



**Half Year
FINANCIAL STATEMENTS
December 31, 2013**



The National Silk & Rayon Mills Ltd.

Manufacturer & Exporter of Quality Textile Products

Company Information

Board of Directors

Executive Directors

Sh. Faisal Tauheed
Sh. Kashif Tauheed
Mrs. Samira Faisal
Mrs. Tahira Kashif

Non Executive Directors

Mr. Yasir Munir - Chairman
Mrs. Amna Kamran
Mrs. Sadia Kamran

Board Audit Committee

Mrs. Sadia Kamran - Chairman
Mrs. Amna Kamran
Mr. Yasir Munir

Board Human Resource and Remuneration Committee

Mrs. Amna Kamran - Chairman
Mr. Yasir Munir
Mrs. Sadia Kamran

Management Team

Sh. Faisal Tauheed - Chief Executive
Muhammad Islam Haider - Chief Financial Officer
Imran Zafar - Company Secretary

Auditors

Amin Mudassar and Company
Chartered Accountants
4th Floor, I.E.P. Building,
97-B/D-1, Gulberg III, Lahore-Pakistan.

Bankers

National Bank of Pakistan
The Bank of Punjab
Bank Alfalah Limited
Habib Metropolitan Bank Limited
Askari Bank Limited
Bank Al-Habib Limited
MCB Limited
Meezan Bank Limited

Registered Office

4th Floor, I.E.P. Building,
97-B/D-1, Gulberg III, Lahore-Pakistan.

Factory

Dhuddiwala, Jaranwala Road, Faisalabad-Pakistan.

Share Registrar

Orient Software & Management Services (Pvt) Ltd;
35-Z, Ameer Plaza, Opposite Mujahid Hospital,
Commercial Centre, Madina Town, Faisalabad.

Legal Advisor

Sahibzada Muhammad Arif
Advocate High Court,
Chamber No.52, District Courts, Faisalabad.

Directors Report

The directors of your company are pleased to present the Half Yearly Accounts for the period ended December 31, 2013:

Business Overview:

By the blessing of Allah Al Mighty, company earned profit of Rs. 7,368,339/- during the period. The sale of the company was Rs.292,578,522/-.

	SIX MONTHS ENDED JULY TO DECEMBER		QUARTER ENDED OCTOBER TO DECEMBER	
	2013	2012	2013	2012
Profit before taxation	7,368,339	6,656,527	3,590,918	3,292,049
Taxation :				
Current	2,934,519	1,183,907	1,680,956	518,077
Deferred	(1,741,893)	-	(3,252,591)	-
	1,192,626	1,183,907	(1,571,635)	518,077
Profit for the period	<u>6,175,713</u>	<u>5,472,620</u>	<u>5,162,553</u>	<u>2,773,972</u>
	-----R u p e e s-----			
Earning per share- Basic and Diluted	<u>5.56</u>	<u>4.93</u>	<u>4.65</u>	<u>2.50</u>

Future Prospects

Your company is continuing innovation of products and introduction of new products in accordance with the demand and need of the customers. Inshaallah, the things will improve in the foreseeable future.

The Management is trying their level best for improving the quality of processing of cloth and hopes that the refined quality would fetch better prices of our output. Consequently, the Company's Management anticipates better financial results in remaining period of the financial year.

Appreciation

We would like to thank all of our staff members for the way they have responded to challenges. Their hard work and commitment is greatly appreciated and is reflected in these results.

We are also thankful for the encouragement and support which we received from our suppliers, shareholders, bankers and financial institutions.

LAHORE:
February 28, 2014

Sh. Faisal Tauheed
Chief Executive

ADMIN, MUDASSAR & CO.
Chartered Accountants

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Main Boulevard, Gulberg-III, Lahore, Pakistan
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A MEMBER FIRM OF IAPA - A GLOBAL ASSOCIATION OF INDEPENDENT ACCOUNTING FIRMS AND GROUPS

Review Report

Auditors' Report to the Members on Review of
Interim Financial Information

We have reviewed the accompanying condensed interim balance sheet of **The National Silk & Rayon 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 "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. 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 quarters ended December 31, 2012 and December 31, 2012 have not been reviewed and we do not express conclusion on them 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 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

CHARTERED ACCOUNTANTS
AUDIT ENGAGEMENT PARTNER: MUHAMMAD AMIN

LAHORE:
February 28, 2014

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2013**

	December 31, 2013 (Unaudited) Rupees	June 30, 2013 (Audited) Rupees	Note	December 31, 2013 (Unaudited) Rupees	June 30, 2013 (Audited) Rupees
EQUITY AND LIABILITIES				ASSETS	
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS	
Authorised capital	204,000,000	14,000,000	4	Property, plant and equipment	336,867,814
Issued, subscribed and paid-up capital	11,109,410	11,109,410	5	Long term deposits	969,141
Unappropriated profit	24,034,228	18,969,456			331,780,182
	35,143,638	30,078,866			
SURPLUS ON REVALUATION OF FIXED ASSETS	176,329,091	176,329,091			
NON CURRENT LIABILITIES				CURRENT ASSETS	
Long term loans:				Stores, spares and loose tools	2,028,097
From related parties - Interest free and unsecured	156,371,707	145,421,707	6	Stock in trade	17,730,984
Deferred liabilities	12,196,918	14,041,632	7	Stock in transit	-
	168,568,625	159,463,339		Trade debis-unsecured but considered good	25,441,192
CURRENT LIABILITIES				Loans and advances	21,832,799
Trade and other payables	47,454,628	61,293,332		Trade deposits , short term prepayments and current account balances with statutory authorities	31,342,991
Accrued interest and mark up	825,926	948,214		Other receivables	10,815
Short term borrowings				Due from Government departments	26,016,431
- Running finance-secured	37,399,995	25,103,248		Cash and bank balances	3,481,639
	85,680,549	87,344,794			121,435,908
CONTINGENCIES AND COMMITMENTS			8	TOTAL ASSETS	465,721,903
TOTAL EQUITY AND LIABILITIES	465,721,903	453,216,090			453,216,090

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

CHIEF EXECUTIVE

DIRECTOR

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

	Note	SIX MONTHS ENDED JULY TO DECEMBER		QUARTER ENDED OCTOBER TO DECEMBER	
		2013	2012	2013	2012
		Rupees		Rupees	
Sales	10	292,578,522	236,781,317	167,475,900	103,615,312
Cost of sales		269,253,655	215,979,149	155,189,638	93,526,511
Gross profit		23,324,867	20,802,168	12,286,262	10,088,801
Distribution costs		124,050	12,904	25,050	(74,666)
Administrative expenses		14,350,561	12,591,491	7,564,855	6,269,231
Other operating expenses		735,364	-	536,552	(177,078)
		15,209,975	12,604,395	8,126,457	6,017,487
Other income	11	8,114,892	8,197,773	4,159,805	4,071,314
		873,407	957,007	319,717	524,327
		8,988,299	9,154,780	4,479,522	4,595,641
Finance costs		1,619,960	2,498,253	888,604	1,303,592
Profit before taxation		7,368,339	6,656,527	3,590,918	3,292,049
Taxation :					
Current		2,934,519	1,183,907	1,680,956	518,077
Deferred	7.1	(1,741,893)	-	(3,252,591)	-
		1,192,626	1,183,907	(1,571,635)	518,077
Profit for the period		6,175,713	5,472,620	5,162,553	2,773,972
Earning per share- Basic and Diluted		5.56	4.93	4.65	2.50

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

CHIEF EXECUTIVE

DIRECTOR

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

	SIX MONTHS ENDED JULY TO DECEMBER		QUARTER ENDED OCTOBER TO DECEMBER	
	2013	2012	2013	2012
	Rupees		Rupees	
Profit for the period	6,175,713	5,472,620	5,162,553	2,773,972
Other comprehensive income	-	-	-	-
Total comprehensive profit for the period	<u>6,175,713</u>	<u>5,472,620</u>	<u>5,162,553</u>	<u>2,773,972</u>

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

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

		SIX MONTHS ENDED JULY TO DECEMBER	
		2013	2012
	Note	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash Generated from Operations	A	(8,077,051)	3,680,064
Taxes Paid		(4,932,993)	(2,215,553)
Finance cost paid		(1,742,248)	(2,269,503)
Gratuity paid		(1,094,440)	(415,886)
		<u>(15,846,732)</u>	<u>(1,220,878)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(15,089,822)	(20,386,772)
Proceeds from sale of asset		1,200,000	-
Long term deposits		-	852,780
		<u>(13,889,822)</u>	<u>(19,533,992)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Short term loan		-	13,500,000
Dividend paid		(1,110,941)	-
Long term loans		10,950,000	-
Receipt / repayment of lease finance liabilities		-	(2,329,437)
		<u>9,839,059</u>	<u>11,170,563</u>
Net cash flow from operating activities		(19,897,495)	(9,584,307)
Cash and Cash Equivalents at the Beginning of the Period		<u>(14,020,861)</u>	<u>(27,794,925)</u>
Cash and Cash Equivalents at the End of the Period	B	<u><u>(33,918,356)</u></u>	<u><u>(37,379,232)</u></u>

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

CHIEF EXECUTIVE

DIRECTOR

**NOTES TO THE CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

	SIX MONTHS ENDED JULY TO DECEMBER	
	2013	2012
	Rupees	
A - CASH GENERATED FROM OPERATIONS		
Profit before taxation	7,368,339	6,656,527
Adjustment of non cash and other items:		
Provision for gratuity	991,619	1,246,875
Profit on disposal of fixed asset	(294,905)	-
Depreciation	8,127,954	7,695,247
Finance cost	1,619,960	2,498,253
	<u>10,444,628</u>	<u>11,440,375</u>
Cash Flow Before Working Capital Changes	17,812,967	18,096,902
EFFECT ON CASH FLOW OF WORKING CAPITAL CHANGES		
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(194,124)	(1,137,364)
Stocks in trade	2,312,162	(2,299,698)
Stocks in transit	1,732,705	-
Trade debts	5,211,348	(4,998,402)
Loan and advances	2,534,248	(1,287,418)
Trade deposit and short term prepayments	(9,900,763)	(1,726,388)
Due from Government Department	(13,746,360)	(1,535,129)
Other receivables	(530)	126
Increase/(Decrease) in current liabilities		
Trade and other payables	(13,838,704)	(1,432,565)
	<u>(25,890,018)</u>	<u>(14,416,838)</u>
	<u>(8,077,051)</u>	<u>3,680,064</u>
B - CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,481,639	2,671,894
Short term borrowings	(37,399,995)	(40,051,126)
	<u>(33,918,356)</u>	<u>(37,379,232)</u>

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

CHIEF EXECUTIVE

DIRECTOR

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

	SHARE CAPITAL	UNAPPROPRIATED PROFIT	TOTAL
	-----R u p e e s-----		
Balance as at June 30, 2012-Audited	11,109,410	11,137,796	22,247,206
Total comprehensive profit for half year ended December 31, 2012	-	5,472,620	5,472,620
Balance as at December 31, 2012-Unaudited	11,109,410	16,610,416	27,719,826
Total comprehensive profit for the period	-	2,359,040	2,359,040
Balance as at June 30, 2013-Audited	11,109,410	18,969,456	30,078,866
Total comprehensive profit for the half year ended December 31, 2013	-	6,175,713	6,175,713
Dividend paid		(1,110,941)	(1,110,941)
Balance as at December 31, 2013-Unaudited	<u>11,109,410</u>	<u>24,034,228</u>	<u>35,143,638</u>

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

CHIEF EXECUTIVE

DIRECTOR

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

1 THE COMPANY AND NATURE OF ITS BUSINESS

The Company is a Public Limited Company, incorporated under the Companies Ordinance 1984. The Company is quoted on Lahore & Karachi Stock Exchanges. The principal activity of the company is dyeing, bleaching, finishing and embroidery of textile materials. The registered office of the company is situated at 4th Floor, IEP Building, 97-B/D-I, Main Boulevard, Gulberg-III, Lahore.

2 BASIS OF PREPARATION

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" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the 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 of the information and disclosures required for full annual financial statement, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2013.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the financial statements for the year ended June 30, 2013.

3.1 New standards, amendments to approved accounting standards and new interpretations which became effective during the six months period ended December 31, 2013; and new standards, amendments to approved accounting standards and new interpretations that are not yet effective and have not been early adopted by the company.

There were certain new standards, amendments to the approved accounting standards and new interpretation issued by the international Financial Reporting Interpretations Committee (IFRIC) which became effective during the period but are considered not to be relevant or have any significant effect on the company's operations and are, therefore, not disclosed in these financial statements.

There are certain new amendments to the approved accounting standards that are mandatory for accounting periods beginning after July 1, 2013, but are considered not to be relevant or have any significant effect on the company's operations and are, therefore, not disclosed in these financial statements.

3.1.1 Estimates

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2013.

3.2 Taxation

3.2.1 Current

Company's export sales fall under final tax regime under Section 154 of the Income Tax Ordinance, 2001. Charge for the current taxation other than export is based on taxable income at the current rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances available, if any, or one percent of turnover, whichever is higher.

3.2.2 Deferred

Deferred tax asset / liability on the deductible / taxable temporary differences has been recognized at prevailing rate being the rate substantively enacted at the balance sheet date and is expected to apply to the periods when the asset is realized or the liability is settled.

	Note	December 31, 2013 Rupees (Unaudited)	June 30, 2013 Rupees (Audited)
4 AUTHORIZED SHARE CAPITAL			
20,000,000 A - Class Ordinary shares of Rs. 10/- each.		200,000,000	10,000,000
400,000 B - Class Ordinary shares of Rs. 10/- each.		4,000,000	4,000,000
		<u>204,000,000</u>	<u>14,000,000</u>
5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Issued for Cash			
609,034 A - Class Ordinary Shares of Rs. 10. each		6,090,340	6,090,340
320,100 B - Class Ordinary Shares of Rs. 10. each		3,201,000	3,201,000
		<u>9,291,340</u>	<u>9,291,340</u>
Issued as Bonus Shares			
181,807 Ordinary Shares of Rs. 10. each		1,818,070	1,818,070
		<u>11,109,410</u>	<u>11,109,410</u>

	Note	December 31, 2013 Rupees (Unaudited)	June 30, 2013 Rupees (Audited)
6 LONG TERM LOANS-Unsecured			
From related parties:			
Directors and associates	6.1	156,371,707	145,421,707
		<u>156,371,707</u>	<u>145,421,707</u>
6.1 LOAN FROM DIRECTORS AND ASSOCIATES			
Balance as at July 01,		145,421,707	125,921,707
Add: Received during the year		10,950,000	19,500,000
		<u>156,371,707</u>	<u>145,421,707</u>
Less: Repaid during the year		-	-
		<u>156,371,707</u>	<u>145,421,707</u>
6.2	This represents interest free loan obtained from the related parties. Terms of repayments have not yet been finalised. However, these loans are repayable after June 30, 2015.		
	Note	December 31, 2013 Rupees (Unaudited)	June 30, 2013 Rupees (Audited)
7 DEFERRED LIABILITIES			
Deferred taxation	7.1	3,381,500	5,123,393
Gratuity		8,815,418	8,918,239
		<u>12,196,918</u>	<u>14,041,632</u>
7.1 Deferred Taxation			
This is composed of the following:			
Deferred tax liability on taxable temporary differences arising in respect of:			
Accelerated tax depreciation		26,752,172	27,624,018
Deferred tax asset on deductible temporary differences arising in respect of:			
Deferred debits arising in respect of staff gratuity		(2,997,242)	(3,032,201)
Deferred debits arising on brought forward losses		(20,373,430)	(19,468,423)
		<u>(23,370,672)</u>	<u>(22,500,625)</u>
		<u>3,381,500</u>	<u>5,123,393</u>
Balance as at July 01,		5,123,393	-
Add: Charge / (Reversal) for the year		(1,741,893)	5,123,393
		<u>3,381,500</u>	<u>5,123,393</u>
8 CONTINGENCIES AND COMMITMENTS			
8.1 Contingencies			
- Sui Northern Gas Pipelines Limited (SNGPL) has raised a demand amounting Rs.39.805 million (June 2013:Rs. 39.805 million), which has been contested by the Company as unsubstantiated and unjustified.The Company has deposited Rs.8.543 million (June 2013:Rs.12.677 million) during the period/year with SNGPL under protest. SNGPL has constituted a Review Committee to examine and resolve the matter and bring the facts on record.The Company is hopeful that the decision of OGRA would be in favour of the Company.			
8.2 Commitments			
- Commitments in respect of letters of credit for capital expenditures were amounting to Rs.10.430 million (June 30, 2013: Rs.Nil)			
- Commitments in respect of letters of credits other than for capital expenditures were amounting Rs.43.612 million (June 30, 2013: Rs.33.866 million)			
Other than the above mentioned matter, there is no material change in the contingent liabilities of the company since the last annual balance sheet as at June 30, 2013.			

	Note	December 31, 2013 Rupees (Unaudited)	June 30, 2013 Rupees (Audited)
9 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	326,371,373	328,757,412
Capital work in progress	9.2	10,496,441	2,053,629
		<u>336,867,814</u>	<u>330,811,041</u>
9.1 OPERATING FIXED ASSETS			
Opening book value		328,757,412	324,912,958
Add: Additions during the period / year-cost		6,647,010	21,260,791
Less: Disposal during the period/ year-net book value		(905,095)	(954,580)
		<u>334,499,327</u>	<u>345,219,169</u>
Less: Depreciation charged for the period / year		8,127,954	16,461,757
		<u>326,371,373</u>	<u>328,757,412</u>
9.2 CAPITAL WORK IN PROGRESS			
Building		2,053,629	2,053,629
Plant and machinery		8,442,812	-
		<u>10,496,441</u>	<u>2,053,629</u>

10 SALES

	SIX MONTHS ENDED JULY TO DECEMBER		QUARTER ENDED OCTOBER TO DECEMBER	
	2013	2012	2013	2012
	Rupees		Rupees	
Processing receipts	292,578,522	236,781,317	167,475,900	103,615,312
	<u>292,578,522</u>	<u>236,781,317</u>	<u>167,475,900</u>	<u>103,615,312</u>
11 OTHER OPERATING INCOME				
Income from non financial assets				
Sale of scrap	567,687	947,525	314,042	517,240
Profit on disposal of fixed asset	294,905	-	-	-
Income from financial assets				
Profit on TDRs / Bank deposits	10,815	9,482	5,675	7,087
	<u>873,407</u>	<u>957,007</u>	<u>319,717</u>	<u>524,327</u>

12 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties have been disclosed in the relevant notes to the financial statements.

13 GENERAL

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

14 DATE OF AUTHORISATION

The condensed interim financial information was authorised for issued on February 28, 2014 by the Board of Directors of the Company .

15 FIGURES

- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. No significant rearrangements or reclassifications have been made in this condensed interim financial information.
- Figures in this condensed interim financial information have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE

DIRECTOR

The National Silk & Rayon Mills Ltd.



**Half Year
FINANCIAL STATEMENTS
December 31, 2013**

The National Silk & Rayon Mills Ltd.

Manufacturer & Exporter of Quality Textile Products

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Email: faisal@nationalsilk.com - www.nationalsilk.com