

# Half Yearly Accounts

December 31, 2017

(Un-audited)



**Mahmood Textile Mills Ltd.**









## Corporate Information

### Board of Directors:

Khawaja Muhammad Masood	Chairman
Khawaja Muhammad Iqbal	Chief Executive Officer
Khawaja Muhammad Ilyas	Director
Khawaja Muhammad Younus	Director
Khawaja Muhammad Muzaffar Iqbal	Director
Khawaja Hussam-ud-din Roomi	Director
Abdul Rehman Qureshi	Independent Director

### Company Secretary

Muhammad Amin Pal  
F.C.A.

### Auditors

Shinewing Hameed Chaudhri & Co  
Chartered Accountants  
H M House, 7-Bank Square,  
Lahore.

### Stock Exchange Listing

The Mahmood Textile Mills Limited is a listed Company and its shares are traded on Pakistan Stock Exchange in Pakistan.

### Bankers

MCB Bank Limited  
United Bank Limited  
Habib Bank Limited  
Allied Bank Limited  
Bank Al-Habib Limited  
Meezan Bank Limited  
National Bank of Pakistan Limited  
Bank Alfalah Limited

### Mills

Mahmoodabad, Multan Road, Muzaffargarh.  
Masoodabad, D.G. Khan Road, Muzaffargarh.  
Chowk Sarwar Shaheed, District Muzaffargarh.

### Registered Office

Mehr Manzil, Lohari Gate, Multan.  
Tel.: 061-111-181-181 Fax: 061-4511262  
E-mail: [info@mahmoodgroup.com](mailto:info@mahmoodgroup.com)

### Share Registrar

Hameed Majeed Associates (Pvt.) Ltd.  
H M House, 7-Bank Square, Lahore.

[www.mahmoodgroup.com](http://www.mahmoodgroup.com)

## Directors' Review

### IN THE NAME OF ALLAH THE MOST BENEFICENT & MOST MERCIFUL.

Your Directors are pleased to present half yearly accounts of the Company for the period ended December 31, 2017 duly reviewed by the Statutory Auditor of the Company. The Textile sector is still under severe pressure. However, By the Blessings of Almighty ALLAH, the Company during the half year after providing depreciation of Rs.162,556,679 earned a net profit of Rs.114,191,419 as compared to Rs. 454,960,652 earned during the corresponding period. The income in the current period has mainly decreased due to diminution in value of securities.

Future results of the industry depend on the market response at local and international level. The main Drawback to the Punjab Industry is due to high cost of Gas supplied to them as compare to other provinces. The matter has been taken by the APTMA at relevant forum but in vain. Thus, creating adverse impact on the competitiveness of our product in the region.

Regarding observation of the Auditor, it is stated that as per Company's policy, valuation of investment in the Associated Companies is not made on equity basis in any interim accounts due to non-availability of audited financial statement of the concerned Companies. However, this method of valuation is adopted in the Annual Audited Accounts of the Company to comply with the requirement of IAS 28.

The detail of production of yarn, fabrics and their local and export sale of reporting period is tabulated as under:

#### PRODUCTION:

Production of Yarn (Converted into 20 Count)	Kgs	19,887,187
Production of Cloth (Converted into 60 Picks)	Mtrs	11,458,527

#### SALES:

Sales Export (Net)	Rs.	6,898	(Million)
Sales Local (Net)	Rs.	1,618	(Million)
Total Sales (Net)	Rs.	8,516	(Million)

On Behalf of Board of Directors.

sd/-

**Khawaja Muhammad Masood**  
Chairman

Dated: February 24, 2018  
MULTAN

## ڈائریکٹرز رپورٹ

دھاگے اور کپڑے کی پیداوار اور فروخت کی معلومات درج ذیل ہیں۔

### پیداوار:

دھاگے کی پیداوار	19,887,187	کلوگرام
(20 کاؤنٹ میں تبدیل شدہ)		
کپڑے کی پیداوار	11,458,527	میٹر
(60 پکس میں تبدیل شدہ)		

### سیلز:

ایکسپورٹ سیلز (نیٹ)	6,898	ملین روپے
مقامی سیلز (نیٹ)	1,618	ملین روپے
ٹوٹل سیلز (نیٹ)	8,516	ملین روپے

محمود ٹیکسٹائل ملز لمیٹڈ (کمپنی) کے ڈائریکٹرز غیر آڈٹ شدہ ششماہی حسابات (31 دسمبر 2017ء) پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

ٹیکسٹائل کا شعبہ شدید مشکلات کا شکار ہے۔ لیکن اللہ تعالیٰ کے فضل و کرم سے کمپنی کا خالص منافع (بعد ازاں فرسودگی الاؤنس مبلغ 162,556,679 روپے) مبلغ 114,191,419 روپے رہا۔ گزشتہ سال خالص منافع 454,960,652 روپے تھا۔ منافع میں کمی کی وجہ حصص کی قیمتوں میں کمی ہے۔

مستقبل کے حالات کا انحصار مقامی اور غیر مقامی مارکیٹوں پر منحصر ہے۔ ایک اہم خرابی یہ ہے کہ پنجاب کی صنعت کو سپلائی کی گئی گیس کی قیمت دوسرے صوبوں کے مقابلے میں کافی زیادہ ہے۔ یہ معاملہ (APTMA) اپنانے متعلقہ وزارتوں کے سامنے پیش کیا ہے لیکن ہماری کوئی شنوائی نہیں ہوئی۔ اس وجہ سے ہماری مسابقتی کارکردگی بری طرح متاثر ہوئی ہے۔

آڈیٹرز نے منسلک کمپنیوں میں سرمایہ کاری کے طریقہ کار پر اعتراض کیا ہے جو کہ متعلقہ کمپنیوں کے آڈٹ شدہ حسابات کی عدم دستیابی کی وجہ سے ہے۔ تاہم سالانہ رپورٹس میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ 28 میں درج شدہ ہدایات کے مطابق تمام منسلک کمپنیوں کی معلومات دی جاتی ہیں۔

تاریخ: 24 فروری 2018ء  
ملتان  
خواجہ محمد مسعود  
چیئرمین

# Auditors' Report To The Members On Review Of Condensed Interim Financial Information

## Introduction

We have reviewed the accompanying condensed interim balance sheet of Mahmood Textile Mills Limited as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half-year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the 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 for the quarters ended December 31, 2017 and 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 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.

## Basis for Qualified Conclusion

Carrying values of investments in the Associated Companies as at December 31, 2017 have not been accounted for using the equity method as required by IAS 28 (Investments in Associates and Joint Ventures) as detailed in note 7.

## Qualified Conclusion

Based on our review, except for the matter referred to in the preceding paragraph and the extent to which this may affect the annexed condensed interim financial information, 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 December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Dated: February 24, 2018  
MULTAN

**SHINEWING HAMEED CHAUDHRI & CO.**  
**CHARTERED ACCOUNTANTS**  
Engagement Partner: Talat Javed



# Condensed Interim Balance Sheet

AS AT DECEMBER 31, 2017

	Note	Un-audited December 31, 2017 Rupees	Audited June 30, 2017 Rupees
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	6	3,609,764,929	3,196,769,425
Long term investments	7	1,493,608,135	1,493,608,135
Long term deposits		8,732,521	8,732,521
		5,112,105,585	4,699,110,081
<b>Current Assets</b>			
Stores, spares and loose tools		231,667,433	204,663,062
Stock-in-trade	8	5,082,510,645	3,336,305,119
Trade debts		1,612,003,743	2,212,371,269
Loans and advances	9	1,295,609,559	724,539,984
Prepayments and other receivables	10	377,816,174	224,306,051
Short term investments	11	2,825,821,105	2,610,300,592
Tax refunds due from the Government		321,348,373	343,883,725
Cash and bank balances		65,093,245	13,360,633
		11,811,870,277	9,669,730,435
<b>Total Assets</b>		<b>16,923,975,862</b>	<b>14,368,840,516</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
<b>Authorized capital</b>			
30,000,000 (June 30, 2017: 30,000,000)			
ordinary shares of Rs. 10 each		300,000,000	300,000,000
<b>Issued, subscribed and paid-up capital</b>			
		150,000,000	150,000,000
<b>Capital reserve</b>			
		7,120,600	7,120,600
<b>Unappropriated profit</b>			
		4,604,949,191	4,625,757,772
		4,762,069,791	4,782,878,372
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Long term financing	12	933,203,783	861,483,915
<b>Current Liabilities</b>			
Trade and other payables	13	1,033,456,163	1,137,757,830
Accrued mark-up		142,771,257	116,961,357
Short term borrowings	14	9,696,308,722	7,029,862,459
Current maturity of long term financing	12	255,766,146	282,896,583
Taxation		100,400,000	157,000,000
		11,228,702,288	8,724,478,229
<b>Total liabilities</b>		<b>12,161,906,071</b>	<b>9,585,962,144</b>
<b>Total Equity and Liabilities</b>		<b>16,923,975,862</b>	<b>14,368,840,516</b>
Contingencies and Commitments	15		

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

sd/-  
Chairman

sd/-  
Chief Executive Officer

sd/-  
Director

sd/-  
Chief Financial Officer

## Condensed Interim Profit & Loss Account (un-audited)

FOR THE QUARTER AND HALF-YEAR ENDED DECEMBER 31, 2017

	Note	Quarter ended		Half year ended	
		Oct. - Dec. 2017	Oct. - Dec. 2016	July - Dec. 2017	July - Dec. 2016
----- Rupees -----					
Sales - net		4,221,723,048	3,973,499,099	8,515,977,571	7,552,658,473
Cost Of Sales		(3,904,393,325)	(3,726,932,313)	(7,935,086,272)	(6,960,291,147)
Gross Profit		317,329,723	246,566,786	580,891,299	592,367,326
Distribution Cost		(117,648,920)	(100,559,476)	(215,683,683)	(194,876,717)
Administrative Expenses		(73,152,082)	(67,451,656)	(148,298,952)	(139,192,629)
Other Expenses		(103,564,450)	(2,376,891)	(104,536,191)	(2,376,891)
Other Income	16	279,663,161	443,387,782	412,610,177	453,754,075
		(14,702,291)	272,999,759	(55,908,649)	117,307,838
Profit from Operations		302,627,432	519,566,545	524,982,650	709,675,164
Finance Cost	17	(168,613,028)	(101,386,061)	(310,818,185)	(185,301,789)
Profit before Taxation		134,014,404	418,180,484	214,164,465	524,373,375
<b>TAXATION</b>					
- Current - net		(52,200,000)	(40,065,558)	(100,400,000)	(76,465,558)
- Prior years		426,954	7,052,835	426,954	7,052,835
		(51,773,046)	(33,012,723)	(99,973,046)	(69,412,723)
Profit After Taxation		82,241,358	385,167,761	114,191,419	454,960,652
Other Comprehensive Income		0	0	0	0
Total Comprehensive Income		82,241,358	385,167,761	114,191,419	454,960,652
Earnings Per Share		5.48	25.68	7.61	30.33

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

sd/-  
Chairman

sd/-  
Chief Executive Officer

sd/-  
Director

sd/-  
Chief Financial Officer

# Condensed Interim Cash Flow Statement (un-audited)

FOR THE HALF-YEAR ENDED DECEMBER 31, 2017

	Half year ended	
	December 31, 2017 Rupees	December 31, 2016 Rupees
<b>Cash flow from operating activities</b>		
Profit for the period - before taxation	214,164,465	524,373,375
Adjustments for non-cash charges and other items:		
Depreciation	162,556,679	151,510,073
Loss on disposal of operating fixed assets - net	829,715	1,574,735
Loss / (Gain) on re-measurement of short term investments	98,955,062	(276,380,056)
Gain on sale of short term investments	(63,605,631)	(61,172,008)
Return on bank deposits	-	(10,875)
Dividend income	(172,754,900)	(112,689,000)
Finance cost	310,818,185	185,301,789
<b>Profit before working capital changes</b>	<b>550,963,575</b>	<b>412,508,033</b>
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(27,004,371)	(51,326,364)
Stock-in-trade	(1,746,205,526)	(1,923,608,174)
Trade debts	600,367,526	(612,931,972)
Loans and advances	(571,069,575)	(526,028,901)
Prepayments and other receivables	(153,510,123)	(30,064,389)
Sales tax refundable	(40,631,951)	(50,315,747)
<b>(Decrease) / increase in trade and other payables</b>	<b>(104,956,334)</b>	<b>25,578,402</b>
	<b>(2,043,010,354)</b>	<b>(3,168,697,145)</b>
<b>Cash used in operations</b>	<b>(1,492,046,779)</b>	<b>(2,756,189,112)</b>
Income tax paid	(93,405,743)	(66,626,533)
<b>Net cash used in operating activities</b>	<b>(1,585,452,522)</b>	<b>(2,822,815,645)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(577,817,825)	(351,890,998)
Sale proceeds / insurance claims of operating fixed assets	1,435,927	6,295,502
Short term investments - net	(250,869,944)	(961,711,763)
Dividend received	172,754,900	112,689,000
Return on bank deposits	-	10,875
<b>Net cash used in investing activities</b>	<b>(654,496,942)</b>	<b>(1,194,607,384)</b>
<b>Cash flow from financing activities</b>		
Long term financing - net	44,589,431	157,703,029
Short term borrowings - net	2,666,446,263	4,033,230,280
Finance cost paid	(285,008,285)	(168,849,203)
Dividend paid	(134,345,333)	(13,142)
<b>Net cash generated from financing activities</b>	<b>2,291,682,076</b>	<b>4,022,070,964</b>
<b>Net increase in cash and cash equivalents</b>	<b>51,732,612</b>	<b>4,647,935</b>
<b>Cash and cash equivalents - At beginning of the period</b>	<b>13,360,633</b>	<b>24,977,265</b>
<b>Cash and cash equivalents - At end of the period</b>	<b>65,093,245</b>	<b>29,625,200</b>

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

sd/-  
Chairman

sd/-  
Chief Executive Officer

sd/-  
Director

sd/-  
Chief Financial Officer

## Condensed Interim Statement Of Changes In Equity (un-audited)

FOR THE HALF-YEAR ENDED DECEMBER 31, 2017

	Share capital	Capital reserve	Unappropriated profit	Total
	----- Rupees -----			
Balance as at June 30, 2017 (audited)	150,000,000	7,120,600	4,625,757,772	4,782,878,372
<b>Transactions with owners:</b>				
Final cash dividend for the year ended June 30, 2017 @ Rs.9 per share			(135,000,000)	(135,000,000)
<b>Total comprehensive income for the half-year ended December 31, 2017</b>	-	-	114,191,419	114,191,419
<b>Balance as at December 31, 2017 (un-audited)</b>	<b>150,000,000</b>	<b>7,120,600</b>	<b>4,604,949,191</b>	<b>4,762,069,791</b>
Balance as at June 30, 2016 (audited)	150,000,000	7,120,600	4,308,552,078	4,465,672,678
Total comprehensive income for the half-year ended December 31, 2016		-	454,960,652	454,960,652
<b>Balance as at December 31, 2016 (un-audited)</b>	<b>150,000,000</b>	<b>7,120,600</b>	<b>4,763,512,730</b>	<b>4,920,633,330</b>

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.

sd/-  
Chairman

sd/-  
Chief Executive Officer

sd/-  
Director

sd/-  
Chief Financial Officer

# Notes To The Condensed Interim Financial Information (un-audited)

FOR THE HALF-YEAR ENDED DECEMBER 31, 2017

## 1. Legal Status and Operations

Mahmood Textile Mills Limited (the Company) was incorporated in Pakistan on February 25, 1970 as a Public Company under the Companies Act, 1913 (now the repealed Companies Ordinance, 1984) and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in manufacture and sale of yarn, grey cloth and generation of electricity. The registered office of the Company is situated at Multan whereas the mills are located at District Muzaffargarh, Dera Ghazi Khan Division, Punjab.

## 2. Basis of Preparation

2.1 The Companies Act, 2017 has been promulgated with effect from May 30, 2017. However, as per the requirements of Circular No. 23 of 2017 dated October 4, 2017 issued by Securities and Exchange Commission of Pakistan (SECP) and related clarification issued by the Institute of Chartered Accountants of PAKistan (ICAP) through its Circular No. 17 of 2017 dated October 6, 2017, companies whose financial year, including quarterly and interim period, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial information in accordance with the provisions of repealed Companies Ordinance, 1984 (the repealed Ordinance).

2.2 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 Ordinance. In case where requirements differ, the provisions of or directives issued under the repealed Ordinance have been followed. This condensed interim financial information of the Company for the half-year ended December 31, 2017 is un-audited but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance.

2.3 The figures of the condensed interim profit and loss account for the quarters ended December 31, 2017 and 2016 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the half-year ended December 31, 2017. This condensed interim financial information does not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2017.

2.4 This condensed interim financial information is being submitted to the shareholders as required by the Listing Regulations of Pakistan Stock Exchange and section 245 of the repealed Ordinance.

2.5 Provisions for workers' (profit) participation fund and workers' welfare fund have not been made in this condensed interim financial information and will be provided for in the financial statements for the year ending June 30, 2018.

## 3. Accounting Policies

The accounting policies and methods of computation used in the preparation of this condensed interim financial information are the same as those applied in the preparation of financial statements of the Company for the year ended June 30, 2017.

## 4. New / Revised Standards, Interpretations and Amendments

### 4.1 Standards, interpretations and amendments to approved accounting standards that are effective in the current period

Certain standards, interpretations and amendments to approved accounting standards are effective for accounting periods beginning on July 01, 2017, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

**4.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company**

There are certain standards, interpretations and amendments to approved accounting standards that are mandatory for the Company's accounting periods beginning on or after July 01, 2018, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

**5. Accounting Estimates, Judgments and Financial Risk Management**

**5.1** The preparation of condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

**5.2** Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2017.

**5.3** The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

6. Property, Plant and Equipment	Note	Un-audited December 31, 2017 Rupees	Audited June 30, 2017 Rupees
Operating fixed assets	6.1	3,109,560,242	3,144,862,572
Capital work-in-progress		500,204,687	51,906,853
		<b>3,609,764,929</b>	<b>3,196,769,425</b>
<b>6.1 Operating Fixed Assets</b>			
Book value at the beginning of the period/ year		3,144,862,572	2,891,986,823
Additions during the period:			
- freehold land		1,249,500	-
- buildings on freehold land		9,500,945	27,473,343
- buildings on leasehold land		-	1,721,368
- plant and machinery		96,770,210	500,365,880
- vehicles		14,782,289	49,068,049
- electric installations		6,842,332	6,303,215
- tools and equipment		-	294,612
- computer and accessories		374,715	322,421
		129,519,991	585,548,888
Book value of operating fixed assets sold		(2,265,642)	(11,810,897)
Depreciation charge for the period		(162,556,679)	(320,862,242)
Book value at the end of period/ year		<b>3,109,560,242</b>	<b>3,144,862,572</b>

**7. Long Term Investments**

Carrying values of investments in Masood Spinning Mills Ltd. and Roomi Fabrics Ltd. (Associated Companies) as at December 31, 2017 have not been accounted for using the equity method as

required by IAS 28 (Investments in Associates and Joint Ventures) due to unavailability of financial statements for the half-year ended December 31, 2017 of these Associated Companies.

	Un-audited December 31, 2017 Rupees	Audited June 30, 2017 Rupees
<b>8. Stock-in-Trade</b>		
Raw materials including in-transit inventory valuing Rs.227.291 million (June 30, 2017: Rs.516.144 million)	4,395,620,986	2,691,891,667
Work-in-process	91,547,425	99,058,146
Finished goods	595,342,234	545,355,306
	5,082,510,645	3,336,305,119

**9. Loans and Advances**

Period-end balance includes advances made to suppliers & contractors aggregating Rs.164.456 million (June 30, 2017: Rs.206.162 million), advances for purchase of shares aggregating Rs.328 million (June 30, 2017: Rs.490 million) and due from Associated Companies aggregating Rs.740.353 million (June 30, 2017: Rs.Nil).

**10. Prepayments and Other Receivables**

It includes Rs. 38.399 receivable from Three Star Hosiery Mills (Private) Limited against sale of shares (as fully detailed in note 11.1 to the financial statements of the Company for the year ended June 30, 2017). The suit has been decreed along with costs vide order dated May 02, 2015 by the Additional District Judge, Multan. Mark-up aggregating Rs. 83.560 million approximately, on this balance has not been recorded in these interim financial information as the ultimate outcome of the matter depends upon judgment of the Court.

**11. Short Term Investments - Quoted**

(at fair value through profit and loss)

<b>Soneri Bank Ltd (SBL)</b> 45,840,844 (June 30, 2017: 42,427,344) shares of Rs.10 each	671,626,938	614,035,634
<b>Lalpir Power Ltd. (LPL)</b> 38,335,500 (June 30, 2017: 36,897,000) shares of Rs.10 each	787,713,583	816,752,878
<b>Arif Habib Corporation Limited (AHCL)</b> 13,529,500 (June 30, 2017: 12,709,500) shares of Rs.10 each	553,011,506	501,389,775
<b>Jahangir Siddiqui &amp; Company Limited (JSCL)</b> 18,351,000 (June 30, 2017: 13,158,500) shares of Rs.10 each	395,677,609	336,746,981
<b>Bank Alfalah Limited (BAFL)</b> Nil (June 30, 2017: 10,097,500) shares of Rs.10 each	-	447,073,816
<b>TPL Properties Limited (TPL)</b> 200,000 (June 30, 2017: Nil) shares of Rs.10 each	2,106,990	-
<b>Nishat (Chunian) Limited (NCL)</b> 5,274,500 (June 30, 2017: Nil) shares of Rs.10 each	249,462,183	-
<b>National Bank of Pakistan (NBP)</b> 5,619,500 (June 30, 2017: Nil) shares of Rs.10 each	245,918,549	-
<b>Allied Bank Limited (ABL)</b> 236,000 (June 30, 2017: Nil) shares of Rs.10 each	19,258,809	-
	2,924,776,167	2,715,999,084
Adjustment on re-measurement to fair value	(98,955,062)	(105,698,492)
	2,825,821,105	2,610,300,592

11.1 44.00 million (June 30, 2017: 34.00 million) shares of SBL, 37.50 million (June 30, 2017: 28.50 million) shares of LPL, 12.93 million (June 30, 2017: 12.70 million) shares of AHCL, Nil (June 30, 2017: 3.50 million) shares of BAFL), 5.14 million (June 30, 2017: Nil) of NCL, 5.55 million (June 30, 2017: Nil) shares of NBP and 0.20 million (June 30, 2017: Nil) shares of ABL are pledged with commercial banks as securities for short term finance facilities utilized.

	Un-audited December 31, 2017 Rupees	Audited June 30, 2017 Rupees
<b>12. Long Term Financing - Secured</b>		
Habib Bank Ltd. (HBL)	121,712,422	112,326,234
MCB Bank Ltd. (MCB)	534,456,004	526,430,134
Meezan Bank Ltd. (MBL)	264,179,026	299,208,453
United Bank Ltd. (UBL)	190,835,677	206,415,677
Allied Bank Limited (ABL)	77,786,800	-
Balance at end of the period / year	1,188,969,929	1,144,380,498
Less: current portion grouped under current liabilities:		
- HBL	34,353,771	53,005,302
- MCB	75,000,000	75,000,000
- MBL	70,058,852	70,058,852
- UBL	76,353,523	84,832,429
	255,766,146	282,896,583
	933,203,783	861,483,915
<b>13. Trade and Other Payables</b>		
Creditors	157,169,988	112,984,957
Bills payable - secured	117,731,722	293,146,915
Due to an associated undertaking	-	30,088,913
Accrued expenses	640,259,115	589,376,701
Advances from customers	49,507,046	40,045,172
Tax deducted at source	18,297,102	9,543,787
Workers' (profit) participation fund	-	13,412,308
Workers' welfare fund	39,155,252	39,155,252
Unclaimed dividends	2,426,164	1,771,497
Others	8,909,774	8,232,328
	1,033,456,163	1,137,757,830

#### 14. Short term Borrowings

Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.16,650 million (June 30, 2017: Rs. 11,800 million). These finance facilities, during the period, carried mark-up at the rates ranging from 6.55% to 7.27% (June 30, 2017: 6.80% to 7.28%) per annum. The aggregate finance facilities are secured against charge over the Company's current assets, pledge of quoted shares, lien over export bills and banks' lien over letters of credit. These facilities are expiring on various dates by December 31, 2018.

Facilities available for opening letters of credit and guarantee from various commercial banks aggregate Rs. 5,725 million (June 30, 2017: Rs. 6,693.27 million). Out of the available facilities, facilities aggregating Rs. 2,854.60 million (June 30, 2017: Rs. 4,957.00 million) remained unutilized at the period-end. These facilities are secured against lien over import documents and charge over current assets of the Company. These facilities are expiring on various dates by December 31, 2018.



## 15. Contingencies and Commitments

- 15.1 There has been no significant change in the status of contingencies as reported in the audited financial statements of the Company for the year ended June 30, 2017.
- 15.2 Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs. 502.118 million as at December 31, 2017 (June 30, 2017: Rs. 403.683 million).
- 15.3 Foreign bills discounted outstanding as at December 31, 2017 aggregated Rs. 1,341.765 million (June 30, 2017: Rs. 966.383 million).

	Un-audited December 31, 2017	Audited June 30, 2017
15.4 Commitments for irrevocable letters of credit:	Rupees in million	
- capital expenditure	1,226.520	908.102
- others	1,643.884	131.033
	2,870.404	1,039.135

	Un-audited Half-year ended December 31, 2017	Un-audited Half-year ended December 31, 2016
	Rupees	Rupees
<b>16. Other Income</b>		
<b>Income from financial assets</b>		
Realised gain on sale of short term investments at fair value through profit or loss	63,605,631	61,172,008
Fair value gain on re-measurement of short term investments	-	276,380,056
Return on bank deposits	-	10,875
Dividend received on short term investments	81,069,900	33,004,000
Exchange fluctuation gain - net	6,256,590	-
<b>Income from related parties</b>		
Dividend received	91,685,000	79,685,000
<b>Income from non-financial assets</b>		
Rent	-	3,502,136
Duty drawback on export sale	169,993,056	-
	412,610,177	453,754,075

## 17. Finance Cost

Mark-up on:		
- long term financing	32,206,165	37,026,329
- short term borrowings	234,385,501	120,540,166
Bank charges and commission	44,226,519	27,735,294
	310,818,185	185,301,789

## 18. Segment Information

Based on internal management reporting structure and products being produced and sold, the Company has been organized into three operating segments i.e. spinning, weaving and power. Assets

and liabilities of Power segment are merged in Spinning segment because it does not meet the criteria of operating segment any more as defined under IFRS-8 Operating Segments. The electricity generated by the Power segment is self consumed by the Company and no external sales were made to MEPCO.

Information regarding the Company's reportable segments is presented below:

#### Segment Analysis

	Spinning	Weaving	Total
	----- Rupees -----		
<b>Half-year ended December 31, 2017</b>			
Revenue	7,132,524,418	1,383,453,153	8,515,977,571
<b>Segment results</b>	<b>180,370,055</b>	<b>36,538,609</b>	<b>216,908,664</b>
<b>Half-year ended December 31, 2016</b>			
Revenue	6,143,542,500	1,409,115,973	7,552,658,473
<b>Segment results</b>	<b>233,124,025</b>	<b>25,173,955</b>	<b>258,297,980</b>

#### Reconciliation of segment results with profit before taxation:

	Un-audited Half-year ended	
	December 31, 2017	December 31, 2016
	----- Rupees -----	
Total results for reportable segments	216,908,664	258,297,980
Other expenses	(104,536,191)	(2,376,891)
Other income	412,610,177	453,754,075
Finance cost	(310,818,185)	(185,301,789)
<b>Profit before taxation</b>	<b>214,164,465</b>	<b>524,373,375</b>

#### Information on assets and liabilities by segment is as follows:

	Spinning	Weaving	Total
	----- Rupees -----		
<b>As at December 31, 2017</b>			
Segment assets	9,821,234,012	1,246,537,036	11,067,771,048
<b>Segment liabilities</b>	<b>11,366,960,569</b>	<b>208,921,030</b>	<b>11,575,881,599</b>
<b>As at June 30, 2017</b>			
Segment assets	8,880,760,800	925,436,008	9,806,196,808
<b>Segment liabilities</b>	<b>1,009,383,141</b>	<b>114,962,382</b>	<b>1,124,345,523</b>

#### Reconciliation of segments assets and liabilities with totals in balance sheet is as follows:

	As at December 31, 2017		As at June 30, 2017	
	Assets	Liabilities	Assets	Liabilities
	----- Rupees -----			
Total for reportable segments	11,067,771,048	11,575,881,599	9,806,196,808	1,124,345,523
Unallocated assets / liabilities	5,856,204,814	586,024,472	4,562,643,708	8,461,616,621
<b>Total as per balance sheet</b>	<b>16,923,975,862</b>	<b>12,161,906,071</b>	<b>14,368,840,516</b>	<b>9,585,962,144</b>

The Company's customer base is diverse with no single customer accounting for more than 10% of net revenues.

### Geographical Segments

All segments of the Company are managed on nation-wide basis and operate manufacturing facilities and sale offices in Pakistan.

## 19. Transactions With Related Parties

19.1 Significant transactions executed with related parties during the period were as follows:

Relationship	Nature of transactions	Un-audited Half-year ended December 31,	
		2017 Rupees	2016 Rupees
Associated Companies	- sale of goods	577,604,633	821,640,227
	- purchase of goods	613,493,510	246,086,881
	- doubling charges	4,157,464	3,314,411
	- doubling revenue	5,899,050	10,517,582
	- gas generator rent	-	5,580,000
Key management personnel	- remuneration and other benefits	18,634,494	14,524,047

Commercial Transactions with associated Companies have been made at market rates.

## 19.2 Period / year-end balances

	Un-audited December 31, 2017 Rupees	Audited June 30, 2017 Rupees
Trade and other payables	-	30,088,913
Loans and advances	740,353,144	-

These balances have arisen on account of commercial Transactions.

## 20. Date Of Authorisation For Issue

This condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on February 24, 2018.

## 21. Corresponding Figures

21.1 In order to comply with the requirements of IAS 34 'Interim financial reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

21.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to this condensed interim financial information.

sd/-  
Chairman

sd/-  
Chief Executive Officer

sd/-  
Director

sd/-  
Chief Financial Officer



