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## **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 Ahmed (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**

5<sup>th</sup> 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 un-audited financial statements of the Company for the half year ended December 31, 2017 duly reviewed by external auditors.

### **FINANCIAL HIGHLIGHTS**

	Half Year Ended December 31 (Rs. In Million)	
	2017	2016
Sales-net	2,198.491	2,151.682
Gross Profit	191.670	161.688
Other Income	13.107	9.165
Profit Before Taxation	43.037	83.326
Taxation	-	(26.858)
Profit After Taxation	43.037	56.467

### **REVIEW OF OPERATIONS**

Sale increased by 2.18 % during six months under review over the corresponding period. Gross profit increased by 18.54% which shows the effect of increased yarn prices. Pretax profit is decreased by 48.35% as compared to corresponding period because of increase in fiancé cost and decrease in other income (unrealizable loss on other financial assets has been accounted for in these accounts). Provision of duty draw back @2% on export of yarn is accounted for in these accounts. During the period an amount of Rs. 367.897(m) was invested in fixed assets as part of the Company's BMR plan by installing Ring frames and Auto coners. Long term facility and internal cash flow was used to finance this BMR plan.

### **EARNING PER SHARE**

The earnings per share for the half year ended December 31, 2017 is Rs. 6.24 as compared to Rs. 8.18 for the previous corresponding period.

### **FUTURE PROSPECTS**

It is difficult to compete in international market, at present, due to higher cost of productions. Some initiative is direly needed to make the textile industry sustainable, especially smooth supply of energy at affordable tariff and implementation of the textile package in true spirit. Pakistan Textile Exporters Association has stress ed for continuation of duty drawback incentive allowed under Prime Minister's package without any bar of 10% increase in exports. Political environment in the country is very un predictable these days. Such uncertainty causing much disturbance for business as a whole. Despite of all these obstacle yours management is putting their best efforts to maximize company's profit for remaining period of the financial year.

### **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, 2018

## سن ریز ٹیکسٹائل مل لمیٹڈ ڈائریکٹرز رپورٹ

ششماہی۔ ۳۱ دسمبر ۲۰۱۷

بورڈ آف ڈائریکٹرز اپنی رپورٹ اور اس کے ساتھ ششماہی ۳۱ دسمبر ۲۰۱۷ کے مالیاتی گوشوارے (غیر آڈٹ شدہ) اور ہر دینی آڈیٹرز کے جائزہ لی ہوئی رپورٹ، خوشی پیش کرتے ہیں۔

مالی اور آپریشنل نتائج:

ششماہی۔ ۳۱ دسمبر	000 روپے	
2017	2016	تفصیل
2,198.491	2,151.682	فروختگی
191.670	161.688	خام منافع
(13.107)	9.165	دیگر آمدن/(تقصان)
43.037	83.326	قبل از ٹیکس منافع
-	(26.858)	ٹیکس
43.037	56.467	بعد از ٹیکس منافع

آپریشنل تجزیہ:

چھ ماہ جس کا جائزہ لیا جا رہا ہے اس کی فروختگی میں پچھلی اسی مدت کے مقابلہ میں 2.18 فیصد کا اضافہ ہوا ہے۔ خام منافع میں 18.54 فیصد اضافہ ہوا ہے جس میں دھماکہ کی قیمت میں اضافہ کا عنصر نظر آتا ہے۔ پچھلی اسی مدت کے مقابلہ میں قبل از ٹیکس منافع میں 48.35 فیصد کی کمی ہوئی ہے جس کی وجہ بنیک اخراجات میں اضافہ ہے اور دیگر آمدنی میں کمی ہے جو کہ دیگر مالی اثاثوں پر ہوئی جس کا ان کاؤنٹس میں لیا گیا ہے۔ دو فیصد ڈیوٹی ڈرائیج جو کہ دھماکہ پر ملتی ہے اس کو بھی ان کاؤنٹس میں لیا گیا ہے۔ دوران مدت 367.897 ملین روپے مقررہ اثاثوں میں سرمایہ کاری کی گئی جس سے رنگ فریم اور آلگوزز لگائے گئے ہیں جو کہ کئی کے مجموعی BMR پلان کا حصہ ہے۔ اس مقصد کے لیے طویل مدت کے قرضے اور کھیتی کما رو دینی ذرائع سے وسائل مہیا کیے گئے ہیں۔

فی حصص آمدن:

فی حصص آمدن ششماہی۔ ۳۱ دسمبر ۲۰۱۷ ختم ہونے پر 6.24 روپے ہے، جبکہ پچھلی اسی مدت میں یہ 8.18 روپے تھی۔

مستقبل کی صورت حال:

اس وقت بین الاقوامی بازار میں مقابلہ کرنا مشکل ہے جسکی وجہ پیداوار کی زیادہ لاگت ہے۔ ٹیکسٹائل انڈسٹری کو پائیدار بنانے کے لیے کچھ بہن کی ضرورت ہے، خاص طور پر سستی قیمت میں توانائی کی فراہمی اور ٹیکسٹائل بیک کو صنعتی روح میں باہل بنایا جائے۔ پاکستان ٹیکسٹائل انکیسپوڑز ایسوسی ایشن نے وزیراعظم کے اس بیک کے برآمد میں 10% اضافے کے بغیر جاری رکھنے کے لیے زور دیا ہے۔ ملک میں سیاسی ماحول ان دنوں بہت غیر متوقع ہے۔ ایسی غیر یقینی صورتحال کا رد ہمارے لیے بہت زیادہ پریشانی کا باعث بنتی ہے۔ ان تمام رکاوٹوں کے باوجود آپ کی انتظامیہ مالی سال کی باقی مدت کے لیے کھیتی کے منافع کو زیادہ سے زیادہ کرنے کی بھرپور کوشش کر رہی ہے۔

اعظہار تشکر:-

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

بورڈ آف ڈائریکٹرز کی جانب سے

— احمد رضا

کاشف ریاض

چیف ایگزیکٹو آفیسر

28 فروری 2018

## 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, 2017, the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the accounts, for the half year 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 this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

### 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 person 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, 2017 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:**

Rana M. Usman Khan

Dated: February 28, 2018  
Multan

## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2017

		(Unaudited) December 31, 2017 Rupees	(Audited) June 30, 2017 Rupees
<b>ASSETS</b>	<b>Note</b>		
<b>Non-current assets</b>			
Property, plant and equipment	4	1,480,773,139	1,175,676,415
Investment properties		2,342,055	2,342,055
Long term deposits		6,991,200	6,991,200
		<b>1,490,106,394</b>	<b>1,185,009,670</b>
<b>Current assets</b>			
Stores and spares		95,871,368	83,378,821
Stock in trade	6	1,991,530,609	1,216,602,615
Trade debts		982,315,792	304,386,034
Loans and advances		106,692,378	78,666,800
Trade deposits and short term prepayments		7,020,819	5,545,992
Other receivables		59,013,940	37,021,397
Other financial assets		104,745,427	1,007,808,092
Sales tax refundable		48,955,748	59,325,251
Income tax refundable		24,878,184	31,821,835
Cash and bank balances		39,911,346	34,977,344
		<b>3,460,935,611</b>	<b>2,859,534,181</b>
<b>Total assets</b>		<b>4,951,042,005</b>	<b>4,044,543,851</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital		69,000,000	69,000,000
Reserves		753,600,000	753,600,000
Unappropriated profit		1,350,251,077	1,323,932,345
		<b>2,172,851,077</b>	<b>2,146,532,345</b>
<b>Surplus on revaluation of property, plant and equipment</b>		<b>296,357,760</b>	<b>308,166,730</b>
<b>Non-current liabilities</b>			
Long term borrowings	7	427,668,030	-
Deferred liabilities		92,926,832	89,440,484
		<b>520,594,862</b>	<b>89,440,484</b>
<b>Current liabilities</b>			
Trade and other payables		286,860,464	263,087,921
Accrued markup		21,981,223	6,044,777
Short term borrowings	8	1,652,396,619	1,190,489,549
Provision for taxation		-	40,782,045
		<b>1,961,238,306</b>	<b>1,500,404,292</b>
<b>Contingencies and commitments</b>	9		
<b>Total equity and liabilities</b>		<b>4,951,042,005</b>	<b>4,044,543,851</b>

The annexed selected notes from 1 to 16 form an integral part of this condensed interim financial information.

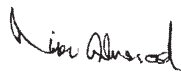
  
**Mian Riaz Ahmed**  
CHAIRMAN

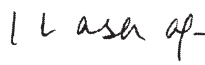
  
**Kashif Riaz**  
CHIEF EXECUTIVE

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**For The Six Months Ended December 31, 2017**

		...Half year ended...		...Three months ended...	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Note		----- Rupees -----			
		<b>2,198,491,768</b>	2,151,682,863	<b>1,132,951,859</b>	1,151,794,867
		<b>(2,006,821,291)</b>	(1,989,994,592)	<b>(1,014,651,766)</b>	(1,080,254,345)
		<b>191,670,477</b>	161,688,271	<b>118,300,093</b>	71,540,522
		<b>396,662</b>	2,657,586	<b>(260,108)</b>	(329,074)
		<b>192,067,139</b>	164,345,857	<b>118,039,985</b>	71,211,448
		<b>(28,700,998)</b>	(23,883,671)	<b>(15,472,829)</b>	(12,758,462)
		<b>(70,962,133)</b>	(54,718,166)	<b>(38,562,300)</b>	(28,050,204)
		<b>(2,265,127)</b>	(4,385,600)	<b>(1,067,505)</b>	(416,116)
		<b>(33,993,996)</b>	(7,197,077)	<b>(27,334,413)</b>	(3,294,537)
		<b>(13,107,476)</b>	9,165,052	<b>(15,320,341)</b>	3,075,083
		<b>(149,029,730)</b>	(81,019,462)	<b>(97,757,388)</b>	(41,444,236)
		<b>43,037,409</b>	83,326,395	<b>20,282,596</b>	29,767,212
		<b>-</b>	(26,858,435)	<b>-</b>	(13,716,571)
		<b>43,037,409</b>	56,467,960	<b>20,282,596</b>	16,050,641
		<b>-</b>	-	<b>-</b>	-
		<b>43,037,409</b>	56,467,960	<b>20,282,596</b>	16,050,641
		<b>6.24</b>	8.18	<b>2.94</b>	2.33

The annexed selected notes from 1 to 16 form an integral part of this condensed interim financial information.

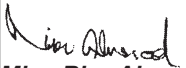
  
**Mian Riaz Ahmed**  
 CHAIRMAN

  
**Kashif Riaz**  
 CHIEF EXECUTIVE

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**For The Six Months Ended December 31, 2017**

	----- Half year ended -----	
	December 31, 2017	December 31, 2016
	Rupees	Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	43,037,409	83,326,395
Adjustments for:		
Depreciation on property, plant and equipment	56,408,795	53,768,886
Provision for staff retirement benefits - gratuity	8,693,664	5,444,764
Realized (gain)/loss on disposal of other financial assets	(2,463,751)	(8,062,661)
Unrealized loss/(gain) on re-measurement of other financial assets	17,844,256	(231,191)
Gain/loss on disposal of property, plant and equipment	(18,584)	-
Finance cost	33,993,996	7,197,077
	<b>114,458,376</b>	<b>58,116,875</b>
Operating cash flows before movements in working capital	157,495,785	141,443,270
<b>Changes in working capital</b>		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	(12,492,547)	(1,019,087)
Stock in trade	(774,927,994)	(489,666,943)
Trade debts	(677,929,758)	25,588,431
Loans and advances	(31,004,878)	(8,094,813)
Trade deposits and short term prepayments	(1,474,827)	(75,059)
Sales tax refundable	10,369,503	(9,613,172)
Other receivables	(21,992,543)	1,479,218
<i>Increase in current liability</i>		
Trade and other payables	25,517,776	126,722,625
	<b>(1,483,935,268)</b>	<b>(354,678,800)</b>
Cash (used in)/generated from operations	<b>(1,326,439,483)</b>	<b>(213,235,530)</b>
Finance cost paid	(18,057,550)	(6,425,160)
Staff retirement benefits - gratuity paid	(6,134,960)	(5,009,883)
Income Taxes paid	(30,859,095)	(25,224,933)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,381,491,088)</b>	<b>(249,895,506)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to property plant and equipment	(367,896,934)	(18,899,934)
Proceeds from disposal of property plant and equipment	6,410,000	-
Payments for purchase of other financial assets	(486,719,502)	(2,779,770,562)
Proceeds from disposal of other financial assets	1,374,401,659	2,784,186,313
<b>Net cash used in investing activities</b>	<b>526,195,223</b>	<b>(14,484,183)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term borrowings	427,668,030	-
Short term borrowings	461,907,070	289,263,805
Dividend paid	(29,345,233)	(34,444,473)
<b>Net cash generated from / (used in) financing activities</b>	<b>860,229,867</b>	<b>254,819,332</b>
Net decrease in cash and cash equivalents (A+B+C)	4,934,002	(9,560,357)
Cash and cash equivalents at beginning of the period	34,977,344	41,505,757
<b>Cash and cash equivalents at end of the period</b>	<b>39,911,346</b>	<b>31,945,400</b>

The annexed selected notes from 1 to 16 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, 2017**

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserves		Total
		Share Premium	General reserve	Unappropriated profits	
----- Rupees -----					
<b>Balance as at June 30, 2016 - Audited</b>	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
<b>Balance as at December 31, 2016 - Un-Audited</b>	69,000,000	3,600,000	1,250,000,000	726,649,492	2,049,249,492
<b>Balance as at July 01, 2017 - Audited</b>	69,000,000	3,600,000	750,000,000	1,323,932,344	2,146,532,344
Profit for the period	-	-	-	43,037,409	43,037,409
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the six months period ended December 31, 2017	-	-	-	43,037,409	43,037,409
Transactions with owners:					
Annual dividend for the year ended June 30, 2017 @ Rs. 4 per share	-	-	-	(27,600,000)	(27,600,000)
Transferred to unappropriated profits on account of incremental depreciation on surplus on revaluation of property, plant and equipment	-	-	-	10,881,324	10,881,324
<b>Balance as at December 31, 2017</b>	69,000,000	3,600,000	750,000,000	1,350,251,077	2,172,851,077

The annexed selected notes from 1 to 16 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, 2017**

**1. LEGAL STATUS AND OPERATIONS**

**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, 2017 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.

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan has notified through Circular No. 23 dated October 04, 2017 that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Institute of Chartered Accountants of Pakistan has published a circular No. 17/2017 dated October 6, 2017 stating that the said order of the Commission is also applicable for preparation of interim financial statements of the companies for the periods ending on or before December 31, 2017. Therefore, these financial statements have been prepared under the repealed

**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, 2017. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2017 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, 2016.

**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.

**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, 2017.

There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Company except for IFRS 9: 'Financial Instruments' (IFRS 9), which will replace IAS 39: 'Financial Instruments: Recognition and Measurement' (IAS 39) of financial assets and financial liabilities. The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 would be applicable for periods beginning on or after July 01, 2018; therefore, the requirements of IFRS 9 will be applicable on the Company. Management is currently in process of assessing impact of this

		<i>(Unaudited)</i> <i>December 31,</i> <i>2017</i>	<i>(Audited)</i> <i>June 30,</i> <i>2017</i>
		<i>Rupees</i>	<i>Rupees</i>
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	4.1	<b>1,480,648,844</b>	1,175,676,415
CWIP		<b>124,295</b>	-
		<b>1,480,773,139</b>	1,175,676,415
<b>4.1. Operating assets</b>			
Opening book value		<b>1,175,676,415</b>	1,168,302,719
Additions during the period / year - cost			
Plant and machinery		<b>364,753,975</b>	98,918,452
Furniture and fittings		<b>109,664</b>	13,044,000
Vehicles		<b>2,909,000</b>	-
Building on freehold land		-	723,188
Electric installations		-	8,369,954
Electric appliances		-	109,664
		<b>367,772,639</b>	121,165,258
Disposals during the period / year - cost		<b>(36,566,512)</b>	(5,687,200)
Depreciation charge for the period / year		<b>(56,408,795)</b>	(111,656,990)
Depreciation related to disposals		<b>30,175,097</b>	3,552,628
Closing book value		<b>1,480,648,844</b>	1,175,676,415

#### 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, 2017

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>Rupees</i>			
Other financial assets	104,745,427	-	-	104,745,427
Free hold land	-	147,499,541	-	147,499,541
Building on free hold land	-	136,442,205	-	136,442,205
Plant and machinery	-	1,115,871,743	-	1,115,871,743
Total	<b>104,745,427</b>	<b>1,399,813,489</b>	<b>-</b>	<b>1,504,558,916</b>

##### Comparative June 30, 2017

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>Rupees</i>			
Other financial assets	1,007,808,092	-	-	1,007,808,092
Free hold land	-	147,499,541	-	147,499,541
Building on free hold land	-	143,623,373	-	143,623,373
Plant and machinery	-	800,000,691	-	800,000,691
Total	<b>1,007,808,092</b>	<b>1,091,123,605</b>	<b>-</b>	<b>2,098,931,697</b>

Fair value of all other financial assets and liabilities approximated their carrying value.

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

		<i>(Unaudited)</i> <i>December 31,</i> <i>2017</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2017</i> <i>Rupees</i>
<b>6. STOCK IN TRADE</b>			
Raw material		1,508,207,515	998,909,641
Raw material in-transit		73,332,481	18,438,713
Work in process		34,510,753	26,495,665
Finished goods			
-Spinning unit		188,486,796	113,389,720
-Ginning factory		154,411,150	36,157,854
		342,897,946	149,547,574
Waste		32,581,914	23,211,022
		<b>1,991,530,609</b>	<b>1,216,602,615</b>
<b>7. LONG-TERM BORROWINGS</b>			
Demand Finance MCB	7.1	353,800,380	-
LTFF UBL	7.2	73,867,650	-
		<b>427,668,030</b>	<b>-</b>
<b>MCB-Demand Finance</b>			
7.1.	This finance has been obtained from MCB Bank (MCB) for BMR / expansion. The loan is repayable in 16 equal half yearly installments. It carries markup at "TPMR+5%". This finance is secured against first registered PP hypo / equitable mortgage charge of Rupees 600 million with margin of 25% over all installed or to be installed at the Company.		
7.2.	<b>UBL-LTFF</b>		
	This finance has been obtained from United Bank Limited (UBL) to acquire the fixed assets ("gas generator"). The loan is repayable in 10 equal half yearly installments. It carries markup at flat rate 3%. This finance is secured against first pari passu charge over all present and future fixed assets of the Company with 25% margin and personal guarantees of directors of the Company.		
		<i>(Unaudited)</i> <i>December 31,</i> <i>2017</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2017</i> <i>Rupees</i>
<b>8. SHORT-TERM BORROWINGS</b>			
<b>Secured - under mark-up arrangements</b>			
Running finances		1,389,274,600	828,930,117
Cash Finance		245,200,000	263,000,000
Bank overdraft		17,922,019	4,295,870
Foreign Currency		-	94,263,562
		<b>1,652,396,619</b>	<b>1,190,489,549</b>
8.1.	Short term facilities available from commercial banks under mark up arrangements amounts to Rs. 5,830 million (June 30, 2017: Rs. 5,830 million) of which facilities aggregating to Rs. 4,177 million (June 30, 2017: Rs. 4,640 million) remained unutilized at the period end. The rate of mark up ranges from 6.54% 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.		
<b>9. CONTINGENCIES AND COMMITMENTS</b>			
<b>9.1. Contingencies</b>			
Bank guarantees	9.1.1	90,911,728	82,911,728
Foreign bills purchased		108,228,601	276,567,458
In land bill purchased		26,076,279	1,270,411
		<b>225,216,608</b>	<b>360,749,597</b>
<b>9.1.1. Bank guarantees</b>			
<b>In favour of</b>		<b>Bank</b>	
Sui Northern Gas Pipelines Ltd.		MCB Bank Limited	41,651,261
Excise and taxation		Soneri Bank Limited	23,985,915
Excise and taxation		United Bank Limited	25,000,000
CCI & E		Habib Bank Limited	274,552
			<b>90,911,728</b>
<b>9.2. Commitments</b>			
<b>Under letters of credit for:</b>			
- Stores & spares		3,495,723	-
- Raw material		914,351,021	-
- Plant and machinery		82,957,875	342,767,487
		<b>1,000,804,619</b>	<b>342,767,487</b>

10. COST OF GOODS SOLD	----- Half year ended ----- December 31,		---Three months ended--- December 31,	
	2017	2016	2017	2016
	.....Rupees.....			
Raw material consumed	1,507,392,829	1,329,477,688	767,127,508	667,231,688
Power & fuel	193,460,752	188,724,487	100,041,345	96,957,487
Salaries, wages & benefits	118,073,414	108,585,494	59,129,025	70,289,494
Packing material consumed	27,394,298	30,769,286	13,740,400	16,266,286
Stores & spares consumed	32,627,021	27,781,965	18,758,452	14,303,965
Repair and maintenance	7,996,405	2,220,266	6,444,039	1,094,266
Insurance	3,000,000	3,000,000	1,500,000	1,500,000
Depreciation	51,814,427	48,801,390	27,273,251	24,425,390
others	356,201	259,444	178,982	122,444
	1,942,115,347	1,739,620,020	994,193,002	892,191,020
Adjustment in work in process	(8,015,088)	(1,096,286)	(3,291,993)	(159,286)
Cost of goods manufactured	1,934,100,259	1,738,523,734	990,901,009	892,031,734
Opening finished goods	136,600,742	55,964,247	169,306,967	55,805,000
Purchase of finished goods	157,189,000	221,598,740	75,512,500	158,509,740
Closing finished goods	(221,068,710)	(26,092,129)	(221,068,710)	(26,092,129)
Adjustment in Finished goods	72,721,032	251,470,858	23,750,757	188,222,611
	2,006,821,291	1,989,994,592	1,014,651,766	1,080,254,345

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

#### 11. RELATED PARTY TRANSACTIONS

11.1 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:

	----- Half year ended ----- December 31,		---Three months ended--- December 31,	
	2017	2016	2017	2016
	.....Rupees.....			
<b>Transactions with directors and key management personnel</b>				
Remuneration and other benefits of chief executive officer, directors and executives	22,383,655	14,476,967	11,191,828	7,251,585
<b>Transactions with associated undertakings</b>				
Sale of goods and services	33,155,254	2,932,708	5,600,655	2,912,781
Purchase of goods and services	-	118,045,000	-	118,045,000

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

#### 12. PROVISION FOR TAXATION

Provision for taxation has not been recorded due to adjustment of tax credit available under section 65B of the Income Tax Ordinance, 2001.

#### 13. 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, 2017.

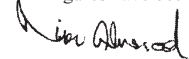
14. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES	(Audited) June 30,		(Unaudited) Cash Flow December 31,	
	2017		2017	
	.....Rupees.....			
Long term borrowings	-		427,668,030	427,668,030
Short term borrowings	1,190,489,549		461,907,070	1,652,396,619

#### 15. 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, 2018.

#### 16. FIGURES

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

  
**Mian Riaz Ahmed**  
CHAIRMAN

  
**Kashif Riaz**  
CHIEF EXECUTIVE