

Kohinoor Mills Limited



HALF YEARLY REPORT
31 December 2017

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Kohinoor Mills Limited

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Rashid Ahmed	Chairman
Mr. Aamir Fayyaz Sheikh	Chief Executive
Mr. Asad Fayyaz Sheikh	Director
Mr. Ali Fayyaz Sheikh	Director
Mr. Riaz Ahmed	Director
Mr. Aamir Amin	Director (NIT Nominee)
Mr. Shahbaz Munir	Director

AUDIT COMMITTEE

Mr. Riaz Ahmed	Chairman
Mr. Rashid Ahmed	Member
Mr. Shahbaz Munir	Member
Mr. Ali Fayyaz Sheikh	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Rashid Ahmed	Chairman
Mr. Asad Fayyaz Sheikh	Member
Mr. Shahbaz Munir	Member

CHIEF FINANCIAL OFFICER

Mr. Kamran Shahid

HEAD OF INTERNAL AUDIT

Mr. Jamal Asif

LEGAL ADVISORS

- Raja Mohammad Akram & Co.,
Advocate & Legal Consultants,
Lahore.
- Malik Muhammad Ashraf Kumma
Advocate

COMPANY SECRETARY

Mr. Muhammad Rizwan Khan

AUDITORS

M/s. Riaz Ahmad & Co.,
Chartered Accountants

BANKERS

Allied Bank Limited
Al-Baraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited (formerly NIB Bank Limited)
National Bank of Pakistan
Silk Bank Limited
Standard Chartered Bank (Pakistan) Ltd
The Bank of Punjab
United Bank Limited

REGISTERED OFFICE & MILLS

8th K.M. Manga Raiwind Road,
District Kasur, Pakistan
UAN: (92-42) 111-941-941
Cell Lines: (92-333) 4998801-6
Land Line: (92-42) 36369340
Fax (92-42) 36369340 Ext: 444
Email: info@kohinoormills.com
Website : www.kohinoormills.com

SHARES REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd,
HM House, 7 Bank Square, Lahore.
Land Lines: (92-42) 37235081 & 82
Fax: (92-42) 37358817

OTHER CORPORATE INFORMATION

Kohinoor Mills Limited is registered in Pakistan with Securities and Exchange Commission of Pakistan. The registration number of the Company is 0017194

Kohinoor Mills Limited is listed on Pakistan Stock Exchange Limited as a Public Limited Company and its shares are traded under textile composite sector. Shares trading symbol is KML

The National Tax Number of the Company is 0658184-6

Financial statements are available on website of the Company i.e., www.kohinoormills.com

DIRECTORS' REVIEW

The Directors of the Company are pleased to present the interim financial statements for the half-year ended 31 December 2017.

Operating & Financial Results

During the half-year ended 31 December 2017, your company earned a gross profit of Rs. 794 million on sales of Rs. 5,439 million compared to gross profit of Rs. 815 million on sales of Rs. 5,476 million for the corresponding period of previous financial year. During the period under review, your company recorded a net profit of Rs. 174 million (EPS: Rs. 3.43 per share), compared to net profit of Rs. 163 million (EPS: Rs. 3.19 per share) in the corresponding period.

Despite rising raw material prices, increasing competition from regional players and challenging demand situation in overseas markets and the resultant pressure on the profit margins, the Company was able to largely maintain its performance vis-a-vis last financial year.

Weaving Division

In line with the management's BMR plans, 84 new high-speed state-of-the-art air jet looms were installed in this division and made operational during the half-year under review. This resulted in higher turnover compared with the corresponding period last year but the bottom line remained under pressure due to higher raw material prices.

Dyeing Division

Sluggish demand in overseas market and raw material price-hike resulted in marginal decline in the performance of this division.

Under the management's BMR plan, installation of additional equipment, which would result in 20% increase in this division's production capacity, is underway and expected to be completed in third quarter of the current financial year. This will enable the company to better cater the demands of its customers and hence contribute to the overall performance of the Company.

Genertek Division

The recent rise in coal and HFO prices resulted in increase in fuel and power costs and remains a cause of concern, going forward.

Future Prospects

The current Government failed to deliver on several of its promises. Despite the announcement of Textile Relief Package, the Government was unable to reduce the trade deficit. While the Government announced and partially disbursed Duty Drawbacks for FY 2016-17, any concrete steps for disbursement of current year's Drawbacks are much awaited. This coupled with uncertain political and security situation, has added to the existing woes of the industry.

However, the management has kept its resolve for continuous performance improvement through better marketing, by winning customer confidence, product development and innovation, improved capacity utilization and better supply chain management to keep costs low. The management is hopeful for the further improvement in the performance of the Company in the long run.

Acknowledgment

The board places on record its profound gratitude for its valued shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have enabled the company to strive for constant improvement. During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation for the dedication, perseverance and diligence of the employees of the company.

For and on behalf of the Board

Kasur:
21 February 2018


RASHID AHMED
Director


AAMIR FAYYAZ SHEIKH
Chief Executive



Financial Statements

For the half year ended 31 December 2017

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of KOHINOOR MILLS LIMITED as at 31 December 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2017 and 31 December 2016 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2017.

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 condensed 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 condensed interim financial information as of and for the half year ended 31 December 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 21 February 2018
Lahore

CONDENSED INTERIM BALANCE SHEET

AS AT 31 DECEMBER 2017

	Note	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
80,000,000 (30 June 2017: 80,000,000) ordinary shares of Rupees 10 each		800,000,000	800,000,000
30,000,000 (30 June 2017: 30,000,000) preference shares of Rupees 10 each		300,000,000	300,000,000
		1,100,000,000	1,100,000,000
Issued, subscribed and paid-up share capital			
50,911,011 (30 June 2017: 50,911,011) ordinary shares of Rupees 10 each		509,110,110	509,110,110
Reserves		642,692,107	511,178,774
Total equity		1,151,802,217	1,020,288,884
Surplus on revaluation of operating fixed assets - net of deferred income tax		1,051,473,539	1,061,413,426
LIABILITIES			
Non-current liabilities			
Long term financing - secured	5	799,946,786	566,531,348
Deferred liabilities		260,741,979	241,726,596
		1,060,688,765	808,257,944
Current liabilities			
Trade and other payables		1,359,138,331	947,933,906
Accrued mark-up		42,319,003	35,603,152
Sponsor's loan		300,311,000	272,000,000
Short term borrowings - secured		2,455,707,994	2,132,770,001
Current portion of long term financing	5	221,310,271	160,576,164
Provision for taxation		53,633,561	99,325,921
		4,432,420,160	3,648,209,144
Total liabilities		5,493,108,925	4,456,467,088
Contingencies and commitments	6		
TOTAL EQUITY AND LIABILITIES		7,696,384,681	6,538,169,398

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


AAMIR FAYYAZ SHEIKH
 Chief Executive

	Note	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
ASSETS			
Non-current assets			
Fixed assets	7	4,094,944,465	3,602,681,364
Investment properties		21,970,701	22,163,203
Long term investments		53,192,307	49,118,229
Long term security deposits		22,032,757	21,818,487
		<u>4,192,140,230</u>	<u>3,695,781,283</u>
Current assets			
Stores, spares and loose tools		338,539,714	404,107,841
Stock-in-trade		1,155,746,385	909,069,104
Trade debts		1,145,709,867	642,491,874
Advances		98,158,370	58,529,249
Trade deposits and short term prepayments		24,881,725	15,408,976
Other receivables		499,701,327	486,589,317
Sales tax recoverable		149,011,312	256,826,002
Cash and bank balances		92,495,751	69,365,752
		<u>3,504,244,451</u>	<u>2,842,388,115</u>
TOTAL ASSETS		<u><u>7,696,384,681</u></u>	<u><u>6,538,169,398</u></u>


RASHID AHMED

Director


KAMRAN SHAHID

Chief Financial Officer

**CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT** (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Note	Half year ended		Quarter ended	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		Rupees	Rupees	Rupees	Rupees
REVENUE		5,439,334,115	5,475,714,135	2,686,875,456	2,908,960,874
COST OF SALES	8	(4,645,808,550)	(4,660,981,529)	(2,261,766,624)	(2,477,460,368)
GROSS PROFIT		793,525,565	814,732,606	425,108,832	431,500,506
DISTRIBUTION COST		(267,980,615)	(276,466,668)	(148,542,653)	(152,717,259)
ADMINISTRATIVE EXPENSES		(131,973,666)	(119,609,983)	(68,609,708)	(51,478,204)
OTHER EXPENSES		(63,815,207)	(71,623,004)	(38,496,373)	(53,854,917)
		(463,769,488)	(467,699,655)	(255,648,734)	(258,050,380)
		329,756,077	347,032,951	169,460,098	173,450,126
OTHER INCOME		32,481,282	23,366,488	22,182,310	17,355,403
PROFIT FROM OPERATIONS		362,237,359	370,399,439	191,642,408	190,805,529
FINANCE COST		(130,547,917)	(154,820,323)	(68,461,457)	(75,673,895)
PROFIT BEFORE TAXATION		231,689,442	215,579,116	123,180,951	115,131,634
TAXATION		(57,271,294)	(53,077,154)	(30,053,840)	(27,755,263)
PROFIT AFTER TAXATION		174,418,148	162,501,962	93,127,111	87,376,371
EARNINGS PER SHARE - BASIC AND DILUTED		3.43	3.19	1.83	1.72

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


AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director


KAMRAN SHAHID
Chief Financial Officer

**CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME** (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Half year ended		Quarter ended	
	31 December 2017 Rupees	31 December 2016 Rupees	31 December 2017 Rupees	31 December 2016 Rupees
PROFIT AFTER TAXATION	174,418,148	162,501,962	93,127,111	87,376,371
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Deficit arising on re-measurement of available for sale investment to fair value	4,074,078	-	4,074,078	-
Deferred income tax relating to re-measurement of available for sale investment to fair value	(916,668)	-	(916,668)	-
Other comprehensive income for the period - net of tax	3,157,410	-	3,157,410	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	177,575,558	162,501,962	96,284,521	87,376,371

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


AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director


KAMRAN SHAHID
Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	31 December 2017 Rupees	31 December 2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	231,689,442	215,579,116
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	97,838,467	103,157,387
Depreciation on investment properties	192,502	-
Dividend income	(1,609,167)	(1,609,167)
(Gain) / loss on sale of operating fixed assets	(1,974,344)	616,574
Provision for slow moving, obsolete and damaged store items	37,884,655	-
Provision against slow moving, obsolete and damaged store items reversed during the period	-	(2,955,416)
Impairment loss on investment in subsidiary company	-	2,386,844
Impairment loss on operating fixed assets	11,410,048	25,244,455
Provision for doubtful trade debts	-	21,499,865
Provision for doubtful miscellaneous receivable	-	423,827
Adjustment due to impact of IAS - 39	13,604,329	39,150,060
Finance cost	116,943,588	115,670,263
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL CHANGES	505,979,520	519,163,808
(Increase) / decrease in current assets		
Stores, spares and loose tools	27,683,472	48,773,490
Stock-in-trade	(246,677,281)	(246,666,030)
Trade debts	(503,217,993)	(181,905,667)
Advances	(39,629,121)	(6,406,773)
Trade deposits and short term prepayments	(9,472,749)	(8,881,893)
Other receivables	(67,319,177)	4,166,532
Sales tax recoverable	107,814,690	219,698,417
Increase in current liabilities		
Trade and other payables	405,297,548	92,704,802
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	(325,520,611)	(78,517,122)
CASH GENERATED FROM OPERATIONS	180,458,909	440,646,686
Income tax paid	(49,390,950)	(54,147,330)
Long term security deposits paid	(214,270)	-
Finance cost paid	(97,420,364)	(245,893,277)
	(147,025,584)	(300,040,607)
NET CASH GENERATED FROM OPERATING ACTIVITIES	33,433,325	140,606,079
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(610,062,776)	(44,041,802)
Proceeds from sale of operating fixed assets	10,525,504	12,525,654
Dividend received	1,609,167	1,609,167
NET CASH USED IN INVESTING ACTIVITIES	(597,928,105)	(29,906,981)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	387,700,000	-
Repayment of long term financing	(101,228,979)	(187,893,538)
Sponsor's loan obtained	28,311,000	-
Short term borrowings - net	322,937,993	121,494,035
Dividend paid	(50,095,235)	-
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	587,624,779	(66,399,503)
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,129,999	44,299,595
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	69,365,752	53,903,002
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	92,495,751	98,202,597

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


AAMIR FAYYAZ SHEIKH
Chief Executive


RASHID AHMED
Director


KAMRAN SHAHID
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	RESERVES							TOTAL EQUITY	
	SHARE CAPITAL		CAPITAL RESERVES		REVENUE RESERVES				
	Share premium reserve	Fair value reserve	Sub-total	General reserve	Accumulated loss	Sub-total	Total reserves		
Balance as at 30 June 2016 - (audited)	509,110,110	213,406,310	39,523,592	252,929,902	1,058,027,640	(952,717,428)	105,310,212	388,240,114	867,350,224
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax	-	-	-	-	10,463,037	-	10,463,037	10,463,037	10,463,037
Profit for the half year ended 31 December 2016	-	-	-	-	162,501,962	-	162,501,962	162,501,962	162,501,962
Other comprehensive loss for the half year ended 31 December 2016	-	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2016	-	-	-	-	162,501,962	-	162,501,962	162,501,962	162,501,962
Balance as at 31 December 2016 - (Un-audited)	509,110,110	213,406,310	39,523,592	252,929,902	1,058,027,640	(779,752,429)	278,275,211	531,205,113	1,040,315,223
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax	-	-	-	-	10,463,039	-	10,463,039	10,463,039	10,463,039
Loss for the half year ended 30 June 2017	-	-	-	-	-	-	-	-	-
Other comprehensive loss for the half year ended 30 June 2017	-	-	(2,002,697)	(2,002,697)	-	-	-	-	(2,002,697)
Total comprehensive loss for the half year ended 30 June 2017	-	-	(2,002,697)	(2,002,697)	-	-	-	-	(2,002,697)
Balance as at 30 June 2017 - (audited)	509,110,110	213,406,310	37,520,895	250,927,205	1,058,027,640	(797,776,071)	260,251,569	511,178,774	1,020,288,884
Transaction with owners - Final dividend for the year ended 30 June 2017 @ Rupees 1.10 per share	-	-	-	-	-	-	-	-	-
Transferred from surplus on revaluation of operating fixed assets in respect of incremental depreciation - net of deferred income tax	-	-	-	-	(56,002,112)	-	(56,002,112)	(56,002,112)	(56,002,112)
Profit for the half year ended 31 December 2017	-	-	-	-	-	-	9,939,887	9,939,887	9,939,887
Other comprehensive income for the half year ended 31 December 2017	-	-	3,157,410	3,157,410	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2017	-	-	3,157,410	3,157,410	-	-	-	-	-
Balance as at 31 December 2017 - (Un-audited)	509,110,110	213,406,310	40,678,305	254,084,615	1,002,025,528	(613,418,036)	388,607,492	642,682,107	1,151,802,217

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


A. F.

AAMIR FAYYAZ SHEIKH

Chief Executive


R. A.

RASHID AHMED

Director


K. S.

KAMRAN SHAHID

Chief Financial Officer

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2017

1. THE COMPANY AND ITS OPERATIONS

Kohinoor Mills Limited (“the Company”) is a public limited company incorporated on 21 December 1987 in Pakistan under the Companies Ordinance, 1984 (now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 8-K.M., Manga Raiwind Road, District Kasur. The Company is principally engaged in the business of textile manufacturing covering weaving, bleaching, dyeing, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber and to generate and supply electricity.

2. BASIS OF PREPARATION

As per the requirements of Circular No. 23 of 2017 dated 04 October 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) and clarification issued by the Institute of Chartered Accountants of Pakistan via Circular No. 17 of 2017, companies whose financial year, including quarterly and other interim periods, closes on or before 31 December 2017, shall prepare their financial statements, including interim financial information in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, this condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 ‘Interim Financial Reporting’ and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the audited annual financial statements of the Company for the year ended 30 June 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company’s accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company’s accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
5. LONG TERM FINANCING - SECURED		
Opening balance	727,107,512	898,610,110
Add: Obtained during the period / year	387,700,000	29,100,000
Add: Adjustment due to impact of IAS - 39 during the period / year	7,678,524	43,512,670
Less: Repaid during the period / year	101,228,979	244,115,268
	1,021,257,057	727,107,512
Less: Current portion shown under current liabilities	221,310,271	160,576,164
	799,946,786	566,531,348

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no significant change in the status of contingencies as reported in the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

6.2 Commitments

- (i) Aggregate commitments for capital and revenue expenditures are amounting to Rupees 16.789 million and Rupees 16.316 million (30 June 2017: Rupees 223.947 million and Rupees 56.075 million) respectively.
- (ii) Post dated cheques issued to suppliers are amounting to Rupees 129.186 million (30 June 2017: Rupees 128.590 million).

	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
7. FIXED ASSETS		
Property, plant and equipment		
Operating fixed assets (Note 7.1)	3,898,366,610	3,384,933,889
Capital work-in-progress (Note 7.2)	196,577,855	217,747,475
	4,094,944,465	3,602,681,364
Intangible asset - computer software (Note 7.3)	-	-
	4,094,944,465	3,602,681,364

	Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
7.1 Operating fixed assets		
Opening net book value	3,384,933,889	3,585,296,846
Add: Cost of additions during the period / year (Note 7.1.1)	631,232,396	77,992,523
	4,016,166,285	3,663,289,369
Less: Book value of deletions during the period / year (Note 7.1.2)	8,551,160	28,910,068
Depreciation charged during the period / year	97,838,467	206,773,141
Impairment loss	11,410,048	42,672,271
Closing net book value	3,898,366,610	3,384,933,889
7.1.1 Cost of additions		
Residential building	-	397,803
Factory building	1,341,145	7,108,925
Plant and machinery	612,364,387	47,384,874
Electric installations	5,801,833	5,647,758
Furniture, fixtures and equipment	6,213,271	399,175
Computers	1,215,000	578,146
Motor vehicles	4,296,760	16,475,842
	631,232,396	77,992,523
7.1.2 Book value of deletions		
Plant and machinery	6,223,228	11,194,608
Furniture, fixtures and equipment	-	167,873
Motor vehicles	2,327,932	17,547,587
	8,551,160	28,910,068
7.2 Capital work-in-progress		
Plant and machinery	184,936,285	88,507,834
Civil works	-	6,743,813
Advances for capital expenditures	3,595,870	22,861,952
Stores held for capital expenditures	8,045,700	99,633,876
	196,577,855	217,747,475
7.3 Intangible asset - computer software has been fully amortized but still in the use of the Company.		

	Half year ended		Un-audited Quarter ended	
	31 December 2017 Rupees	31 December 2016 Rupees	31 December 2017 Rupees	31 December 2016 Rupees
8. COST OF SALES				
Raw material consumed	3,363,726,967	3,616,430,108	1,604,490,037	1,939,141,659
Chemical consumed	395,290,663	409,182,990	195,470,190	206,413,155
Salaries, wages and other benefits	247,602,199	211,211,160	120,267,654	105,200,219
Employees' provident fund contributions	9,244,642	7,409,529	4,740,754	3,863,283
Cloth conversion and processing charges	49,837,877	40,527,583	43,182,304	20,064,951
Fuel, oil and power	450,770,870	400,482,833	242,147,672	220,109,161
Stores, spares and loose tools consumed	80,664,057	77,336,000	31,648,571	35,243,137
Packing material	41,239,990	37,215,356	21,288,923	19,828,837
Repair and maintenance	50,190,637	17,978,318	32,800,356	10,699,277
Insurance	4,064,483	4,042,409	2,065,681	2,052,145
Other manufacturing expenses	28,061,963	28,548,515	16,025,921	14,844,899
Depreciation on operating fixed assets	91,912,542	95,778,850	48,163,308	48,525,799
	4,812,606,890	4,946,143,651	2,362,291,371	2,625,986,522
Work-in-process inventory				
Opening stock	185,313,571	136,625,320	263,152,580	253,330,135
Closing stock	(243,077,667)	(313,468,367)	(243,077,667)	(313,468,367)
	(57,764,096)	(176,843,047)	20,074,913	(60,138,232)
Cost of goods manufactured	4,754,842,794	4,769,300,604	2,382,366,284	2,565,848,290
Cost of yarn and cloth purchased for resale	17,705,002	8,985,469	11,548,294	7,757,522
	4,772,547,796	4,778,286,073	2,393,914,578	2,573,605,812
Finished goods inventory				
Opening stock	535,748,906	472,334,811	530,340,198	493,493,911
Closing stock	(662,488,152)	(589,639,355)	(662,488,152)	(589,639,355)
	(126,739,246)	(117,304,544)	(132,147,954)	(96,145,444)
	4,645,808,550	4,660,981,529	2,261,766,624	2,477,460,368

9. SEGMENT INFORMATION

9.1 The Company has three reportable segments. The following summary describes the operation in each of the Company's reportable segments:

Weaving Production of different qualities of greige fabric using yarn.

Dyeing Processing of greige fabric for production of dyed fabric.

Power Generation Generation and distribution of power and steam using gas, oil and coal.

	Weaving		Dyeing		Power Generation		Elimination of inter-segment transactions		Total - Company	
	Half year ended	31 Dec 2016	Half year ended	31 Dec 2016	Half year ended	31 Dec 2016	Half year ended	31 Dec 2016	Half year ended	31 Dec 2016
Sales										
External Inter-segment	1,257,457,687	1,193,810,248	4,181,876,428	4,281,903,887	427,445,284	-	-	-	5,439,334,115	5,475,714,135
	1,266,310,845	660,186,050	30,583,641	26,547,399		374,012,222	(1,724,339,770)	(1,060,745,671)		
Cost of sales	2,523,768,532	1,853,996,295	4,212,460,069	4,308,451,286	427,445,284	374,012,222	(1,724,339,770)	(1,060,745,671)	5,439,334,115	5,475,714,135
	(2,379,475,623)	(1,728,820,892)	(3,551,179,790)	(3,619,201,445)	(439,492,907)	(373,704,863)	1,724,339,770	1,060,745,671	(4,645,808,550)	(4,660,981,529)
Gross profit	144,292,909	125,175,406	661,280,279	689,249,841	(12,047,623)	307,359	-	-	793,525,565	814,732,606
Distribution cost	(48,386,817)	(61,698,270)	(219,593,795)	(214,768,398)	-	-	-	-	(267,980,615)	(276,466,689)
Administrative expenses	(52,591,121)	(43,486,633)	(74,418,100)	(70,179,919)	(4,964,445)	(5,943,531)	-	-	(131,973,666)	(119,609,983)
Profit / (loss) before taxation and unallocated income and expenses	(100,977,938)	(105,184,803)	(294,011,889)	(284,948,317)	(4,964,445)	(5,943,531)	-	-	(399,954,281)	(396,076,651)
	43,314,971	19,980,603	367,268,381	404,301,524	(17,012,068)	(5,636,172)	-	-	393,571,284	418,655,955
Unallocated income and expenses:										
Finance cost									(130,547,917)	(154,820,323)
Other expenses									(63,615,207)	(71,623,004)
Other income									32,481,282	23,366,488
Taxation									(57,271,294)	(53,077,159)
Profit after taxation									174,418,148	162,501,962

9.3 Reconciliation of reportable segment assets and liabilities

	Weaving		Dyeing		Power Generation		Total - Company	
	Un-Audited 31 Dec 2017	Audited 30 Jun 2017	Un-Audited 31 Dec 2017	Audited 30 Jun 2017	Un-Audited 31 Dec 2017	Audited 30 Jun 2017	Un-Audited 31 Dec 2017	Audited 30 Jun 2017
Total assets for reportable segments	3,103,028,271	2,373,379,028	3,261,855,929	2,593,740,878	861,883,497	928,806,374	7,226,767,697	5,895,926,280
Unallocated assets								
Long term investments					53,192,307	49,118,229		
Unallocated assets					416,424,677	593,124,889		
Total assets as per balance sheet					7,696,384,681	6,538,169,398		
Total liabilities for reportable segments	742,195,146	425,764,578	403,719,997	331,963,213	144,282,391	120,938,118	1,290,197,534	878,665,909
Unallocated liabilities:								
Long term financing - secured							1,021,257,057	727,107,512
Sponsor's loan							300,311,000	272,000,000
Deferred liabilities							260,741,979	241,726,596
Accrued mark-up							42,319,003	35,603,152
Short term borrowings - secured							2,455,707,994	2,132,770,001
Provision for taxation							53,633,561	99,325,921
Unallocated liabilities							68,940,797	69,267,997
Total liabilities as per balance sheet							5,493,108,925	4,456,467,088

10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in this condensed interim financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 31 December 2017 - un-audited	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial asset				
Available for sale financial asset	-	-	53,192,307	53,192,307
Total financial asset	-	-	53,192,307	53,192,307

Recurring fair value measurements At 30 June 2017 - audited	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial asset				
Available for sale financial asset	-	-	49,118,229	49,118,229
Total financial asset	-	-	49,118,229	49,118,229

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation technique used to value financial instrument was discounted cash flow analysis.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the half year ended 31 December 2017:

	Unlisted equity security Rupees
Balance as on 30 June 2016 - audited	52,200,708
Less : Deficit recognized in other comprehensive income	3,082,479
Balance as on 30 June 2017 - audited	49,118,229
Add : Surplus recognized in other comprehensive income	4,074,078
Balance as on 31 December 2017 - un-audited	53,192,307

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value at		Un observable inputs	Range of inputs (probability-weighted average) 31 December 2017	Relationship of unobservable inputs to fair value
	Un-audited 31 December 2017	Audited 30 June 2017			
	Rupees	Rupees			
Available for sale financial asset:					
Security General Insurance Company Limited	53,192,307	49,118,229	Net premium revenue growth factor	6%	Increase / decrease in net premium revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +3.444 million / -3.064 million.
			Risk adjusted discount rate	17.49%	

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Valuation processes

Independent valuer performs the valuation of non-property item required for financial reporting purposes, including level 3 fair values. The independent valuer reports directly to the chief financial officer. Discussions of valuation processes and results are held between the chief financial officer and the valuation team at least once every six month, in line with the Company's half yearly reporting period.

The main level 3 inputs used by the Company are derived and evaluated as follows:

Discount rates for financial instruments are determined using a capital asset pricing model to calculate a rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the half yearly valuation discussion between the chief financial officer and the independent valuer. As part of this discussion the independent valuer presents a report that explains the reason for the fair value movements.

11. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made for non-financial assets that are recognized and measured at fair value in this condensed interim financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

At 31 December 2017 - un-audited	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Property, plant and equipment:				
- Freehold land	-	711,473,999	-	711,473,999
- Buildings	-	672,411,997	-	672,411,997
Total non-financial assets	-	1,383,885,996	-	1,383,885,996

At 30 June 2017 - audited	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Property, plant and equipment:				
- Freehold land	-	711,473,999	-	711,473,999
- Buildings	-	688,312,147	-	688,312,147
Total non-financial assets	-	1,399,786,146	-	1,399,786,146

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the half year ended 31 December 2017. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for the items of property, plant and equipment carried at revalued amounts every three years. The management updates the assessment of the fair value of each item of property, plant and equipment carried at revalued amount, taking into account the most recent independent valuations. The management determines the value of items of property, plant and equipment carried at revalued amounts within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's items of property, plant and equipment carried at revalued amounts at

the end of every three years. As at 30 June 2015, the fair values of the items of property, plant and equipment were determined by Messers Hamid Mukhtar and Company (Private) Limited, the approved valuer.

Changes in fair values are analysed between the chief financial officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

12. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with related parties. Detail of transactions with related parties are as follows:

	Half year ended		Un-audited Quarter ended	
	31 December 2017 Rupees	31 December 2016 Rupees	31 December 2017 Rupees	31 December 2016 Rupees
Subsidiary company (wound up on 18 April 2017)				
Expenses paid on behalf of subsidiary company	-	423,828	-	374,964
Other related parties				
Loan repaid to spouse of a director	-	10,300,000	-	10,300,000
Loan received from director	28,311,000	-	28,311,000	-
Remuneration to Chief Executive Officer, Directors and Executives	65,702,662	67,450,716	44,392,246	37,624,371
Contribution to employees' provident fund trust	12,698,788	10,360,614	6,452,159	5,393,710
			Un-audited 31 December 2017 Rupees	Audited 30 June 2017 Rupees
Period end Balances				
Sponsor's loan			300,311,000	272,000,000
Payable to / (receivable from) employees' provident fund trust			4,578,889	(490,361)

13. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

14. AUTHORIZED FOR ISSUE

This condensed interim financial information was authorized for issue on 21 February 2018 by the Board of Directors of the Company.

15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.



AAMIR FAYYAZ SHEIKH
Chief Executive



RASHID AHMED
Director



KAMRAN SHAHID
Chief Financial Officer



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