

**IDREES**

**TEXTILE MILLS LIMITED**

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



# BOOK POST

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**IDREES TEXTILE MILLS LIMITED**

6-C, Ismail Centre, 1st Floor, Central Commercial Area,  
Bahadurabad, Karachi - 74800 (Pakistan)

A MEMBER OF THE



**ALLAWALA**

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ALLAWALA GROUP



<b>BOARD OF DIRECTORS</b>	Mr. S.M. Idrees Allawala	- Chairman
	Mr. S. M. Mansoor Allawala	- CEO
	Mr. Kamran Idrees Allawala	- Director
	Mr. Naeem Idrees Allawala	- Director
	Mr. Omair Idrees Allawala	- Director
	Mr. Rizwan Idrees Allawala	- Director
	Mr. Muhammad Israil	- Director
<b>AUDIT COMMITTEE</b>	Mr. S. M. Mansoor Allawala	- Chairman
	Mr. Kamran Idrees Allawala	- Member
	Mr. Muhammad Israil	- Member
	Syed Shahid Sultan	- Secretary
<b>COMPANY SECRETARY</b>	Syed Shahid Sultan	
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Muhammad Jawaid	
<b>AUDITORS</b>	M/s. M. Yousuf Adil Saleem & Co. Chartered Accountants	
<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE</b>	Mr. Kamran Idrees Allawala	- Chairman
	Mr. S. M. Mansoor Allawala	- Member
	Mr. Muhammad Israil	- Member
<b>BANKERS</b>	National Bank of Pakistan Bank Alfalah Limited Habib Metropolitan Bank Ltd. Soneri Bank Limited United Bank Ltd. (UBL Ameen) Silk Bank Ltd. Meezan Bank Ltd. Bank of Punjab Ltd. Bank Islami Pakistan Ltd.	
<b>REGISTERED OFFICE</b>	6-C, Ismail Centre, 1st Floor, Central Commercial Area, Bahadurabad, Karachi - 74800.	
<b>SHARES REGISTRAR MILLS</b>	M/S. NI Associates (Pvt) Ltd. Kot Shah Mohammad, Tehsil Nankana, District Nankana, Punjab.	



### Introduction

We have reviewed the accompanying condensed interim balance sheet of **IDREES TEXTILE MILLS LIMITED** (the Company) as at December 31, 2013, and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof, for the half year then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarter ended December 31, 2013 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2013.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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

### Chartered Accountants

#### Engagement Partner:

Nadeem Yousuf Adil

February 27, 2014  
Karachi

**CONDENSED INTERIM BALANCE SHEET**  
as at December 31, 2013



	(Unaudited) December 31, 2013	(Audited) June 30, 2013		(Unaudited) December 31, 2013	(Audited) June 30, 2013
Note	.....Rupees.....		Note	.....Rupees.....	
<b>SHARE CAPITAL AND RESERVES</b>			<b>NON-CURRENT ASSETS</b>		
Authorized capital 22,000,000 Ordinary shares of Rs.10/- each	220,000,000	220,000,000	Property, plant and equipment	5 1,401,578,924	1,401,538,431
Issued, subscribed and paid up capital	180,480,000	180,480,000	Long-term deposits	28,521,982	25,408,822
Unappropriated profit	376,245,803	345,683,616			
	556,725,803	526,163,616			
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	547,881,540	556,089,638			
<b>NON-CURRENT LIABILITIES</b>			<b>CURRENT ASSETS</b>		
Long-term finance			Stores, spares and loose tools	64,049,391	50,093,996
From banking companies	—	9,428,523	Stock-in-trade	6 869,610,563	536,221,869
From related parties	100,330,001	100,330,001	Trade debts	393,902,934	400,983,572
	100,330,001	109,758,524	Loans and advances	64,126,397	28,461,246
Liabilities against assets subject to finance lease	65,726,464	69,847,896	Deposits and short term prepayments	1,769,141	1,853,434
Deferred liabilities	376,452,685	387,043,532	Other receivables	17,033,862	18,047,727
<b>CURRENT LIABILITIES</b>			Cash and bank balances	7 52,208,753	42,833,763
Trade and other payables	194,361,136	86,488,903		1,462,701,041	1,078,495,607
Interest / markup accrued	21,869,378	16,614,118			
Short term borrowings	922,061,961	650,885,939			
Current portion of long term finance	29,428,523	44,000,000			
Liabilities against assets subject to finance lease	49,031,071	41,134,951			
Provision for taxation	28,933,385	17,415,743			
	1,245,685,454	856,539,654			
<b>CONTINGENCIES AND COMMITMENTS</b>					
	4				
	2,892,801,947	2,505,442,860		2,892,801,947	2,505,442,860

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

Director

Chief Executive Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
For The Half Year Ended December 31, 2013



	Issued, subscribed and paid up capital	Unappropriated profit Rupees	Total
Balance at July 01, 2012	180,480,000	278,424,564	458,904,564
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	5,969,455	5,969,455
<b>Transactions with owners</b>			
Cash dividend for the year ended June 30, 2012 @ Re 1/- per share to minority shareholders	-	(5,462,726)	(5,462,726)
<b>Comprehensive income</b>			
Profit for the period ended December 31, 2012	-	26,310,022	26,310,022
Other comprehensive income - net of tax	-	-	-
	-	26,310,022	26,310,022
<b>Balance at December 31, 2012</b>	<b>180,480,000</b>	<b>305,241,315</b>	<b>485,721,315</b>
Balance at June 30, 2013	180,480,000	345,683,616	526,163,616
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	8,208,098	8,208,098
<b>Transactions with owners</b>			
Cash dividend for the year ended June 30, 2013 @ Re 1/- per share	-	(18,048,000)	(18,048,000)
<b>Comprehensive income</b>			
Profit for the period ended December 31, 2013	-	40,402,089	40,402,089
Other comprehensive income - net of tax	-	-	-
	-	40,402,089	40,402,089
<b>Balance at December 31, 2013</b>	<b>180,480,000</b>	<b>376,245,803</b>	<b>556,725,803</b>

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

Director

Chief Executive Officer

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)  
For The Half Year Ended December 31, 2013



	Half Year Ended		Quarter Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	(July - December)		(October - December)	
Note .....	Rupees .....			
Sales	1,433,820,460	1,059,495,893	728,139,972	591,253,968
Cost of goods sold	(1,312,595,169)	(962,710,735)	(660,942,450)	(532,997,591)
Gross profit	121,225,291	96,785,158	67,197,522	58,256,377
Other income/(loss)	10,139,813	3,067,806	2,267,312	(859,483)
	131,365,104	99,852,964	69,464,834	57,396,894
Distribution cost	9,769,260	3,454,786	5,314,165	2,811,369
Administrative expenses	34,087,131	16,512,693	17,424,630	8,770,909
Other operating expenses	2,904,232	2,912,238	1,543,577	2,657,406
Finance cost	48,392,658	39,329,253	27,235,221	20,865,062
	(95,153,281)	(62,208,970)	(51,517,593)	(35,104,746)
Profit before taxation	36,211,823	37,643,994	17,947,241	22,292,148
Taxation				
current - for the year	(14,238,516)	(10,561,939)	(9,503,988)	(4,834,417)
- prior year	2,720,872	-	2,720,872	-
deferred	15,707,910	(772,033)	15,707,910	(772,033)
	4,190,266	(11,333,972)	8,924,794	(5,606,450)
Profit for the period	40,402,089	26,310,022	26,872,035	16,685,698
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	40,402,089	26,310,022	26,872,035	16,685,698
Earnings per share - basic and diluted	2.24	1.46	1.49	0.92

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

Director

Chief Executive Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
For The Half Year Ended December 31, 2013



	Half Year Ended	
	December 31, 2013	December 31, 2012
	..... Rupees .....	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	36,211,823	37,643,994
Adjustments for :		
Depreciation on property, plant and equipment	43,830,954	38,416,443
Provision for staff retirement gratuity	6,118,163	4,476,000
Finance cost	48,392,658	39,329,253
Operating cashflow before movement of working capital	134,553,598	119,865,690
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(13,955,395)	(17,894,899)
Stock-in-trade	(333,388,694)	(278,513,058)
Trade debts	7,080,638	(66,717,406)
Loans and advances	(23,447,397)	(385,399)
Deposits and short term prepayments	84,293	(1,384,183)
Other receivables	1,013,865	(17,543,831)
Increase / (decrease) in current liabilities		
Trade and other payable	107,872,233	77,974,894
Cash used in operations	(120,186,859)	(184,598,192)
Finance cost paid	(43,137,398)	(39,708,748)
Gratuity paid	(1,001,100)	(954,500)
Income tax paid	(12,217,756)	(9,890,926)
Net cash used in operating activities	(176,543,113)	(235,152,366)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(18,172,395)	(15,450,921)
Long term deposits paid	(3,113,160)	(6,600,960)
Net cash used in investing activities	(21,285,555)	(22,051,881)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term finance	(24,000,000)	(24,037,500)
Repayment of liabilities against assets subject to finance lease	(21,924,364)	(11,459,110)
Dividend paid	(18,048,000)	(4,683,384)
Net cash used in financing activities	(63,972,364)	(40,179,994)
Net decrease in cash and cash equivalents (A+B+C)	(261,801,032)	(297,384,241)
Cash and cash equivalents at the beginning of the period	(608,052,176)	(282,522,778)
Cash and cash equivalents at the end of the period	(869,853,208)	(579,907,019)
<b>Cash and cash equivalents</b>		
Cash and bank balances	52,208,753	47,631,767
Running finance	(230,490,531)	(270,586,922)
Cash finance	(691,571,430)	(356,951,864)
	(869,853,208)	(579,907,019)

**NON CASH TRANSACTIONS**

During the period, the Company acquired property, plant and equipment with an aggregate cost of Rs. 25,699,052 (2012: Rs. 43,840,426) by means of finance leases.

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

Director

Chief Executive Officer





**1. THE COMPANY AND ITS OPERATIONS**

- 1.1 Idrees Textile Mills Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on June 05, 1990 under the Companies Ordinance, 1984. Subsequently, the Company was listed on Karachi and Lahore Stock Exchanges on April 28, 1992. The registered office of the Company is situated at 6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad, Karachi in the province of Sindh. The principal activity of the Company is manufacturing and sale of yarn. The Company's manufacturing facility is located at Kot Shah Muhammad, District Nankana, Punjab.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

This condensed interim financial information for the half year ended December 31, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

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

This condensed interim financial information is unaudited. However, a limited scope review has been carried out by external auditors of the Company in accordance with the requirements of the Code of Corporate Governance.

**3. ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS**

**3.1 Significant accounting policies**

The accounting policies and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual financial statements for the year ended June 30, 2013.

**3.1.1 Amendments in IAS 1 - 'Presentation of Financial Statements'**

IAS 1 - 'Presentation of Financial Statements' - the amendments to IAS 1 require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. Income tax on items of other comprehensive income is required to be allocated on the same basis.

There is no impact due to the effect of such change on this condensed interim financial information.

**3.1.2 Amendments to IAS 19 'Employee Benefits'**

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 01, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the balance sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Amendments to IAS 19 'Employee Benefits' are applicable to the Company from July 1, 2013, however, the Company has decided to apply the amendments in the annual financial statements for the year ending June 30, 2014 as the impact of application is considered immaterial.

**3.2 Accounting estimates, judgments and financial risk management**

The significant judgments made by the management in applying the Company's accounting policies, the key source of estimation and financial risk management policies in preparation of this condensed interim financial information are the same as those applied in the preparation of annual financial statements of the Company for the year ended June 30, 2013.



	(Unaudited) December 31, 2013	(Audited) June 30, 2013		
	..... Rupees .....			
<b>4. CONTINGENCIES AND COMMITMENTS</b>				
<b>4.1 Contingencies</b>				
(i) Letters of guarantee issued by banks on behalf of the Company	51,383,168	50,383,168		
(ii) As disclosed in note 12.2 of the annual financial statements for the year ended June 30, 2013, the outcome of the case on the levy of Gas Infrastructure Development Cess is still pending in Islamabad High Court. In case the outcome of the case comes against the Company, the power and fuel expense of the Company will increase by Rs. 11.6 million.				
	(Unaudited) December 31, 2013	(Audited) June 30, 2013		
	..... Rupees .....			
<b>4.2 Commitments</b>				
Letters of credits opened and outstanding for import of:				
- Raw material	68,056,762	63,730,645		
- Spare parts	6,933,023	1,134,701		
- Plant and machinery	62,952,538	69,571,888		
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>				
During the period following additions and disposals were made:				
	(Unaudited) Half year ended December 31, 2013	(Unaudited) Half year ended December 31, 2012		
	Additions	Disposals / transfer at carrying value	Additions	Disposals / transfer at carrying value
	..... Rupees .....			
<b>Operating fixed assets</b>				
Plant and machinery	19,864,792	-	58,182,124	-
Office equipment	343,391	-	428,591	-
Vehicles	23,497,864	-	680,632	-
Furniture and fixture	65,400	-	-	-
	43,771,447	-	59,291,347	-
<b>Capital work in progress</b>	100,000	-	-	-
	43,871,447	-	59,291,347	-
	(Unaudited) December 31, 2013	(Audited) June 30, 2013		
	..... Rupees .....			
<b>6. STOCK-IN-TRADE</b>				
Raw material - in hand		571,561,127	400,874,061	
Work in process		27,355,655	25,583,030	
Finished goods		261,697,838	100,038,536	
Waste		8,995,943	9,726,242	
		869,610,563	536,221,869	



**7. CASH AND BANK BALANCES**

This includes term deposit receipts amounting to Rs. 30,096,670 (June 30, 2013: Rs. 33,170,670) for a period of six months to one year carrying mark-up rate of 6% to 11% (June 30, 2013: 6% to 11%) per annum. The banks have a lien on these term deposit receipts on account of guarantees provided by such banks.

	(Unaudited) Half Year Ended		(Unaudited) Quarter Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	(July - December)		(October - December)	
	..... Rupees .....			

**8. COST OF GOODS SOLD**

Raw material consumed	1,019,052,362	658,108,698	523,384,318	360,797,260
Salaries, wages and benefits	81,175,984	77,639,628	42,090,989	40,575,729
Fuel and power	189,110,242	97,653,243	106,033,731	50,212,034
Stores and spares	45,124,997	40,344,583	25,269,876	17,985,281
Depreciation	39,528,757	37,496,865	18,976,795	18,756,930
Insurance	3,023,209	2,735,846	1,523,209	1,385,846
Repairs and maintenance	1,860,006	2,047,140	962,156	1,061,593
Fabric processing cost	6,245,962	-	6,245,962	-
Other manufacturing overheads	6,611,148	3,220,167	3,615,774	1,518,932
	1,391,732,667	919,246,170	728,102,810	492,293,605
Work-in-process				
Opening stock	25,583,030	21,622,605	25,876,720	31,539,052
Closing stock	(27,355,655)	(21,794,238)	(27,355,655)	(21,794,238)
	(1,772,625)	(171,633)	(1,478,935)	9,744,814
Cost of goods manufactured	1,389,960,042	919,074,537	726,623,875	502,038,419
Finished goods				
Opening stock	109,764,778	124,792,862	121,448,226	112,115,836
Purchases	83,564,130	-	83,564,130	-
Closing stock	(270,693,781)	(81,156,664)	(270,693,781)	(81,156,664)
	(77,364,873)	43,636,198	(65,681,425)	30,959,172
	1,312,595,169	962,710,735	660,942,450	532,997,591

**9. TRANSACTIONS WITH RELATED PARTIES**

The related party comprises of associated undertakings, directors, key management personnel and retirement benefit plan. The significant transactions with related parties during the period are as follows:

Relationship with the Company	Nature of Transactions	Half Year Ended	
		December 31, 2013	December 31, 2012
		(July - December)	
		..... Rupees .....	
Employee retirement contribution plan	Contribution made to provident fund	444,464	451,965
Key management personnel	Short-term employee benefit	3,660,000	1,320,000

The Chief Executive Officer, directors and some executives are provided with free use of Company maintained car.

**10. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on 27th February 2014 by the Board of Directors of the Company.

  
Director

  
Chief Executive Officer