF PREPARATION :

- 6.1** These consolidated condensed interim financial statements have been prepared under the historical cost convention.
- 6.2** The accounting policies and methods of computation followed in the preparation of these consolidated condensed interim financial statements are the same as those of the published annual audited financial statements for the year ended June 30, 2013. These consolidated condensed interim financial statements do not include all of the informations required for annual financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2013.
- 6.3** The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2013, whereas comparative consolidated condensed profit and loss account, consolidated condensed cash flow statement and consolidated condensed statement of changes in equity are stated from the unaudited consolidated condensed interim financial information for the half year ended December 31, 2013.

7 ACCOUNTING ESTIMATES AND JUDGMENTS :

The preparation of the consolidated condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan for interim financial reporting 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. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing this unconsolidated condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2013.

8 FINANCIAL RISK MANAGEMENT

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, 2013.

9 TAXATION

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credit, rebates and exemption available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

| | Dec,31 2013 (Unaudited) | June 30, 2013 (Audited) |
|--|--|--|
| | -----Rupees in '000'----- | |

10 CONTINGENCIES

Claim of arrears of social security contribution not acknowledged, appeal is pending in Honourable High Court of Sindh. The management is hopeful for favourable outcome.

| | | |
|--|----------------|----------------|
| | <u>453</u> | <u>453</u> |
| Guarantees issued by Banks on behalf of the Company. | <u>291,743</u> | <u>190,448</u> |

11 COMMITMENTS

| | | |
|---|------------------|------------------|
| Letters of credit for raw material | <u>2,294,684</u> | <u>152,795</u> |
| Letters of credit stores and spares | <u>45,989</u> | <u>58,045</u> |
| Letters of credit for property, plant and equipment | <u>616,680</u> | <u>1,424,369</u> |
| Civil work contracts | <u>57,932</u> | <u>176,350</u> |
| Foreign currency forward contracts | <u>-</u> | <u>99,660</u> |

12 ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

During the period, following additions and disposals were made: -

| | Dec 31, 2013 | | Dec 31, 2012 | |
|---------------------------------------|--------------------------|----------------------------------|--------------------------|----------------------------------|
| | Additions / Transfers | Disposal at Carrying value | Additions / Transfers | Disposal at Carrying value |
| <----- Rupees in '000'-----> | | | | |
| Assets | | | | |
| Land | 1,664 | | | |
| Office building | 15,026 | - | - | - |
| Factory building | 18,660 | - | 5,743 | - |
| Plant and machinery | 1,229,646 | (33,122) | 578,516 | (92) |
| Mills equipment | 93 | - | - | - |
| Electric installations | 24,304 | - | - | - |
| Power generator | 81,353 | - | 10,700 | - |
| Office equipment | 1,348 | - | - | - |
| Furniture and fixtures | 75 | - | 6,050 | (41) |
| Vehicles | 14,723 | - | 41,904 | (595) |
| Plant and machinery - leased | - | - | | - |
| Capital work in - progress | 367,167 | | 96,638 | - |
| | 1,754,059 | (33,122) | 739,551 | (728) |

| | | Dec 31, 2013 (Unaudited) | June 30, 2013 (Audited) |
|--|-----------------------------------|--------------------------------|-------------------------------|
| | Note | -----Rupees in '000'----- | |
| 13 | LONG TERM INVESTMENTS | | |
| Investment in an associate | 13.1 | 24,139 | 22,181 |
| | | 24,139 | 22,181 |
| | | 24,139 | 22,181 |
| 13.1 | Investment in an associate | | |
| Cost | | 1,716 | 42,382 |
| Opening | | 22,181 | 361,226 |
| Dividend received | | (343) | (18,326) |
| Share of revaluation of property, plant and equipment. | | - | 2,610 |
| Associate's share of transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax. | | | |
| | | 116 | 1,469 |
| Share of profit from associate | | 2,185 | 74,109 |
| | | 24,139 | 421,088 |
| Specie dividend distributed | | - | (441,289) |
| | | 24,139 | 22,181 |
| | | 24,139 | 22,181 |
| Number of shares held | | 68,654 | 68,654 |
| Cost of investment (in "000") | | 1,716 | 1,716 |
| Ownership interest | | 0.9950% | 0.9950% |
| Market value (in "000") | | 13,662 | 13,319 |

13.2 During the year, the Company has acquired the remaining shareholding in Indus Home Limited - Joint Venture for consideration of USD 12 million (Rupees: 1,293 million), making it a wholly owned subsidiary. Previously the accumulated holding of the Company in Indus Home Limited was 49.99%. The transaction occurred on 21 November 2013.

| Note | Half year ended | | Quarter ended | |
|------|---------------------------|---------|---------------|---------|
| | Dec 31, | Dec 31, | Dec 31, | Dec 31, |
| | 2013 | 2012 | 2013 | 2012 |
| | -----Rupees in '000'----- | | | |

14 COST OF GOODS SOLD

| | | | | |
|----------------------------|------------------|------------------|------------------|------------------|
| Raw material consumed | 7,266,408 | 6,573,912 | 3,716,591 | 3,281,748 |
| Manufacturing expenses | 2,038,335 | 1,472,632 | 1,182,526 | 750,802 |
| Outside purchase-yarn | 158,836 | 2,474 | 110,490 | 114 |
| | 9,463,579 | 8,049,018 | 5,009,607 | 4,032,664 |
| Work in process | | | | |
| Opening stock | 646,539 | 213,881 | 412,043 | (35) |
| Closing stock | (670,520) | (243,123) | (374,512) | (10,711) |
| | (23,981) | (29,242) | 37,531 | (10,746) |
| Cost of goods manufactured | 9,439,598 | 8,019,776 | 5,047,138 | 4,021,918 |
| Finished Goods | | | | |
| Opening stock | 515,957 | 334,964 | 215,139 | 36 |
| Closing stock | (809,410) | (261,846) | (419,735) | 75,748 |
| | (293,453) | 73,118 | (204,596) | 75,784 |
| | 9,146,145 | 8,092,894 | 4,842,542 | 4,097,702 |

14.1 Manufacturing expenses

| | | | | |
|------------------------------|------------------|------------------|------------------|----------------|
| Salaries, wages and benefits | 522,491 | 383,192 | 314,022 | 181,974 |
| Fuel, water and power | 753,807 | 482,722 | 432,065 | 249,110 |
| Stores and spares consumed | 250,608 | 186,800 | 146,405 | 97,048 |
| Packing material consumed | 163,268 | 141,416 | 95,103 | 69,521 |
| Insurance | 22,692 | 12,627 | 13,750 | 6,039 |
| Repairs and maintenance | 20,010 | 12,370 | 12,453 | 6,674 |
| Rent, rate and taxes | 1,408 | 1,111 | 36 | 75 |
| Depreciation | 287,879 | 218,244 | 162,306 | 111,756 |
| Rebate | (5,724) | - | (5,724) | - |
| Others | 21,896 | 34,150 | 12,110 | 28,605 |
| | 2,038,335 | 1,472,632 | 1,182,526 | 750,802 |

15 **AGGREGATE TRANSACTION WITH RELATED PARTIES**

The related parties comprise of subsidiary (Indus Lyallpur Limited), associate (Sunrays Textiles Mills Limited) and entities with common directorship, key management personnel and post employment benefit scheme. The Company carries out transactions with related parties on agreed terms. Transactions with related parties during the period and balances with them at period end are as follows: -

| | Unaudited Dec,31 2013 | Unaudited Dec,31 2012 |
|--|--|--|
| | -----Rupees in '000'----- | |
| 15.1 Transactions during the period | | |
| Relationship with Company | | |
| Associate | | |
| Purchase of yarn | 87 | 5,322 |
| Conversion cost | 2,791 | 2,247 |
| Payments made on behalf of associate | 27,480 | 33,608 |
| Payments made by associate on behalf of the Company | 27,416 | 22,888 |
| Joint venture | | |
| Sale of yarn | - | 70,855 |
| Payments made on behalf of joint venture | - | 1,359 |
| Payments made by joint venture on behalf of the Company | - | 1,359 |
| Key management personnel | | |
| Short term borrowing repaid | 51,926 | 109,455 |
| Short term borrowing received | 42,436 | 107,099 |
| Remuneration paid | 23,020 | 22,320 |
| Other related parties | | |
| Expenses paid on behalf of entities where directors are common | 5 | 234 |
| Expenses adjusted / reimbursed | - | 1,848 |
| | Dec,31 2013 (Unaudited) | June 30, 2013 (Audited) |
| | -----Rupees in '000'----- | |
| 15.2 Balances with related parties | | |
| Associate | | |
| - Payable | 64 | 685 |
| Joint Venture | | |
| - Receivable | - | 13,205 |
| Directors and spouses | | |
| - Payable | - | 9,490 |
| Other related parties | | |
| - Payable | 3,124 | 2,641 |

16. SUBSEQUENT EVENTS

In respect of the current period, the directors proposed interim cash dividend of Rs. 180.737 million @ Rs. 10 per ordinary share of Rs. 10 each. The proposed dividend has not been included as a liability in these financial statements.

17 Allocation to taxation and WPPF is provisional. Final liability will be determined on the basis of annual results.

18 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on 28th February, 2014 by the Board of Directors of the Company.

19 GENERAL

Figures have been rounded off to the nearest thousand of Rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR