

| <i>Contents</i> | <i>Page</i> |
|--|--------------------|
| Company profile | 2 |
| Director's Report | 3-4 |
| Auditor's Review Report | 6 |
| Condensed Interim Balance Sheet | 7 |
| Condensed Interim Profit & Loss Account | 8 |
| Condensed Interim Cash Flow Statement | 9 |
| Condensed Interim Statement of Changes in Equity | 10 |
| Selected Notes to the Condensed Interim Financial Information | 11 |

COMPANY PROFILE

BOARD OF DIRECTORS

1. Mian Riaz Ahmed (Chairman)
2. Mr. Kashif Riaz (Chief Executive)
3. Mian Mohammad Ahmad
4. Mr. Shahzad Ahmad
5. Mr. Naveed Ahmad
6. Mr. Irfan Ahmed
7. Mr. Shahwaiz Ahmed
8. Mr. Shafqat Masood
9. Sheikh Nishat Ahmed

AUDIT COMMITTEE

1. Mr. Sheikh Nishat Ahmed (Chairman)
2. Mr. Naveed Ahmed (Member)
3. Mr. Shafqat Masood (Member)

HUMAN RESOURCES AND REMUNERATION COMMITTEE

1. Mian Mohammad Ahmad (Chairman)
2. Mr. Irfan Ahmed (Member)
3. Mr. Shahwaiz Ahmed (Member)

CHIEF FINANCIAL OFFICER

Mr. Shabbir Kausar

CHIEF INTERNAL AUDITOR

Mr. Imran Iftikhar

COMPANY SECRETARY

Mr. Ahmed Faheem Niazi

LEGAL ADVISOR

Mr. Yousuf Naseem
Advocates & Solicitors

REGISTERED OFFICE

5th floor, Office # 508, Beaumont Plaza,
Beaumont Road, Civil Lines Quarters, Karachi

SYMBOL OF THE COMPANY

SUTM

WEBSITE

<http://www.indus-group.com/web/download.htm>

REGISTRAR & SHARE TRANSFER OFFICE

JWAFFS REGISTRAR (PVT) LTD

407 -408, Al – Ameera Center,
Shahrah-e-Iraq, Saddar Karachi.

Tel. 35662023 – 24
Fax. 35221192

FACTORY LOCATION

Khanpur Shomali Bagga Sher M.M. Road Muzaffar Garh

BANKERS

Muslim Commercial Bank Limited
Allied Bank Limited
Soneri Bank Limited
United Bank Limited
Meezan Bank Limited
Habib Bank Limited

AUDITORS

Deloitte Yousuf Adil
Chartered Accountants .

DIRECTOR'S REPORT

The Directors of the Company have pleasure in submitting their Report together with the unaudited financial statements of the Company for the half year ended December 31, 2016 duly reviewed by external auditors. The cotton prices have been increased during the period due to lower cotton production and depressed international conditions. To overcome the effect of increased cotton prices and support the textile industry positively, the Government has offered incentives in the form of rebate of taxes on exports and withdrawal of duties on raw material and machinery. There is a marginal increase in yarn prices due to increased raw cotton prices also which can be seen from the results of current period.

FINANCIAL HIGHLIGHTS

| | Half Year Ended December 31 (Rs. In Million) | |
|------------------------|--|-----------|
| | 2016 | 2015 |
| Sales-net | 2,151.682 | 1,927.930 |
| Gross Profit | 161.688 | 132.946 |
| Other Income | 9.165 | 9.559 |
| Profit Before Taxation | 83.326 | 49.373 |
| Taxation | (26.858) | (7.077) |
| Profit After Taxation | 56.467 | 42.295 |

REVIEW OF OPERATIONS

There has been an increase of 11.61 % in sales during six months under review over the corresponding period; however gross profit has been increased by 21.62% which shows the effect of increased yarn prices. Due to better management and control over distribution and financial cost the net profit after tax has been increased by 33.51% over the corresponding period.

EARNING PER SHARE

The earnings per share for the half year ended December 31, 2016 is Rs. 8.18 as compared to Rs. 6.13 for the previous corresponding period.

FUTURE PROSPECTS

As the Pakistan's economy continues to grow on account of softer inflation and improved sentiments of investments planned under the umbrella of CPEC, will boost the economic performance and further boost the overall business environment. The positive trend of our operations clearly shows that cost reduction and efficiency improvement initiatives of the management along with other economic factors will take the Company to more profitable positions in the coming periods despite of various challenges.

ACKNOWLEDGEMENT

The Directors acknowledge the contribution of each and every employee of the Company. We would like to express our thanks to our customers for the trust they have shown in our products and the bankers for continued support to the Company. We are also grateful to our shareholders for their confidence in our management.

FOR AND ON BEHALF OF THE BOARD

Kashif Riaz

Kashif Riaz
CHIEF EXECUTIVE OFFICER

Dated February 28, 2017

سن ریز ٹیکسٹائل مل لمیٹڈ ڈائریکٹرز رپورٹ

ششماہی۔ ۳۱ دسمبر ۲۰۱۶

بورڈ آف ڈائریکٹرز اپنی رپورٹ اور اس کے ساتھ ششماہی ۳۱ دسمبر ۲۰۱۶ کے مالیاتی گوشوارے (غیر آڈٹ شدہ) اور بیرونی آڈیٹرز کے جائزہ لی ہوئی رپورٹ بخوشی پیش کرتے ہیں۔ اس مدت میں کمپاس کی پیداوار کم ہونے سے خام مال کی قیمت میں اضافہ ہو چکا ہے اور بین الاقوامی اقتصادی حالات بھی دباؤ کا شکار ہیں۔ خام مال کی بڑھتی ہوئی قیمتوں پر تاپا پانے اور ٹیکسٹائل کی صنعت کی مدد کے لیے حکومت نے دھاگہ کی برآمد پر ڈیوٹی ڈرایبک اور خام مال اور مشینری کی درآمد پر ڈیوٹی کی چھوٹ جیسے اقدامات کیے ہیں۔ دھاگہ کی قیمت میں معمولی اضافہ جو کہ خام مال کی قیمت میں اضافہ کی وجہ سے ہوا وہ بھی موجودہ مدت کے نتائج میں دیکھا جاسکتا ہے۔

| ششماہی۔ ۳۱ دسمبر ۰۰۰ روپے | | |
|---------------------------|-----------|-----------|
| تفصیل | 2016 | 2015 |
| فروختگی | 2,151.682 | 1,927.930 |
| خام منافع | 161.688 | 132.946 |
| دیگر آمدن | 9.165 | 9.559 |
| قبل از ٹیکس منافع | 83.326 | 49.373 |
| ٹیکس | (26.858) | (7.077) |
| بعد از ٹیکس منافع | 56.467 | 42.295 |

آپریٹنگل تجزیہ:

چھ ماہ جس کا جائزہ لیا جا رہا ہے اس کی فروختگی میں کچھلی اسی مدت کے مقابلہ میں 11.61 فیصد کا اضافہ ہوا ہے۔ تاہم خام منافع میں 21.62 فیصد اضافہ ہوا ہے جس میں دھاگہ کی قیمت میں اضافہ کا عنصر نظر آتا ہے۔ فروختگی پر اخراجات اور بینک کے اخراجات کو بہتر انداز سے سے کنٹرول کیا گیا۔ جس کی وجہ سے کچھلی اسی مدت کے مقابلہ میں بعد از ٹیکس منافع میں 33.51 فیصد کا اضافہ ہوا۔

فی حصص آمدن:

فی حصص آمدن ششماہی۔ ۳۱ دسمبر ۲۰۱۶ ختم ہونے پر 8.18 روپے ہے، جبکہ کچھلی اسی مدت میں یہ 6.13 روپے تھی۔

مستقبل کی صورت حال:

مختل افراد زراور C.P.E.C کی چھتری کے تحت سرمایہ کاری کے منصوبوں اور بہتر اقتصادی ماحول کی وجہ سے پاکستان کی معیشت بہتر ہو رہی ہے۔ ہماری مثبت کارکردگی کے رجحان، پیداواری لاگت میں کمی اور اقتصادی بہتری سے واضح طور پر دیکھا جاسکتا ہے کہ مختلف چیلنجوں کے باوجود آنے والے وقت میں منجھوت کچھلی کو زیادہ منافع بخش پوزیشن میں لائے گی۔
اعتماد رکھیں۔

ادارے کے ڈائریکٹرز تمام ملازمین کی کوششوں کا اعتراف کرتے ہیں۔ ہم اپنے ان تمام کامیابوں کا شکریہ ادا کرتے ہیں جنہوں نے ہماری مجموعیات پر اعتماد کیا اور وہ تمام بینکرز جنہوں نے تسلسل کے ساتھ ہماری معاونت کی۔ ہم اپنے تمام حصہ داروں کے شرکزار ہیں جنہوں نے انتظامیہ پر اپنے اعتماد کا اظہار کیا۔

بورڈ آف ڈائریکٹرز کی جانب سے

— Lasan ap

کاشف ریاض
چیف ایگزیکٹو آفیسر

28 فروری 2017

AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Sunrays Textile Mills Limited** (the Company) as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as the "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 the interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarter ended December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2016.

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 as of and for the six months period ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Deloitte Feroze & Aidi

Chartered Accountants

Engagement Partner:

Rana Muhammad Usman Khan


Dated: February 28, 2017
Lahore

CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2016

| | | (Unaudited) December 31, 2016 Rupees | (Audited) June 30, 2016 Rupees |
|---|------|---|---|
| ASSETS | Note | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 1,133,433,767 | 1,168,302,719 |
| Investment properties | | 2,342,055 | 2,342,055 |
| Long term deposits | | 6,991,200 | 6,991,200 |
| | | 1,142,767,022 | 1,177,635,974 |
| Current assets | | | |
| Stores and spares | | 80,039,459 | 79,020,372 |
| Stock in trade | 6 | 1,304,592,598 | 814,925,655 |
| Trade debts | | 163,886,926 | 189,475,357 |
| Loans and advances | | 59,651,653 | 64,035,100 |
| Trade deposits and short term prepayments | | 4,499,312 | 4,424,253 |
| Other receivables | | 384,078 | 1,863,296 |
| Other financial assets | | 1,034,790,989 | 1,030,912,888 |
| Sales tax refundable | | 50,704,492 | 41,091,320 |
| Income tax refundable | | 20,530,853 | 11,290,982 |
| Cash and bank balances | | 31,945,400 | 41,505,757 |
| | | 2,751,025,760 | 2,278,544,980 |
| Total assets | | 3,893,792,782 | 3,456,180,954 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorised capital | | 100,000,000 | 100,000,000 |
| Issued, subscribed and paid-up capital | | 69,000,000 | 69,000,000 |
| Share premium | | 3,600,000 | 3,600,000 |
| General reserves | | 1,250,000,000 | 750,000,000 |
| Unappropriated profits | | 726,649,492 | 1,226,977,066 |
| | | 2,049,249,492 | 2,049,577,066 |
| Surplus on revaluation of property, plant and equipment | | 322,093,298 | 344,954,213 |
| Non-current liabilities | | | |
| Deferred liabilities | | 75,253,031 | 62,492,986 |
| Current liabilities | | | |
| Trade and other payables | | 407,229,564 | 245,951,412 |
| Accrued markup | | 1,724,682 | 952,765 |
| Short term borrowings and running finance | 7 | 1,011,822,164 | 722,558,359 |
| Provision for taxation | | 26,420,551 | 29,694,153 |
| | | 1,447,196,961 | 999,156,689 |
| Total equity and liabilities | | 3,893,792,782 | 3,456,180,954 |
| Contingencies and commitments | 8 | | |

The annexed selected notes from 1 to 13 form an integral part of this condensed interim financial information.

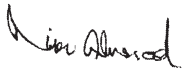

Mian Riaz Ahmed
CHAIRMAN



Kashif Riaz
CHIEF EXECUTIVE

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
For The Six Months Ended December 31, 2016

| | | Six months ended | Three months ended | | |
|--|---|------------------------------|--------------------------------|------------------------------|---------------|
| | | December 31, 2016 | December 31, 2015 | December 31, 2016 2015 | |
| Note | | ----- Rupees ----- | | | |
| Sales - net | | 2,151,682,863 | 1,927,930,161 | 1,151,794,867 | 999,925,341 |
| Cost of goods sold | 9 | (1,989,994,592) | (1,794,983,577) | (1,080,254,345) | (932,545,976) |
| Gross profit | | 161,688,271 | 132,946,584 | 71,540,522 | 67,379,365 |
| Profit on other operations | | 2,657,586 | 770,059 | (329,074) | (75,640) |
| | | 164,345,857 | 133,716,643 | 71,211,448 | 67,303,725 |
| Distribution cost | | (23,883,671) | (28,939,755) | (12,758,462) | (13,507,385) |
| Administrative expenses | | (54,718,166) | (52,450,576) | (28,050,204) | (26,288,059) |
| Other expenses | | (4,385,600) | (3,659,226) | (416,116) | (1,871,179) |
| Finance cost | | (7,197,077) | (8,853,559) | (3,294,537) | (4,939,815) |
| Other income | | 9,165,052 | 9,559,511 | 3,075,083 | 4,550,075 |
| | | (81,019,462) | (84,343,605) | (41,444,236) | (42,056,363) |
| Profit before taxation | | 83,326,395 | 49,373,038 | 29,767,212 | 25,247,362 |
| Taxation | | (26,858,435) | (7,077,123) | (13,716,571) | 6,624,705 |
| Profit for the period | | 56,467,960 | 42,295,915 | 16,050,641 | 31,872,067 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income | | 56,467,960 | 42,295,915 | 16,050,641 | 31,872,067 |
| Earnings per share - basic and diluted | | 8.18 | 6.13 | 2.33 | 4.62 |

The annexed selected notes from 1 to 13 form an integral part of this condensed interim financial information.



Mian Riaz Ahmed
CHAIRMAN



Kashif Riaz
CHIEF EXECUTIVE

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) **For The Six Months Ended December 31, 2016**

| | <i>.....Six months ended.....</i> | |
|---|-----------------------------------|---------------------|
| | <i>December 31,</i> | <i>December 31,</i> |
| | <i>2016</i> | <i>2015</i> |
| | <i>Rupees</i> | <i>Rupees</i> |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 83,326,395 | 49,373,038 |
| Adjustments for : | | |
| Depreciation on property, plant and equipment | 53,768,886 | 57,844,798 |
| Provision for staff retirement benefits - gratuity | 5,444,764 | 6,073,801 |
| Realized gain on disposal of other financial assets | (8,062,661) | - |
| Unrealized gain on re-measurement of other financial assets | (231,191) | - |
| Gain on disposal of property, plant and equipment | - | (66,208) |
| Finance cost | 7,197,077 | 8,853,559 |
| Operating cash flows before movements in working capital | 141,443,270 | 122,078,988 |
| Changes in working capital | | |
| <i>(Increase) / decrease in current assets</i> | | |
| Stores and spares | (1,019,087) | (3,289,132) |
| Stock in trade | (489,666,943) | (311,402,861) |
| Trade debts | 25,588,431 | 177,836,812 |
| Loans and advances | (8,094,813) | (11,505,746) |
| Trade deposits and short term prepayments | (75,059) | (171,790) |
| Sales tax refundable | (9,613,172) | 17,982,017 |
| Other receivables | 1,479,218 | 2,053,513 |
| <i>Increase in current liability</i> | | |
| Trade and other payables | 126,722,625 | 55,789,976 |
| | (354,678,800) | (72,707,211) |
| Cash (used in) / generated from operations | (213,235,530) | 49,371,777 |
| Finance cost paid | (6,425,160) | (9,133,270) |
| Staff retirement benefits - gratuity paid | (5,009,883) | (5,825,100) |
| Income Taxes paid | (25,224,933) | (13,731,006) |
| Net cash (used in) / generated from operating activities | (249,895,506) | 20,682,401 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Addition to property plant and equipment | (18,899,934) | (201,628,922) |
| Proceeds from disposal of property plant and equipment | - | 258,000 |
| Payments for purchase of other financial assets | (2,779,770,562) | (18,716,015) |
| Proceeds from disposal of other financial assets | 2,784,186,313 | 216,514,349 |
| Net cash used in investing activities | (14,484,183) | (3,572,588) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Short term borrowings - net | 289,263,805 | (25,833,150) |
| Dividend paid | (34,444,473) | (242,095) |
| Net cash generated from / (used in) financing activities | 254,819,332 | (26,075,245) |
| Net decrease in cash and cash equivalents (A+B+C) | (9,560,357) | (8,965,432) |
| Cash and cash equivalents at beginning of the period | 41,505,757 | 44,051,710 |
| Cash and cash equivalents at end of the period | 31,945,400 | 35,086,278 |

The annexed selected notes from 1 to 13 form an integral part of this condensed interim financial information.


Mian Riaz Ahmed
 CHAIRMAN


Kashif Riaz
 CHIEF EXECUTIVE

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For The Six Months Ended December 31, 2016

| | Issued, subscribed and paid-up capital | Capital reserve | Revenue reserves | | Total |
|---|--|------------------|----------------------|---------------------------|----------------------|
| | | Share Premium | General reserve | Unappropriated profits | |
|Rupees..... | | | | | |
| Balance as at July 01, 2015 - (audited) | 69,000,000 | 3,600,000 | 750,000,000 | 1,165,074,911 | 1,987,674,911 |
| Profit for the period | - | - | - | 42,295,915 | 42,295,915 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the six months period ended December 31, 2015 | - | - | - | 42,295,915 | 42,295,915 |
| Transferred to unappropriated profits on account of incremental depreciation on surplus on revaluation of property, plant and equipment | | | | | |
| Balance as at December 31, 2015 | 69,000,000 | 3,600,000 | 750,000,000 | 1,221,949,801 | 2,044,549,801 |
| Balance as at July 01, 2016 - (audited) | 69,000,000 | 3,600,000 | 750,000,000 | 1,226,977,066 | 2,049,577,066 |
| Profit for the period | - | - | - | 56,467,960 | 56,467,960 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the six months period ended December 31, 2016 | - | - | - | 56,467,960 | 56,467,960 |
| Unappropriated profits transferred to General reserves | - | - | 500,000,000 | (500,000,000) | - |
| Transactions with owners: | | | | | |
| Annual dividend for the year ended June 30, 2016 @ Rs. 5 per share | - | - | - | (34,500,000) | (34,500,000) |
| Interim dividend for the year ended June 30, 2017 @ Rs. 5 per share | - | - | - | (34,500,000) | (34,500,000) |
| Transferred to unappropriated profits on account of incremental depreciation on surplus on revaluation of property, plant and equipment | - | - | - | 12,204,466 | 12,204,466 |
| Balance as at December 31, 2016 | 69,000,000 | 3,600,000 | 1,250,000,000 | 726,649,492 | 2,049,249,492 |

The annexed selected notes from 1 to 13 form an integral part of this condensed interim financial information.


Mian Riaz Ahmed
CHAIRMAN


Kashif Riaz
CHIEF EXECUTIVE

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
For The Six Months Ended December 31, 2016

1. STATUS AND ACTIVITIES

- 1.1** Sunrays Textile Mills Limited (the Company) was incorporated in Pakistan on August 27, 1987 as a public limited company under the Companies Ordinance, 1984 and its shares are quoted on Pakistan Stock Exchange Limited (PSX). The Company is principally engaged in trade, manufacture and sale of yarn. The Company is also operating a ginning unit and an ice factory on leasing arrangements. The registered office of the Company is situated at Karachi. The mill is located at District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab.
- 1.2** This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

2. BASIS OF PREPARATION

- 2.1** This condensed interim financial information of the Company for the six months period ended December 31, 2016 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 and directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2** This condensed interim financial information does not include all information required for full annual financial statements and should be read in conjunction with annual audited financial statements for the year ended June 30, 2016. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2016 whereas comparative profit and loss account, comparative statement of changes in equity and comparative cash flow statement are extracted from unaudited condensed interim financial information for the six months period ended on December 31, 2015.
- 2.3** This condensed interim financial information is unaudited. However, a limited scope review of this condensed interim financial information has been performed by the external auditors of the Company in accordance with the requirements of 5.19.13(b) of Rule Book of Pakistan Stock Exchange Limited and they have issued their review report thereon. This condensed interim financial information is being submitted to the shareholders as required by section 245 of Companies Ordinance, 1984.

3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information and the significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual financial statements of the Company for the year ended June 30, 2016.

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets

| | <i>(Unaudited)</i> <i>December 31,</i> <i>2016</i> <i>Rupees</i> | <i>(Audited)</i> <i>June 30,</i> <i>2016</i> <i>Rupees</i> |
|-----|---|---|
| 4.1 | <u>1,133,433,767</u> | <u>1,168,302,719</u> |

4.1. Operating assets

| | | |
|---|----------------------|----------------------|
| Opening book value | 1,168,302,719 | 1,072,488,174 |
| Additions during the period / year - cost | | |
| Freehold land | - | 17,377,541 |
| Building on freehold land | - | 1,875,451 |
| Plant and machinery | 5,919,434 | 182,560,300 |
| Electric appliances | - | 126,000 |
| Vehicles | 12,980,500 | 14,020,258 |
| | 18,899,934 | 215,959,550 |
| Net book value of operating assets disposed off | | |
| - during the period / year | - | (3,286,186) |
| Depreciation charge for the period / year | (53,768,886) | (116,858,819) |
| Closing book value | <u>1,133,433,767</u> | <u>1,168,302,719</u> |

5. **FAIR VALUE MEASUREMENTS**

The Company follows the revaluation model for its Free hold land, Building on free hold land, Plant and machinery. The fair value measurement as at June 30, 2013 was performed by KG Traders (Private) Limited, independent valuer not related to the Company. KG Traders (Private) Limited is on panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value of these assets were determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization and other relevant factors. In the estimating the fair value of Free hold land, Building on free hold land, Plant and machinery the highest and best use of these assets is their current use. Other financial assets includes investments in quoted equity shares and units in mutual funds. The investment is re-measured at each reporting date at its fair value by using the prevailing market rates.

As at December 31, 2016

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|----------------------|----------------------|----------|----------------------|
| | <i>Rupees</i> | | | |
| Other financial assets | 1,034,790,989 | - | - | 1,034,790,989 |
| Free hold land | - | 148,624,541 | - | 148,624,541 |
| Building on free hold land | - | 150,858,168 | - | 150,858,168 |
| Plant and machinery | - | 749,529,245 | - | 749,529,245 |
| Total | 1,034,790,989 | 1,049,011,954 | - | 2,083,802,943 |

Comparative June 30, 2016

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|----------------------|----------------------|----------|----------------------|
| | <i>Rupees</i> | | | |
| Other financial assets | 1,030,912,888 | - | - | 1,030,912,888 |
| Free hold land | - | 148,624,541 | - | 148,624,541 |
| Building on free hold land | - | 158,798,072 | - | 158,798,072 |
| Plant and machinery | - | 782,799,096 | - | 782,799,096 |
| Total | 1,030,912,888 | 1,090,221,709 | - | 2,121,134,597 |

Fair value of other financial assets approximated their carrying value.

There were no transfers between levels of fair value hierarchy during the period.

6. **STOCK IN TRADE**

| | | |
|-------------------------|----------------------|--------------------|
| Raw material | 1,202,391,057 | 565,545,380 |
| Raw material in-transit | - | 157,123,502 |
| Work in process | 27,496,582 | 26,400,296 |
| Finished goods | | |
| -Spinning unit | 16,681,660 | 51,229,243 |
| -Ginning factory | 48,612,830 | 9,892,230 |
| | 65,294,490 | 61,121,473 |
| | 9,410,469 | 4,735,004 |
| Waste | 1,304,592,598 | 814,925,655 |

7. **SHORT-TERM BORROWINGS**

Secured - under mark-up arrangements

| | | |
|------------------|----------------------|--------------------|
| Running finances | 1,003,252,229 | 710,906,529 |
| Bank overdraft | 8,569,935 | 11,651,830 |
| | 1,011,822,164 | 722,558,359 |

7.1. Short term facilities available from commercial banks under mark up arrangements amounts to Rs. 5,830 million (June 30, 2016: Rs.5,830 million) of which facilities aggregating to Rs. 4,818 million (June 30, 2016: Rs.5,107 million) remained unutilized at the period end. The rate of mark up ranges from 7.20% to 7.25% per annum (June 30, 2016: 7.24% to 7.99% per annum) payable on quarterly basis. These finances are secured against pledge of raw material and finished goods, hypothecation of stores and spares and charge on current assets of the Company.

8. **CONTINGENCIES AND COMMITMENTS**

8.1. **Contingencies**

| | | | |
|--------------------------|-------|--------------------|--------------------|
| Bank guarantees | 8.1.1 | 71,550,728 | 62,723,545 |
| Foreign bills discounted | | 532,867,170 | 104,051,079 |
| | | 604,417,898 | 166,774,624 |

8.1.1. **Bank guarantees**

In favour of

| | Bank | | |
|------------------------------------|---------------------|------------|------------|
| Sui Northern Gas Pipelines Limited | MCB Bank Limited | 38,290,261 | 32,463,078 |
| Excise and taxation | Soneri Bank Limited | 23,985,915 | 23,985,915 |
| Excise and taxation | United Bank Limited | 9,000,000 | 6,000,000 |
| Collector of Customs and Excise | Habib Bank Limited | 274,552 | 274,552 |

8.2 **Commitments**

| | | | |
|------------------------------|--|--------------------|--------------------|
| Under letters of credit for: | | 71,550,728 | 62,723,545 |
| - Stores & spares | | 2,976,560 | 3,089,037 |
| - Raw material | | 586,456,409 | 166,632,884 |
| - Plant and machinery | | - | 16,416,641 |
| | | 589,432,969 | 186,138,562 |

9. **COST OF GOODS SOLD**

| | --- Six months period ended --- December 31, 2016 | | ---Three months period ended--- December 31, 2016 | |
|-------------------------------|--|---------------|--|--------------|
| | 2015 | 2015 | 2015 | 2015 |
| | Rupees..... | | | |
| Raw material consumed | 1,329,477,688 | 1,260,197,135 | 667,231,688 | 630,390,391 |
| Power & fuel | 188,724,487 | 164,980,899 | 96,957,487 | 88,330,239 |
| Salaries, wages & benefits | 108,585,494 | 87,995,722 | 70,289,494 | 38,043,964 |
| Packing material consumed | 30,769,286 | 30,889,629 | 16,266,286 | 15,380,737 |
| Stores & spares consumed | 27,781,965 | 22,874,716 | 14,303,965 | 9,378,439 |
| Repair and maintenance | 2,220,266 | 3,467,904 | 1,094,266 | 1,939,259 |
| Insurance | 3,000,000 | 3,000,000 | 1,500,000 | 1,500,000 |
| Depreciation | 48,801,390 | 54,146,516 | 24,425,390 | 27,095,220 |
| others | 259,444 | 371,010 | 122,444 | 170,406 |
| | 1,739,620,020 | 1,627,923,531 | 892,191,020 | 812,228,655 |
| Adjustment in work in process | (1,096,286) | (6,852,781) | (159,286) | 759,373 |
| Cost of goods manufactured | 1,738,523,734 | 1,621,070,750 | 892,031,734 | 812,988,028 |
| Opening finished goods | 55,964,247 | 54,322,612 | 55,805,000 | 112,253,933 |
| Purchase of finished goods | 221,598,740 | 186,047,200 | 158,509,740 | 73,761,000 |
| Closing finished goods | (26,092,129) | (66,456,985) | (26,092,129) | (66,456,985) |
| Adjustment in Finished goods | 251,470,858 | 173,912,827 | 188,222,611 | 119,557,948 |
| | 1,989,994,592 | 1,794,983,577 | 1,080,254,345 | 932,545,976 |

The above detail of finished goods does not include stock of ginning unit.

10. **RELATED PARTY TRANSACTIONS**

10.1 The related parties comprise associated undertakings, directors and key management personnel. The Company in normal course of business carries out transactions with related parties. Transactions with related parties are as follows:

| | ---Six months period ended--- December 31, 2016 | | ---Three months period ended--- December 31, 2016 | |
|---|--|------------|--|------------|
| | 2015 | 2015 | 2015 | 2015 |
| | Rupees..... | | | |
| Transactions with directors and key management personnel | | | | |
| Remuneration and other benefits of chief executive officer, | | | | |
| directors and executives | 14,476,967 | 16,672,692 | 7,251,585 | 8,336,346 |
| Transactions with associated undertakings | | | | |
| Sale of goods and services | 2,932,708 | 71,833,360 | 2,912,781 | 23,309,697 |
| Purchase of goods and services | 118,045,000 | - | 118,045,000 | - |

10.2 All transactions with related parties have been carried out on agreed terms and conditions.

11. **FINANCIAL RISK MANAGEMENT**

The company's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the annual financial statements of the Company as at and for the year ended June 30, 2016.


12. **DATE OF AUTHORIZATION OF ISSUE**

The condensed interim financial information is authorized for issue by the Board of Directors of the Company on February 28, 2017.

13. **FIGURES**

Figures have been rounded off to the nearest rupee except as stated otherwise.


Mian Riaz Ahmed
CHAIRMAN


Kashif Riaz
CHIEF EXECUTIVE