



organic yarn  
CU 813709  
Din Textile Mills Ltd.  
Pakistan



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## CORPORATE INFORMATION

### Board of Directors

Shaikh Muhammad Muneer	Chairman
Shaikh Muhammad Pervez	Director
Shaikh Muhammad Tanveer	Chief Executive
Shaikh Muhammad Naveed	Director
Mr. Faisal Jawed	Director
Mr. Farhad Shaikh Muhammad	Director
Mr. Abdul Razzak Tarmuhammad	Director

### Company Secretary

Mr. Islam Ahmed

### Chief Financial Officer

Mr. Shaukat Hussain Ch.  
(ACA, FPFA, CFC )

### Auditors

Mushtaq & Co.,  
Chartered Accountants

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

### Audit Committee

Mr. Abdul Razzak Tarmuhammad	Chairman
Shaikh Muhammad Pervez	Member
Mr. Farhad Shaikh Muhammad	Member

### Human Resource and Remuneration Committee

Shaikh Muhammad Pervez	Chairman
Shaikh Muhammad Tanveer	Member
Mr. Abdul Razzak Tarmuhammad	Member

### Registered Office

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

### Mills

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

### Website

[www.dingroup.com](http://www.dingroup.com)

## DIRECTORS' REPORT

### Dear shareholders

The Directors are pleased to present the un-audited Condensed Interim Financial Information of the Company for the half yearly of financial year 2013-14 ended on December 31, 2013. The comparative figures for corresponding half year of financial year 2012-13 ended December 31, 2012 are included for comparison, except in balance sheet where figures are for the year ended on June 30, 2013 as required by International Accounting Standards.

### Financial Results

The summarized financial results of the company for the half year ended on December 31, 2013 are as under:

		Half year ended		
		31-Dec-13	31-Dec-12	Inc. / (Dec.) % age
Sales	Rupees in '000'	4,406,440	3,891,275	13
Gross Profit	Rupees in '000'	560,832	627,740	(11)
Pre-tax Profit	Rupees in '000'	239,313	358,043	(33)
After Tax Profit	Rupees in '000'	206,339	280,992	(27)
Gross Profit	Percentage	12.73	16.13	
After Tax Profit	Percentage	4.68	7.22	
Earning per share	Rupees	9.20	12.53	

During the half year ended under review the operation results shown a considerable growth in the turnover and profit of the company. The turn over of the company is constantly improving as compared to the corresponding period of the preceding year. The factors contribute the improvements of the company with the effort by the managements are:

- a. The improvements in the performance of the company was achieved by meeting the strong demand for premium quality yarn in the European and the local markets. The timely purchase of raw material at competitive prices were prudent decision by your company's managements.
- b. In addition to sales of the premium yarn , the rise in export sale of your company was also boosted by the start of sale of certain categories of specialized yarn for the international market. All these factors contributed towards improvements in the company's operations and reducing the operation cost.

### General Market Conditions

Energy crises is a big challenge for Pakistan and is also main threat to Pakistan Textile Industry. Increasing fuel and power tariffs and devaluation of Pak Rupee are cause of concern for escalation in cost of our products and are making our products costlier in the region and are hurting our textile industry. Cotton crop estimate of cotton season 2013-14 is still uncertain. Management of your company is keenly watching the cotton market to procure the cotton at lowest possible rates and is making efforts to procure cotton for the whole period of

financial year ending June 30, 2014. Currently Yarn demand in local and foreign market is going sluggish. The company is focusing on improving efficiencies and minimizing costs to achieve the better financial results of remaining period of financial year ending June 30, 2014.

One of the key issues which are affecting the economy of our country adversely is the terrorism and the lack of international investments. In fact the terrorism is the main cause which has destructed the economy as due to fear of terrorism the international investors are avoiding any further investment in Pakistan even they are pulling those previous investments back, as Pakistan is a country who is fighting against terrorism so paying the cost for it too. The national industries are also in horrible condition as the energy crisis has also forced thousands of industries to shut down and the one who are still fighting against it are forced for downsizing and again it leaves thousands of people either unemployed or forced to leave their jobs. So unemployment is one of the biggest curse on the economy of our nation and to save our future and to make our economy strong the initial and the most crucial thing is to eliminate the unemployment and take steps towards creating jobs for the qualified and unqualified people of our country.

An internationally competitive interest rate regime is must for present investment to bear fruit and for not deterring new investment inflow. There is an inextricable link, an inverse relationship between investment and interest rates. Investment in the textile industry increased during the period the interest rates were low and decreased with rise in interest rates. Also, with rise in interest rates there came about an increase of non-performing loans. Another negative fallout of higher interest rates was the whittling down of exports. In spite of the fact that the textile industry installed sizable additional capacity to create exportable surplus, textile exports either declined or stagnated, both in quantity terms as well as value-wise. Thus, low interest rates are conducive to investment inflows. The international bank rate prevalent presently is not more than 2%. In the circumstances our interest rates of around 15% are not viable and good enough for any investment to come about. Under the Textile Investment Support Fund (TISF) a special interest rate comparable with the international interest rate would encourage new investments.

Many Chinese companies have shown interest to explore Pakistan's energy sector for making investment in hydro, solar and wind energy projects and help it in overcoming its energy problems.

## **Future Outlook**

The global production of cotton will substantially support the global mill use consumption from 2012 through 2020. The share of production in the mill use will over around 97.82 percent and 98.12 percent during the projection period. The demand to supply share will increase from 75.16 percent in 2012 to 86.75 percent in 2020. The estimated global production of cotton in 2020 will reach to a level of 133.93 million bales from the current level of 116.90 million bales. The total global supply will increase by around 45 million bales in 2020 from the current level of 223.79 million bales. The estimated global demand for cotton in mill sector in 2020 will reach to a

level of 131.01million bales from the current level of 106.48 million bales. The total global exports will reach to the level of 44.71million bales from the current level of 37.73 million bales. The projected figures up to 2020 provide instant support for business decisions. The report would provide significant cues to the prospects of the cotton in the world's most important regions as well.

Our stance on China's cotton policy remains the same despite the fact that China has almost completely filled its storage capacity. Overall we estimate a 7% to 9% YoY increase in exports in FY14 to US\$14.1bn with additional upside might come from Pakistan's approval of the E.U's GSP plus status. On the other hand, reversal of China's cotton purchasing policy aimed normalizing of Bangladesh's law and order situation may keep the upside in check. Moreover, we believe that the recent electricity tariff hike would not allow the local industry to fully reap benefits of higher volumes and keep the profitability margins under pressure.

Your company management is aware of the challenges that are ahead and will be making all efforts to ensure continued growth, operational efficiency and optimal results for the company and its valued stakeholders in the days to come.

## **Proposed Dividend**

The Board of Directors of the Company have declared an interim cash dividend of Rs 2.50 per share (December 31, 2012: Nil), amounting to Rs 56.054 million (December 31, 2012: Rs Nil) at their meeting held on February 27, 2014. This condensed interim financial information does not include the effect of the above interim cash dividend which will be accounted for in the period in which it is declared.

## **Acknowledgment**

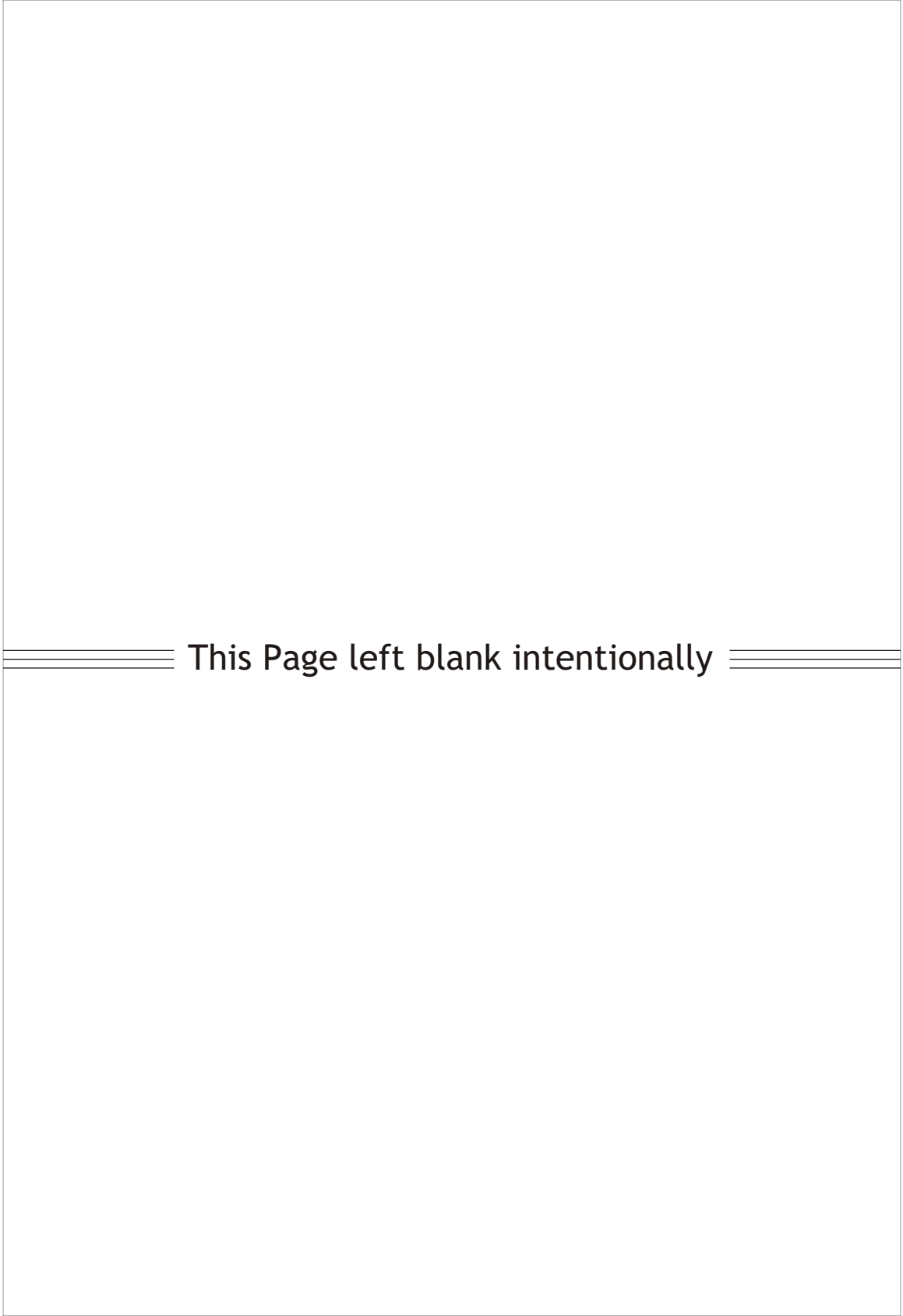
The board of directors is always a source of guidance and support for the management and are well aware of the challenges that lie ahead and is determined to ensure growth, consolidate the company's financial position, generates profit and create value for your company and we are confidence that they will continue to show the same dedication in the days ahead.

The Directors wish to express their gratitude to our valued clients and bankers for the cooperation extended by them during the course of business activities. The Directors also wish to place on record their appreciation for the hard work and devoted services of the staff members and workers of the company.

On behalf of the Board of Directors

Karachi:  
Dated : February 27, 2014

**SHAIKH MUHAMMAD TANVEER**  
Chief Executive



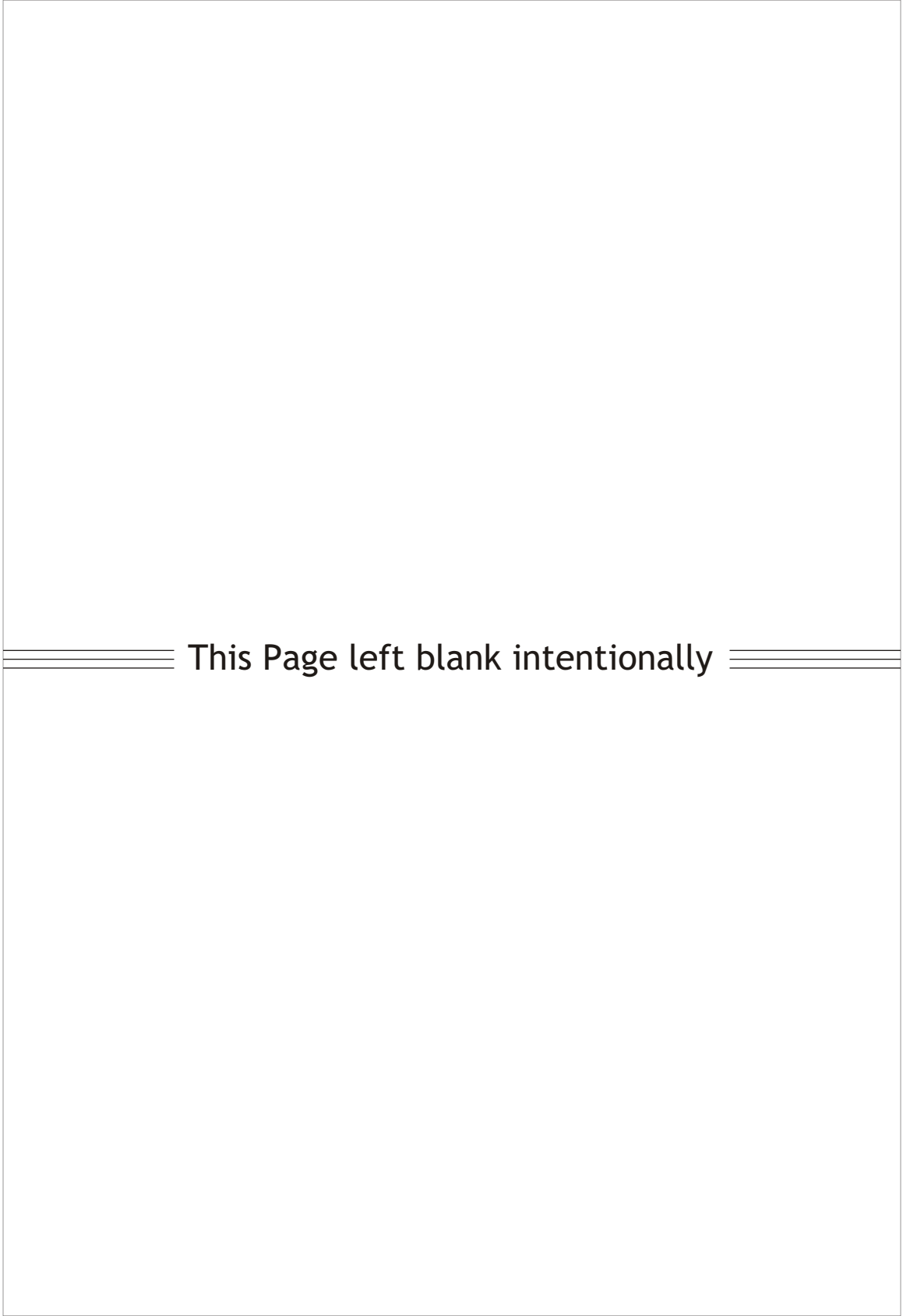
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# ACCOUNTS

**Financial Statements (Un-Audited)**  
**Half year ended December 31, 2013**



**DIN TEXTILE MILLS LTD.**



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# MUSHTAQ & CO.

## CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626

Email Address: mushtaq\_vohra@hotmail.com

Member of



Illinois, USA

### Auditor's Report to the Members on Review of Condensed Interim Financial Information

#### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Din Textile Mills Limited** as at December 31, 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 together with the notes forming part thereof (here -in-after referred to as the "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2013 and December 31, 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 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 interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

KARACHI:

Date: February 27, 2014

**MUSHTAQ & COMPANY**

Chartered Accountants

**Engagement Partner:**

Mushtaq Ahmed Vohra

FCA

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

(Amounts in Thousand)

	Note	31-Dec-13 Rupees	30-Jun-13 Rupees	----Restated---- 30-Jun-12 Rupees
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment	5	1,756,803	1,635,532	1,695,685
Long term deposits		12,082	15,099	15,500
Long term investment	6	44,681	44,681	-
Deferred tax assets	7	141,632	141,632	141,632
		1,955,198	1,836,944	1,852,817
<b>CURRENT ASSETS</b>				
Stores, spare parts and loose tools		362,571	267,028	122,048
Stock in trade	8	2,022,063	1,636,247	1,128,025
Trade debts		1,084,121	1,579,248	1,005,597
Loans and advances		1,886,739	755,278	71,044
Trade deposits and short term prepayments		10,161	5,982	5,594
Other receivables		4,657	42,365	3,525
Tax refunds due from the Government		223,516	166,888	100,899
Cash and bank balances		457,915	54,000	74,424
		6,051,743	4,507,036	2,511,156
<b>CURRENT LIABILITIES</b>				
Trade and other payables		2,816,077	2,627,435	1,576,585
Accrued mark up / interest		86,426	81,063	63,469
Short term borrowings		1,521,564	182,332	501,526
Current portion of				
Long term financing from banking companies - secured		283,511	185,826	222,563
Liabilities against assets subject to finance lease		35,452	33,090	34,739
		4,743,030	3,109,746	2,398,882
<b>WORKING CAPITAL</b>				
		1,308,713	1,397,290	112,274
<b>TOTAL CAPITAL EMPLOYED</b>				
		3,263,911	3,234,234	1,965,091
<b>NON CURRENT LIABILITIES</b>				
Long term financing from banking companies - secured		753,500	820,967	274,215
Liabilities against assets subject to finance lease		8,237	19,910	46,815
Deferred liabilities				
Staff retirement benefits - gratuity		104,083	99,689	92,090
		865,820	940,566	413,120
<b>CONTINGENCIES AND COMMITMENTS</b>				
	9			
<b>Net Worth</b>		<b>2,398,091</b>	<b>2,293,668</b>	<b>1,551,971</b>
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Authorized capital				
50,000,000 ordinary shares of Rs. 10/- each		500,000	500,000	500,000
<b>Net Worth Represented by:</b>				
Issued, subscribed and paid up capital				
22,421,688 (June 30, 2013 20,383,353)				
ordinary shares of Rs. 10/- each	10	224,216	203,833	203,833
Reserves		2,173,875	2,089,835	1,348,138
		<b>2,398,091</b>	<b>2,293,668</b>	<b>1,551,971</b>

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

Karachi:  
Dated : February 27, 2014

SHAIKH MUHAMMAD MUNEEB  
Chairman

SHAIKH MUHAMMAD TANVEER  
Chief Executive

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

(Amounts in Thousand except earning per share)

	Note	Half Year Ended		Quarter Ended	
		31-Dec-13 Rupees	31-Dec-12 Rupees	31-Dec-13 Rupees	31-Dec-12 Rupees
Sales		4,406,440	3,891,275	2,168,835	1,980,951
Cost of sales		(3,845,608)	(3,263,535)	(1,917,000)	(1,620,963)
<b>Gross Profit</b>		<b>560,832</b>	<b>627,740</b>	<b>251,835</b>	<b>359,988</b>
Distribution cost		(55,989)	(59,905)	(29,184)	(29,463)
Administrative expenses		(56,215)	(52,325)	(28,339)	(26,430)
Other operating expenses		(12,691)	(18,932)	(4,024)	(12,211)
Finance cost		(196,764)	(138,911)	(107,387)	(69,343)
		(321,659)	(270,073)	(168,934)	(137,447)
		239,173	357,667	82,901	222,541
Other operating income		140	376	128	375
<b>Profit before taxation</b>		<b>239,313</b>	<b>358,043</b>	<b>83,029</b>	<b>222,916</b>
Provision for taxation		(32,974)	(77,051)	(6,400)	(16,554)
<b>Profit for the period</b>		<b>206,339</b>	<b>280,992</b>	<b>76,629</b>	<b>206,362</b>
Earning per share - basic and diluted	11	<b>9.20</b>	<b>12.53</b>	<b>3.42</b>	<b>9.20</b>

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

Karachi:  
Dated : February 27, 2014

SHAIKH MUHAMMAD MUNEER  
Chairman

SHAIKH MUHAMMAD TANVEER  
Chief Executive

**Condensed Interim Statement of Comprehensive Income  
(Un-Audited)**

**for the quarter and half year ended December 31, 2013**

(Amounts in Thousand)

	Half Year Ended		Quarter Ended	
	31-Dec-13 Rupees	31-Dec-12 Rupees	31-Dec-13 Rupees	31-Dec-12 Rupees
Profit for the period	206,339	280,992	76,629	206,362
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive Income for the period</b>	<b>206,339</b>	<b>280,992</b>	<b>76,629</b>	<b>206,362</b>

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

Karachi:  
Dated : February 27, 2014

SHAIKH MUHAMMAD MUNEER  
Chairman

SHAIKH MUHAMMAD TANVEER  
Chief Executive

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

(Amounts in Thousand)

	31-Dec-13 Rupees	31-Dec-12 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	239,313	358,043
<b>Adjustments for</b>		
Depreciation	86,170	82,930
Staff retirement benefits - gratuity	19,944	18,910
Workers' profit participation fund	12,596	18,844
Finance cost	196,764	138,911
Gain on disposal of property, plant and equipment	(8)	(36)
	315,466	259,559
Profit before working capital changes	554,779	617,602
<b>(Increase) / Decrease in current assets</b>		
Stores, spare parts and loose tools	(95,543)	(47,209)
Stock in trade	(385,816)	54,324
Trade debts	495,127	(113,838)
Loans and advances	(1,131,461)	(334,927)
Trade deposits and short term prepayments	(759)	757
Other receivables	37,708	3,338
<b>(Decrease) / Increase in current liabilities</b>	(1,080,744)	(437,555)
Trade and other payables	207,559	500,495
Cash generated from operations	(318,406)	680,542
Finance cost paid	(190,944)	(143,308)
Taxes paid	(78,816)	(44,784)
Dividend paid	(100,421)	(15)
Workers' profit participation fund paid	(44,253)	-
Staff retirement benefits - gratuity paid	(15,549)	(8,944)
<b>Net cash generated from operating activities</b>	(748,389)	483,491
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	194	916
Fixed capital expenditure	(207,626)	(52,463)
Long term deposits	(403)	(1,499)
<b>Net cash used in investing activities</b>	(207,835)	(53,046)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing	30,218	(110,005)
Liabilities against assets subject to finance lease	(9,311)	(15,051)
<b>Net cash generated from / (used) in financing activities</b>	20,907	(125,056)
<b>Net increase / (decrease) in cash and cash equivalents</b>	(935,317)	305,389
Cash and cash equivalents at the beginning of the period	(128,332)	(427,101)
<b>Cash and cash equivalents at the end of the period</b>	<b>(1,063,649)</b>	<b>(121,712)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	457,915	164,911
Short term borrowings	(1,521,564)	(286,623)
	<b>(1,063,649)</b>	<b>(121,712)</b>

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

Karachi:  
Dated : February 27, 2014

SHAIKH MUHAMMAD MUNEER  
Chairman

SHAIKH MUHAMMAD TANVEER  
Chief Executive

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

(Amounts in Thousand)

Particulars	Share capital	Reserves			Sub total	Total
		Capital	Revenue			
		Merger reserve	General	Unappropriated profit		
Rupees						
Balance as at July 01, 2012 as originally reported	203,833	10,377	400,000	952,377	1,362,754	1,566,587
Effect of retrospective application of change in an accounting policy referred in note 3.3	-	-	-	(14,616)	(14,616)	(14,616)
<b>Balance as at July 01, 2012 - as restated</b>	<b>203,833</b>	<b>10,377</b>	<b>400,000</b>	<b>937,761</b>	<b>1,348,138</b>	<b>1,551,971</b>
Total comprehensive income for the half year ended December 31, 2012	-	-	-	280,992	280,992	280,992
<b>Balance as at December 31, 2012</b>	<b>203,833</b>	<b>10,377</b>	<b>400,000</b>	<b>1,218,753</b>	<b>1,629,130</b>	<b>1,832,963</b>
Balance as at July 01, 2013 - as restated	203,833	10,377	400,000	1,679,458	2,089,835	2,293,668
Total comprehensive income for the half year ended December 31, 2013	-	-	-	206,339	206,339	206,339
Dividend for the year ended june 30, 2013 @ Rs 5/- per share	-	-	-	(101,916)	(101,916)	(101,916)
10% Bonus share issue for the year ended June 30,2013 @ Rs 1/- per share	20,383	-	-	(20,383)	(20,383)	-
<b>Balance as at December 31, 2013</b>	<b>224,216</b>	<b>10,377</b>	<b>400,000</b>	<b>1,763,498</b>	<b>2,173,875</b>	<b>2,398,091</b>

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

Karachi:  
Dated : February 27, 2014

SHAIKH MUHAMMAD MUNEER  
Chairman

SHAIKH MUHAMMAD TANVEER  
Chief Executive

## **Selected Notes to the Condense Interim Financial Statements (Un-Audited) for the half year ended December 31, 2013**

### **1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 The company is limited by shares, incorporated in Pakistan on June 13, 1988 and is quoted on stock exchanges at Karachi and Lahore. The registered office of the company is situated at 35-A/1, Lalazar area, opposite Beach Luxury Hotel, M. T. Khan road, Karachi in the province of Sind, Pakistan.
- 1.2 The principal business of the company is to manufacture and sale of yarn. The manufacturing units are located at Pattoki, Raiwind and Bhai pheru in the province of Punjab.
- 1.3 The company had entered into an agreement during the year ended June 30, 2011 with Brother Textile Mills Limited having registered office at 135 Upper mall, Lahore (Manufacturing unit located at 48 Km Multan Road, Bhai Pheru) and obtained a license to use the site and spinning unit with installed capacity of 17,280 spindles. During the period, the license was renewed and extended for a period of twelve months expiring on November 12, 2014. Upon expiry of the license period, the agreement may be extended for future periods at the option of both parties. The license fee is agreed at rupees 2,843,375 per month payable quarterly in advance.
- 1.4 The company had entered into an agreement during the year ended June 30, 2013 with Din Farm Products (Pvt) Limited (an associated undertaking) to sell electric power at a reference price as and when required by the Din Farm Products (Pvt) Limited. The company will charge tariff against fuel cost component at cost of furnace oil 247 grams per KWH delivered by the company based on specific fuel consumption and at the reference fuel price adjusted from time to time for fuel price movement. Tariff against fixed cost component will be charged at Rs. 1.67 per KWH delivered by the company which includes but not limited to O & M cost, insurance cost etc.

### **2 BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company as at and for the year ended 30th June, 2013.

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

These condensed interim financial statements comprise of condensed interim balance sheet, condensed interim profit and loss account, condensed interim

statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the selected notes for the half year ended December 31, 2013 which have been subject to a review but not audited. These condensed interim financial statements also include condensed interim profit and loss statement for the quarter ended December 31,2013.

### 3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation which have been used in the preparation of these condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2013.
- 3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the company's operations or did not have any impact on the accounting policies of the company.
- 3.3 During the period, the company has adopted IAS 19, (Revised) 'Employee Benefits'. The amendments in the revised standard require the company to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been restated

Effects of the change in the accounting policy on the interim financial statement are not quantifiable, hence the effects based on the relevant available actuarial valuation on the financial statements have been summarized below:

	As at	
	30-Jun-13	30-Jun-12
	-----Rupees in '000'-----	
<b>Impact on Balance Sheet</b>		
Increase in the retirement benefits obligation	8,576	16,623
Increase in deferred tax asset	2,007	2,007
Decrease in accumulated profits	6,569	14,616
	Year Ended	
	30-Jun-13	30-Jun-12
	-----Rupees in '000'-----	
<b>Impact on profit and loss account</b>		
Increase in profit and loss account	1,012	2,131
Decrease in deferred taxation - current year	-	2,007
Increase in other comprehensive income	7,035	5,682



#### 4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by management in the preparation of these condensed interim financial informations are the same as those that were applied to the financial statements as at and for the year ended June 30, 2013.

4.2 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2013.

#### 5 PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited)	(Audited)
		31-Dec-13	30-Jun-13
		-----Rupees in '000'-----	
Operating assets	5.1	1,740,176	1,620,275
Capital work in progress - at cost	5.2	16,627	15,257
		<b>1,756,803</b>	<b>1,635,532</b>

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

	31-Dec-13		31-Dec-12	
	Acquisition Cost	Disposal	Acquisition Cost	Disposal
		-----Rupees in '000'-----		
<b>Owned Assets</b>				
Building	-	-	44	-
Plant and machinery	193,922	-	124,225	-
Electric installation	2,954	-	2,016	-
Tools and equipment	-	-	737	-
Furniture and fixture	2,003	-	1,129	-
Office equipment	174	-	1,973	-
Computers	225	-	2,462	-
Vehicles	74	1,387	137	4,318
<b>Leased Assets</b>				
Vehicles	6,904	-	2,421	-
	<b>206,256</b>	<b>1,387</b>	<b>135,144</b>	<b>4,318</b>

## 5.2 CAPITAL WORK IN PROGRESS

	(Un-audited)	(Audited)
	31-Dec-13	30-Jun-13
	-----Rupees in'000'-----	
Building	16,001	15,257
Plant and machinery	626	-
	<b>16,627</b>	<b>15,257</b>

## 6 LONG TERM INVESTMENT

### Investment in Subidiray company

#### Ihsan Raiwind Mills (Pvt) Limited

27,017,996 (June 30, 2013: 27,017,996)  
ordinary shares of Rs. 10 each.  
Equity Interest Held 100%

44,681	44,681
<b>44,681</b>	<b>44,681</b>

## 7 DEFERRED TAX ASSETS

In view of applicability of presumptive tax regime, deferred tax assets has been worked out after taking effect of income covered under presumptive tax regime. During the period net deferred tax assets amounted to Rs. 165,366,430 has arised. The increase in the amount of deferred tax asset has not been recognized because proportion of export sales for the year exceeds the thresholds of 80 percent of total sales, therefore, the assessment of the company for the period will be finalized under final tax regime under section 169 of the income tax ordinance 2001.

## 8 STOCK IN TRADE

- 8.1 Finished goods amounting to Rs. 4,923,822 (June 30, 2013 : Rs. 5,177,560) stated at their net realizable value aggregating Rs. 4,762,303 (June 30, 2013 : Rs. 4,968,866). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. 161,518 (June 30, 2013 : Rs. 208,694).

## 9 CONTINGENCIES AND COMMITMENTS

- 9.1 There has been no significant change in the contingencies and commitments since the last audited financial statements except as disclosed in note 9.1, 9.2 and 9.3 respectively.

The Company has issued post dated cheques amounting to Rs. 77.416 million (June 30, 2013: Rs. 77.474 million) in favor of Collector of Customs in lieu of custom levies against various statutory notification. The indemnity bonds furnished by the company are likely to be released after the fulfillment of term of related SROs.

	(Un-audited)	(Audited)
	31-Dec-13	30-Jun-13
	-----Rupees in'000'-----	

## 9.2 Contingencies

Bills discounted with recourse	254,524	53,302
Bank guarantees issued in ordinary course of business	159,060	159,060

## 9.3 Commitments

Letters of credit for capital expenditure	88,601	140,495
Letter of credit for raw material	297,961	506,926
Letter of credit for stores and spares	24,415	40,858

## 10 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

		(Un-audited)	(Audited)
31-Dec-13	30-Jun-13	31-Dec-13	30-Jun-13
Number of Shares		-----Rupees in'000'-----	
13,479,600	13,479,600		
		Ordinary shares of Rs. 10 each allotted for consideration paid in cash	
		134,796	134,796
1,962,334	1,962,334		
		Ordinary shares of Rs. 10 each allotted for consideration paid in cash	
		19,623	19,623
6,979,754	4,941,419		
		Ordinary shares of Rs. 10 each allotted as fully paid bonus shares	
		69,798	49,414
<b>22,421,688</b>	<b>20,383,353</b>	<b>224,217</b>	<b>203,834</b>

10.1 Associated company (Din Leather (Pvt.) Limited) held 7,260 (June 30, 2013 : 6,600 June 30, 2012) ordinary shares of the company.

10.2 The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.

10.3 During the period the company issued 2,038,335 (June 30, 2013: Nil) as fully paid bonus shares at one share for every ten held.

## 11 EARNINGS PER SHARE - BASIC AND DILUTED

	Half year ended		Quarter ended	
	31-Dec-13 Rupees	31-Dec-12 Rupees	31-Dec-13 Rupees	31-Dec-12 Rupees
	-----Rupees-----			
Profit for the period	206,339	280,992	76,629	206,362
Weighted average number of ordinary shares outstanding during the period	22,421,688	22,421,688	22,421,688	22,421,688
Earnings per share - basic (Rupee per share)	9.20	12.53	3.42	9.20

11.1 Weighted average number of shares in issue during comparative periods have been restated for the effect of bonus shares issued during current period.

11.2 There is no dilutive effect on the basic earnings per share of the company.

## 12 TRANSACTIONS WITH RELATED PARTIES

	Relationship	(Un-audited)	(Un-audited)
		31-Dec-13	31-Dec-12
		-----Rupees in '000'-----	
<b>Transactions with related parties</b>			
MCB Bank Limited	Associated company		
Deposits		145,776	154,583
Withdrawals		143,410	138,874
Din Farm Product (Pvt) Limited	Associated company		
Sale of electricity		4,779	1,813
Ihsan Raiwind Mills (Pvt) Limited	Subsidiary		
Sales		199,861	-
Purchase		1,791	-
Advance		484,230	-
Salaries and other employees benefits	Key management personnel	39,510	35,337
Staff retirement benefits	Key management personnel	1,211	902

	(Un-audited)	(Audited)
	31-Dec-13	30-Jun-13
	-----Rupees in '000'-----	
<b>Balances outstanding at the period end</b>		
MCB Bank Limited	20,787	18,421
Din Farm Products (pvt) Ltd	-	1,047
Ihsan Raiwind (Pvt) Ltd	1,687,122	1,004,822

#### 13 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The company had filled an application in the Honorable Sindh High Court under the Section 284 through 288 of the Companies Ordinance, 1984 for the approval of scheme of merger of Ihsan Raiwind Mills (Pvt) Limited (IRML) the wholly owned subsidiary with Din Textile Mills Limited (DTML) . Pursuant to the order of the Honorable Sindh High Court separate meetings of members and creditors of DTML and IRML have been convened on January 17, 2014 for the approval of the scheme and the same has been conferred by them.

#### 14 PROPOSED DIVIDEND

The Board of Directors of the Company have declared an interim cash dividend of Rs 2.50 per share (December 31, 2012: Nil), amounting to Rs 56.054 million (December 31, 2012: Nil) at their meeting held on February 27, 2014. This condensed interim financial information does not include the effect of the above interim cash dividend which will be accounted for in the period in which it is declared.

#### 15 CORRESPONDING FIGURES

Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. Minor reclassifications were made in cash flow statement for better presentation and understanding. Significant reclassifications includes the following.

From	Classification To	Nature	Rupees (In Thousands)
Sales - Electricity Sales	Other Income - Income from Power generation	Better Presentation	1,811
Cost of Sales - Electricity Sales	Other Income - Income from Power generation	Better Presentation	(1,710)

**16 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements have been authorized for issue on February 27, 2014 by the board of directors of the company.

**17 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

Karachi:  
Dated : February 27, 2014

SHAIKH MUHAMMAD MUNEER  
Chairman

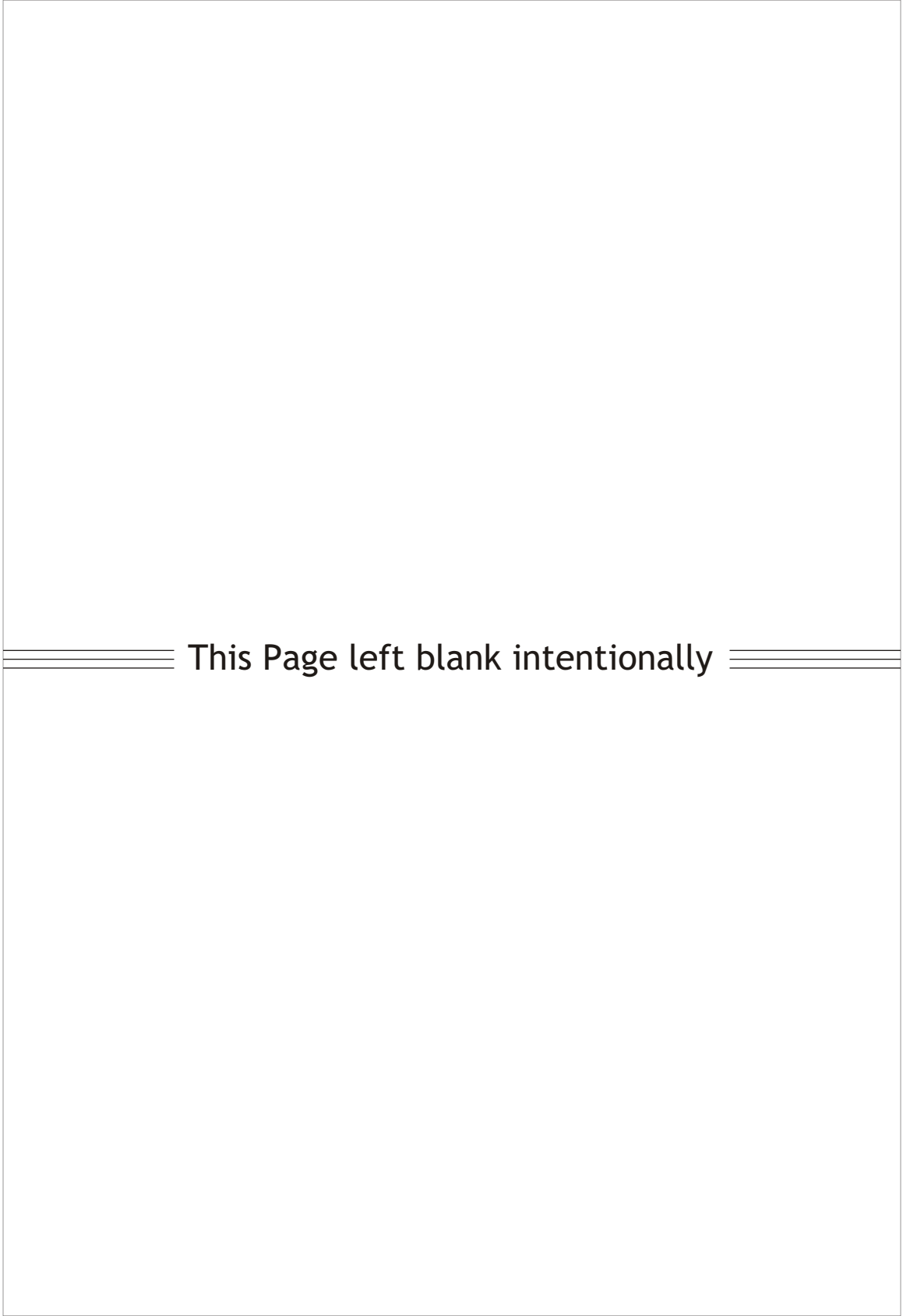
SHAIKH MUHAMMAD TANVEER  
Chief Executive

# CONSOLIDATED

Financial Statements (Un-Audited)  
Half year ended December 31, 2013



**DIN TEXTILE MILLS LTD.**



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# MUSHTAQ & CO.

## CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843  
**Branch Office:** 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626  
Email Address: mushtaq\_vohra@hotmail.com

Member of



Illinois, USA

### **Auditor's Report to the Members on Review of Consolidated Condensed Interim Financial Information**

#### **Introduction**

We have reviewed the accompanying consolidated condensed interim balance sheet of **Din Textile Mills Limited** and its subsidiary (the group) as at December 31, 2013, and the related consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim cash flow statement and consolidated condensed interim statement of changes in equity together with the notes forming part thereof (here -in-after referred to as the "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this consolidated 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 consolidated condensed interim financial information based on our review. The figures of the consolidated condensed interim profit and loss account and consolidated condensed interim statement of comprehensive income for the quarter ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 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 interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information as of and for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi.

Dated: February 27, 2014

**MUSHTAQ & COMPANY**  
Chartered Accountants  
**Engagement Partner:**  
Mushtaq Ahmed Vohra  
F.C.A

## Consolidated Condensed Interim Balance Sheet (Un-audited)

As at December 31, 2013

(Amounts in Thousand)

	Note	..... Restated.....		
		31-Dec-13 Rupees	30-Jun-13 Rupees	30-Jun-12 Rupees
		Un-Audited	Audited	Audited
<b>NON CURRENT ASSETS</b>				
Property, plant and equipment	5	2,535,450	2,413,942	1,695,685
Long term deposits		15,414	17,090	15,500
Intangibles	6	-	16,043	-
Deferred tax assets	7	141,632	141,632	141,632
		2,692,496	2,588,706	1,852,817
<b>CURRENT ASSETS</b>				
Stores, spare parts and loose tools		388,370	286,131	122,048
Stock in trade	8	2,462,317	1,713,102	1,128,025
Trade debts		1,292,887	1,356,977	1,005,597
Loans and advances		210,557	112,170	71,044
Trade deposits and short term prepayments		11,263	5,982	5,594
Other receivables		7,056	43,172	3,525
Other financial assets		90	87	-
Tax refunds due from The Government		260,258	194,954	100,899
Cash and bank balances		618,682	76,707	74,424
		5,251,480	3,789,281	2,511,156
<b>CURRENT LIABILITIES</b>				
Trade and other payables		2,949,758	2,745,075	1,576,585
Accrued mark up / interest		86,426	84,658	63,469
Short term borrowings		1,521,564	182,332	501,526
Current portion of				
Long term financing from banking companies - secured		283,511	185,826	222,563
Liabilities against assets subject to finance lease		35,452	33,090	34,739
		4,876,711	3,230,981	2,398,882
<b>WORKING CAPITAL</b>				
		374,769	558,300	112,274
<b>TOTAL CAPITAL EMPLOYED</b>				
		3,067,265	3,147,006	1,965,091
<b>NON CURRENT LIABILITIES</b>				
Long term financing from banking companies - secured		753,500	820,967	274,215
Liabilities against assets subject to finance lease		8,237	19,911	46,815
Deferred liabilities				
Staff retirement benefits - gratuity		113,483	107,063	92,090
		875,220	947,941	413,120
<b>CONTINGENCIES AND COMMITMENTS</b>				
	9			
<b>Net Worth</b>		<b>2,192,045</b>	<b>2,199,065</b>	<b>1,551,971</b>
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Authorized capital				
50,000,000 ordinary shares of Rs. 10/- each		500,000	500,000	500,000
<b>Net Worth Represented by:</b>				
Issued, subscribed and paid up capital				
22,421,688 (June 30, 2013 20,383,353)				
ordinary shares of Rs. 10/- each		224,216	203,833	203,833
Reserves		1,967,829	1,995,232	1,348,138
		<b>2,192,045</b>	<b>2,199,065</b>	<b>1,551,971</b>

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

Karachi:  
Dated : February 27, 2014

SHAIKH MUHAMMAD MUNEER  
Chairman

SHAIKH MUHAMMAD TANVEER  
Chief Executive

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

(Amounts in Thousand except earning per share)

	Note	Half Year Ended		Quarter Ended	
		31-Dec-13 Rupees	31-Dec-12 Rupees	31-Dec-13 Rupees	31-Dec-12 Rupees
Sales		5,155,620	3,891,275	3,234,681	1,980,951
Cost of sales		(4,691,242)	(3,263,535)	(3,103,406)	(1,620,963)
<b>Gross Profit</b>		<b>464,378</b>	<b>627,740</b>	<b>131,275</b>	<b>359,988</b>
Distribution cost		(67,849)	(59,905)	(47,148)	(29,463)
Administrative expenses		(57,354)	(52,325)	(30,084)	(26,430)
Other operating expenses		(12,691)	(18,932)	(4,024)	(12,211)
Finance cost		(197,988)	(138,911)	(109,515)	(69,343)
		(335,882)	(270,073)	(190,771)	(137,447)
		128,496	357,667	(59,496)	222,541
Other operating income		732	376	1,014	375
<b>Profit / (Loss) before taxation</b>		<b>129,228</b>	<b>358,043</b>	<b>(58,482)</b>	<b>222,916</b>
Provision for taxation		(34,335)	(77,051)	(8,439)	(16,554)
<b>Profit (Loss) for the period</b>		<b>94,893</b>	<b>280,992</b>	<b>(66,921)</b>	<b>206,362</b>
Earning (Loss) per share - basic and diluted	10	<b>4.23</b>	<b>12.53</b>	<b>(2.98)</b>	<b>9.20</b>

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

Karachi:  
Dated : February 27, 2014

SHAIKH MUHAMMAD MUNEER  
Chairman

SHAIKH MUHAMMAD TANVEER  
Chief Executive

**Consolidated Condensed Interim Statement of Comprehensive Income  
(Un-audited)**

**For the quarter and half year ended December 31, 2013**

(Amounts in Thousand)

	Half Year Ended		Quarter Ended	
	31-Dec-13 Rupees	31-Dec-12 Rupees	31-Dec-13 Rupees	31-Dec-12 Rupees
Profit / (Loss) for the period	94,893	280,992	(66,921)	206,362
<b>Items that may be reclassified to profit and loss account</b>				
Un realized gain on available for sale Investments	3	-	-	-
<b>Total comprehensive Income / (Loss) for the period</b>	<b>94,896</b>	<b>280,992</b>	<b>(66,921)</b>	<b>206,362</b>

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

Karachi:  
Dated : February 27, 2014

SHAIKH MUHAMMAD MUNEER  
Chairman

SHAIKH MUHAMMAD TANVEER  
Chief Executive

## Consolidated Condensed Interim Cash Flow Statement (Un-Audited) for the half year ended December 31, 2013

(Amounts in Thousand)

	31-Dec-13 Rupees	31-Dec-12 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	145,271	358,043
<b>Adjustments for</b>		
Depreciation	119,383	82,930
Staff retirement benefits - gratuity	22,575	18,910
Workers' profit participation fund	12,596	18,844
Finance cost	197,988	138,911
Gain on disposal of property, plant and equipment	(8)	(36)
	<b>352,534</b>	<b>259,559</b>
Profit before working capital changes	497,805	617,602
<b>(Increase) / Decrease in current assets</b>		
Stores, spare parts and loose tools	(102,239)	(47,209)
Stock in trade	(749,216)	54,324
Trade debts	373,209	(113,838)
Loans and advances	(98,387)	(334,927)
Trade deposits and short term prepayments	(1,861)	757
Other receivables	36,116	3,338
	<b>(542,378)</b>	<b>(437,555)</b>
<b>(Decrease) / Increase in current liabilities</b>		
Trade and other payables	(85,518)	500,495
Cash generated from operations	(130,091)	680,542
Finance cost paid	(195,763)	(143,308)
Taxes paid	(89,554)	(44,784)
Dividend paid	(100,421)	(15)
Workers' profit participation fund paid	(44,253)	-
Staff retirement benefits - gratuity paid	(15,549)	(8,944)
<b>Net cash (used in) generated from operating activities</b>	(575,631)	483,491
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	194	916
Fixed capital expenditure	(240,982)	(52,463)
Long term deposits	(1,744)	(1,499)
<b>Net cash used in investing activities</b>	(242,532)	(53,046)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing	30,218	(110,005)
Liabilities against assets subject to finance lease	(9,312)	(15,051)
<b>Net cash generated from / (used) in financing activities</b>	20,906	(125,056)
<b>Net increase / (decrease) in cash and cash equivalents</b>	(797,257)	305,389
Cash and cash equivalents at the beginning of the period	(105,625)	(427,101)
<b>Cash and cash equivalents at the end of the period</b>	<b>(902,882)</b>	<b>(121,712)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	618,682	164,911
Short term borrowings	(1,521,564)	(286,623)
	<b>(902,882)</b>	<b>(121,712)</b>

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

Karachi:  
Dated : February 27, 2014

SHAIKH MUHAMMAD MUNEER  
Chairman

SHAIKH MUHAMMAD TANVEER  
Chief Executive

## Consolidated Condensed Interim Statement of Changes in Equity (Un-Audited)

for the half year ended December 31, 2013

(Amounts in Thousand)

Particulars	Share capital	Reserves				Sub total	Total
		Capital		Revenue			
		Merger reserve	General	Un realized gain / (loss) on remeasurement of available for sale investment	Unappropriated profit		
<b>Rupees</b>							
Balance as at July 01, 2012 as originally reported	203,833	10,377	400,000	-	952,377	1,362,754	1,566,587
Effect of retrospective application of change in an accounting policy referred in note 3.3	-	-	-	-	(14,616)	(14,616)	(14,616)
<b>Balance as at July 01, 2012 - as restated</b>	<b>203,833</b>	<b>10,377</b>	<b>400,000</b>	<b>-</b>	<b>937,761</b>	<b>1,348,138</b>	<b>1,551,971</b>
Total comprehensive income for the half year ended December 31, 2012	-	-	-	-	280,992	280,992	280,992
<b>Balance as at December 31, 2012</b>	<b>203,833</b>	<b>10,377</b>	<b>400,000</b>	<b>-</b>	<b>1,218,753</b>	<b>1,629,130</b>	<b>1,832,963</b>
Balance as at July 01, 2013 - as restated	203,833	10,377	400,000	20	1,584,835	1,995,232	2,199,065
Total comprehensive income for the half year ended December 31, 2013	-	-	-	3	94,893	94,896	94,896
Dividend for the year ended June 30, 2013 @ Rs 5/- per share	-	-	-	-	(101,916)	(101,916)	(101,916)
10% Bonus share issue for the year ended June 30, 2013 @ Rs 1/- per share	20,383	-	-	-	(20,383)	(20,383)	-
<b>Balance as at December 31, 2013</b>	<b>224,216</b>	<b>10,377</b>	<b>400,000</b>	<b>23</b>	<b>1,557,429</b>	<b>1,967,829</b>	<b>2,192,045</b>

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

Karachi:  
Dated : February 27, 2014

SHAIKH MUHAMMAD MUNEER  
Chairman

SHAIKH MUHAMMAD TANVEER  
Chief Executive

**Selected Notes to the Consolidated Condensed Interim Financial Statements  
(Un-Audited)  
for the half year ended December 31, 2013**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

The group consists of;

**DIN TEXTILE MILLS LIMITED (THE holding company)**

- 1.1 The company is limited by shares, incorporated in Pakistan on June 13, 1988 and is quoted on stock exchanges at Karachi and Lahore. The registered office of the company is situated at 35-A/1, Lalazar area, opposite Beach Luxury Hotel, M. T. Khan road, Karachi in the province of Sind, Pakistan.
- 1.2 The principal business of the company is to manufacture and sale of yarn. The manufacturing units are located at Pattoki, Raiwind and Bhai pheru in the province of Punjab.
- 1.3 The company had entered into an agreement during the year ended June 30, 2011 with Brother Textile Mills Limited having registered office at 135 Upper mall, Lahore (Manufacturing unit located at 48 Km Multan Road, Bhai Pheru) and obtained a license to use the site and spinning unit with installed capacity of 17,280 spindles. During the period, the license was renewed and extended for a period of twelve months expiring on November 12, 2014. Upon expiry of the license period, the agreement may be extended for future periods at the option of both parties. The license fee is agreed at rupees 2,843,375 per month payable quarterly in advance.
- 1.4 The company had entered into an agreement during the year ended June 30, 2013 with Din Farm Products (Pvt) Limited (an associated undertaking) to sell electric power at a reference price as and when required by the Din Farm Products (Pvt) Limited. The company will charge tariff against fuel cost component at cost of furnace oil 247 grams per KWH delivered by the company based on specific fuel consumption and at the reference fuel price adjusted from time to time for fuel price movement. Tariff against fixed cost component will be charged at Rs. 1.67 per KWH delivered by the company which includes but not limited to O & M cost, insurance cost etc.

**IHSAN RAIWIND MILLS (PVT) LIMITED (subsidiary company)**

- 1.5 The subsidiary company was incorporated in Pakistan on February 28, 2001 as a private limited group under the Companies Ordinance, 1984. During the year the entire share capital was acquired by the holding company. The company became a subsidiary in the group with effect from March 15, 2013. The financial results of the subsidiary are incorporated in these consolidated financial statements since the date it became the part of the group. The company is engaged in the manufacturing, sale and trading of yarn and textile products. Registered Office of the group is situated at 35-A/1 Lalazar Area, Opposite Beach Luxury Hotel, Karachi in the province of Sindh, Pakistan with effect from March 15, 2013. Previously it was situated at F-207, Textile Avenue, of polytechnic site Karachi. The production facility is located at Dars Road, Off Raiwind Road, Bachuki Mujha District, Kasur in the province of Punjab.

## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company as at and for the year ended 30th June, 2013.

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

These condensed interim financial statements comprise of condensed interim balance sheet, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the selected notes for the half year ended December 31, 2013 which have been subject to a review but not audited. These condensed interim financial statements also include condensed interim profit and loss statement for the quarter ended December 31, 2013.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

- 3.1 The accounting policies and methods of computation which have been used in the preparation of these condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2013.
- 3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the company's operations or did not have any impact on the accounting policies of the company.
- 3.3 During the period, the group has adopted IAS 19, (Revised) 'Employee Benefits'. The amendments in the revised standard require the company to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors' by the holding company, and the comparative financial statements have been accordingly restated. For the



comprehensive impacts on the financial statement of the holding company refer to the annexed separate condensed financial statements.

The subsidiary company has already 'accounted for the actuarial gain / loss and the liability was fully recorded hence there is no impact of the revision of the International Accounting Standard (IAS) 19, in its 'condensed interim financial information. Further there is no consequential effect in the condensed interim profit and loss 'account or condensed interim statement of other comprehensive income as the provision in this behalf was 'incorporated on the basis of management's estimate in the condensed interim half yearly financial information and 'impact of actuarial gain / loss was considered immaterial

#### 4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by management in the preparation of these condensed interim financial informations are the same as those that were applied to the financial statements as at and for the year ended June 30, 2013.

- 4.2 The group'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.

#### 5 PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited)	(Audited)
		31-Dec-13	30-Jun-13
		-----Rupees in '000'-----	
Operating assets	5.1	2,498,226	2,377,244
Capital work in progress - at cost	5.2	37,224	36,698
		<b>2,535,450</b>	<b>2,413,942</b>

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

	31-Dec-13		31-Dec-12	
	Acquisition Cost	Disposal	Acquisition Cost	Disposal
	-----Rupees in '000'-----		-----Rupees in '000'-----	
<b>Owned Assets</b>				
Building	3,954	-	44	-
Plant and machinery	222,879	-	124,225	-
Electric installation	2,954	-	2,016	-
Tools and equipment	706	-	737	-
Furniture and fixture	2,298	-	1,129	-
Office equipment	174	-	1,973	-
Computers	512	-	2,462	-
Vehicles	74	1,387	137	4,318
<b>Leased Assets</b>				
Vehicles	6,904	-	2,421	-
	<b>240,456</b>	<b>1,387</b>	<b>135,144</b>	<b>4,318</b>

## 5.2 CAPITAL WORK IN PROGRESS

	(Un-audited)	(Audited)
	31-Dec-13	30-Jun-13
	-----Rupees in'000'-----	
Building	16,141	17,405
Plant and machinery	1,696	19,293
Electric Installation	19,387	-
	<b>37,224</b>	<b>36,698</b>

## 6 INTANGIBLES

### Goodwill

Opening Balance  
Arised in the period / year  
Impaired

16,043	-
-	16,043
(16,043)	-
<b>-</b>	<b>16,043</b>

6.1 This represents excess of the amount paid by the holding company over fair value of net assets of Ihsan Raiwind Mills (Private) Limited on its acquisition. The recoverable amount of goodwill was tested for impairment by allocating the amount of goodwill to respective assets on which it arose, based on value in use in accordance with 'IAS-36 Impairment of Assets'. Based on the calculations the entire amount of goodwill has been impaired and accordingly charged off.

## 7 DEFERRED TAXASSETS

In view of applicability of presumptive tax regime, deferred tax assets has been worked out after taking effect of income covered under presumptive tax regime.

During the period net deferred tax assets amounted to Rs. 165,366,430 has arisen. The increase in the amount of deferred tax asset has not been recognized because proportion of export sales for the year exceeds the thresholds of 80 percent of total sales, therefore, the assessment of taxation for the period will be finalized under final tax regime under section 169 of the income tax ordinance 2001.

## 8 STOCK IN TRADE

- 8.1 Finished goods amounting to Rs. 30,627,018 (June 30, 2013 : Rs. 5,177,560) stated at their net realizable value aggregating Rs. 29,424,254 (June 30, 2013 : Rs. 4,968,866). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. 1,202,764 (June 30, 2013 : Rs. 208,694).

## 9 CONTINGENCIES AND COMMITMENTS

- 9.1 There has been no significant change in the contingencies and commitments since the last audited financial statements except as disclosed in note 9.1, 9.2 and 9.3 respectively.

The holding company has issued post dated cheques amounting to Rs. 77.416 million (June 30, 2013: Rs. 77.474 million) in favor of Collector of Customs in lieu of custom levies against various statutory notification. The indemnity bonds furnished by the company are likely to be released after the fulfillment of term of related SROs.

	(Un-audited)	(Audited)
	31-Dec-13	30-Jun-13
	-----Rupees in '000'-----	

### 9.2 Contingencies

Bills discounted with recourse	254,524	53,302
Bank guarantees issued in ordinary course of business	159,060	159,060

### 9.3 Commitments

Letters of credit for capital expenditure	88,601	140,495
Letter of credit for raw material	297,961	506,926
Letter of credit for stores and spares	24,415	40,858

## 10 EARNINGS PER SHARE - BASIC AND DILUTED

	Half year ended		Quarter ended	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
-----Rupees in '000'-----				
Profit / (Loss) for the period	94,893	280,992	(66,921)	206,362
Weighted average number of ordinary shares outstanding during the period	22,421,688	22,421,688	22,421,688	22,421,688
Earnings / (Loss) per share - basic (Rupee per share)	4.23	12.53	(2.98)	9.20

10.1 Weighted average number of shares in issue during comparative periods have been restated for the effect of bonus shares issued during current period.

10.2 There is no dilutive effect on the basic earnings per share of the group.

## 11 TRANSACTIONS WITH RELATED PARTIES

		(Un-audited)	(Un-audited)
		31-Dec-13	31-Dec-12
-----Rupees in '000'-----			
<b>Transactions with related parties</b>	<b>Relationship</b>		
MCB Bank Limited	Associated company		
Deposits		145,776	154,583
Withdrawals		143,410	138,874
Din Farm Product (Pvt) Ltd	Associated company		
Sale of Electricity		4,779	1,813
Salaries and other employees benefits	Key management personnel	39,510	35,337
Staff retirement benefits	Key management personnel	1,211	902
		(Un-audited)	(Audited)
		31-Dec-13	30-Jun-13
-----Rupees in '000'-----			
<b>Balances outstanding at the period end</b>			
MCB Bank Limited		20,787	18,421
Din Farm Products (pvt) Ltd		-	1,047

## 12 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The holding company had filled an application in the Honorable Sindh High Court under the Section 284 through 288 of the Companies Ordinance, 1984 for the approval of scheme of merger of Ihsan Raiwind Mills (Pvt) Limited (IRML) the wholly owned subsidiary with Din Textile Mills Limited (DTML). Pursuant to the order of the Honorable Sindh High Court separate meetings of members and creditors of DTML and IRML have been convened on January 17, 2014 for the approval of the scheme and the same has been conferred by them.

## 13 PROPOSED DIVIDEND

The Board of Directors of the Holding Company have declared an interim cash dividend of Rs 2.50 per share (December 31, 2012: Nil), amounting to Rs 56.054 million (December 31, 2012: Nil) at their meeting held on February 27, 2014. This condensed interim financial information does not include the effect of the above interim cash dividend which will be accounted for in the period in which it is declared.

## 14 CORRESPONDING FIGURES

Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. Minor reclassifications were made in cash flow statement for better presentation and understanding. Significant reclassifications includes the following.

From	Classification	To	Nature	Rupees (In Thousands)
Sales - Electricity Sales		Other Income - Income from Power generation	Better Presentation	1,811
Cost of Sales - Electricity Sales		Other Income - Income from Power generation	Better Presentation	(1,710)

## 15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on February 27, 2014 by the board of directors of the company.

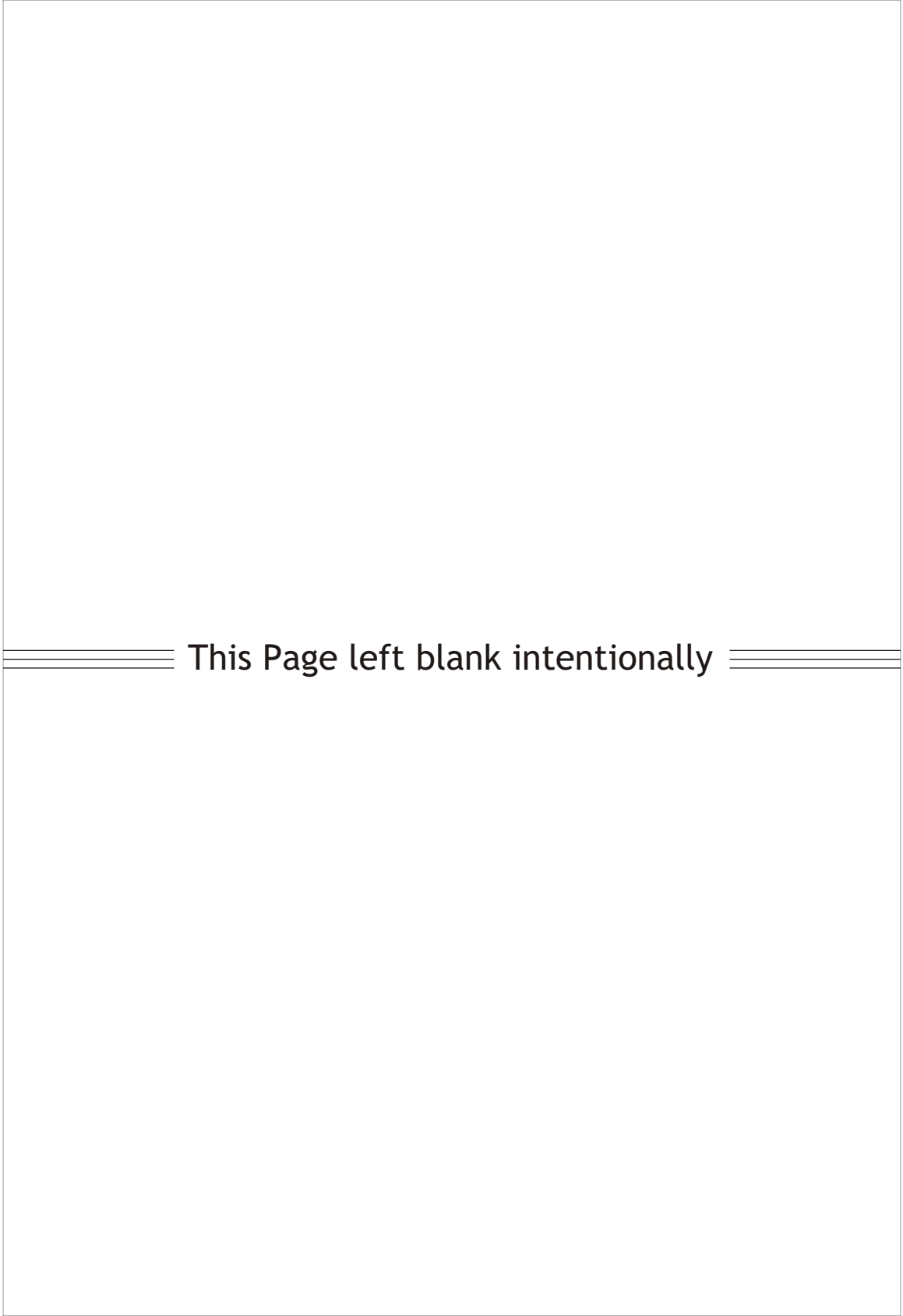
## 16 GENERAL

Figures have been rounded off to the nearest thousand rupees.

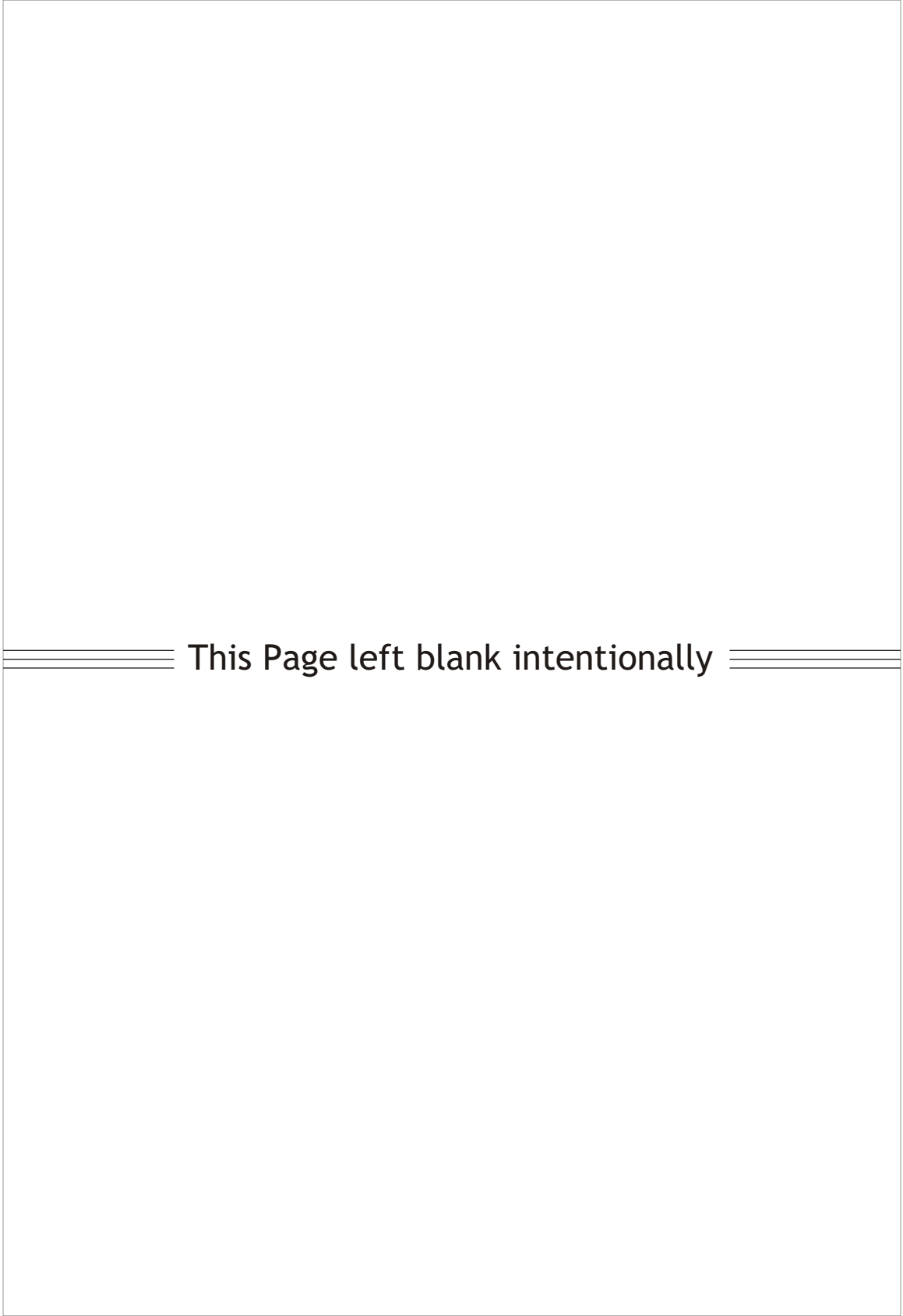
Karachi:  
Dated : February 27, 2014

SHAIKH MUHAMMAD MUNEER  
Chairman

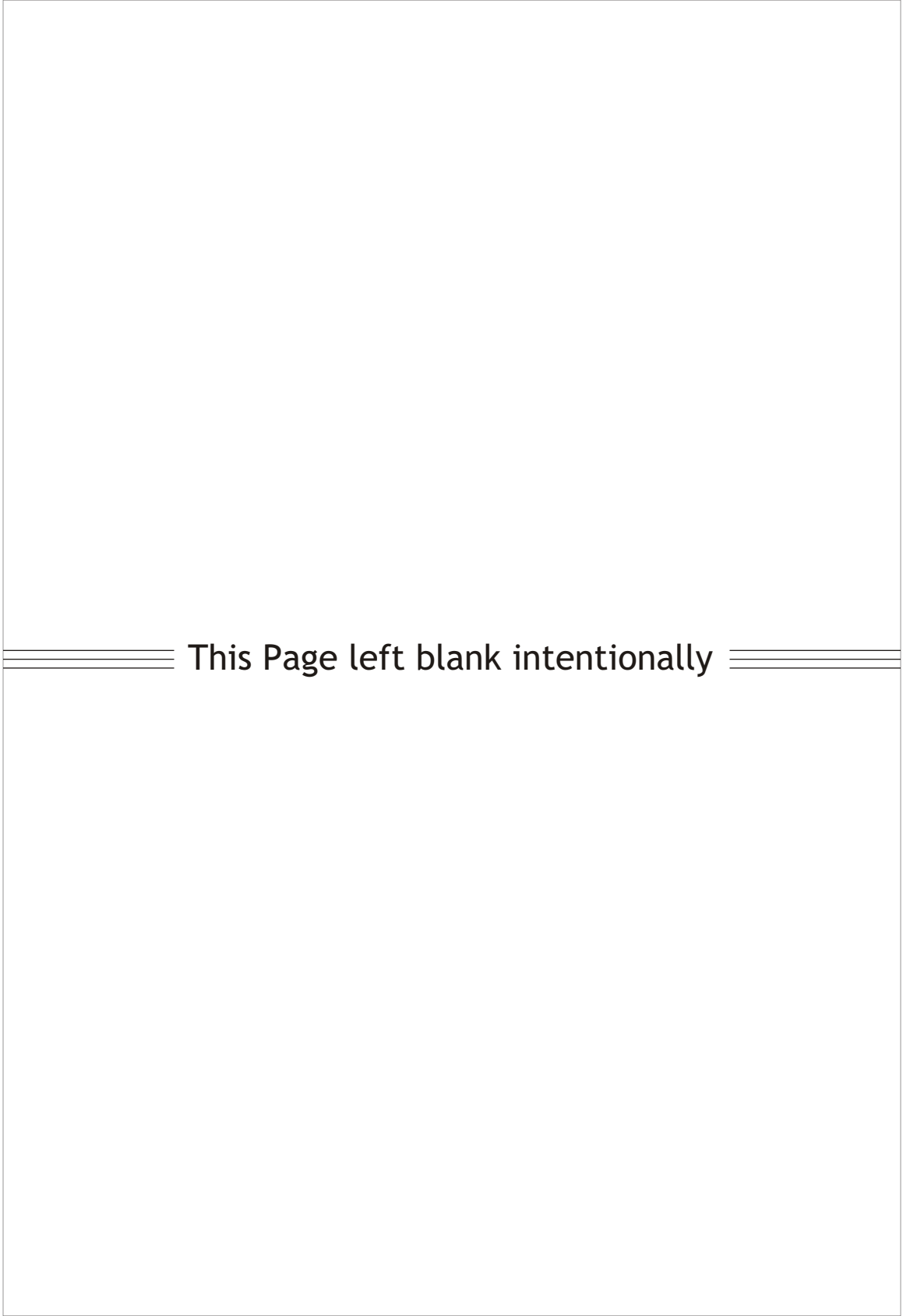
SHAIKH MUHAMMAD TANVEER  
Chief Executive



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