

**2nd Quarter &
Half Year Accounts
Period Ended**

**December 31st
2017**

(REVIEWED)



Asim Textile Mills Ltd.

ASIM TEXTILE MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS:

CHAIRPERSON

CHIEF EXECUTIVE:

DIRECTORS:

MRS. RUKHSANA BEGUM

MR. ZAHID ANWAR

MR. IMRAN ZAHID

MR. ZEESHAN ZAHID

CH. GHULAM MURTAZA BUTTAR (INDEPENDENT)

MR. ZULQARNAIN

MR. ALI RAZA ZAFAR

AUDIT COMMITTEE:

CHAIRMAN:

MEMBER:

MEMBER:

CH. GHULAM MURTAZA BUTTAR

MR. ZEESHAN ZAHID

MR. ZULQARNAIN

HUMAN RESOURCES & REMUNERATION COMMITTEE:

CHAIRMAN:

MEMBER:

MEMBER:

MR. ZULQARNAIN

MR. ALI RAZA ZAFAR

CH. GHULAM MURTAZA BUTTAR

COMPANY SECRETARY:

MR. ALLAH DITTAH

CHIEF FINANCIAL OFFICER:

MR. ABRAR MOHSIN

AUDITORS:

M/S ARSHAD RAHEEM & CO.
CHARTERED ACCOUNTANTS

BANKS:

AL BARAKA BANK (PAKISTAN) LIMITED
JS BANK LIMITED
NATIONAL BANK OF PAKISTAN
UNITED BANK LIMITED
DUBAI ISLAMIC BANK
HABIB BANK LIMITED

LEGAL ADVISOR:

MR. ZIA-UL-HAQ (ADVOCATE)

REGISTERED OFFICE:

JK HOUSE, 32-W, SUSAN ROAD,
MADINA TOWN, FAISALABAD

SHARE REGISTRAR OFFICE:

HAMEED MAJEED ASSOCIATES (PVT) LTD.
1ST FLOOR, H.M HOUSE, 7-BANK SQUARE,
LAHORE.

MILLS:

32-KM, SHEIKHUPURA RAOD, FAISALABAD

WEB SITE:

www.asimtextile.com

ASIM TEXTILE MILLS LIMITED

CHAIRMAN'S REVIEW

We are pleased to present the financial results of the Company. The Sale has increased in this half year as compared to the corresponding period of the last year. Due to increase of prices of yarn the profit has increased by Rs. 9.860 million as compared to corresponding half year of last year,

We are confident that our existing business trend will continue adding to sustainable growth to achieve better results during the current year.

The management remains committed to maintain focus on sustaining the financial performance of your company. We thank our shareholders, customers and staff for their support and trust in the company.

In the end, I would like to thank the Board of Directors for their valuable contribution and guidance throughout the period.

For and on behalf of the Board



RUKHSANA BEGUM
Chairperson BOD

February 26, 2018
Faisalabad.

عاصم ٹیکسٹائل ملز لمیٹڈ

چیئر پرسن کا جائزہ

ہم بعد نوبت کی کمپنی کے مالی نتائج پیش کر رہے ہیں، اس سال کی سیل پچھلے سال کی سیل کے مقابلے میں زیادہ ہے۔ لیکن خام مال کی قیمتیں زیادہ ہونے کی وجہ سے اس سال منافع پچھلے سال کی نسبت کم ہو کر 0.9860/- کروڑ ہوا ہے۔

ہم اس بات پر امید ہیں کہ کمپنی اس سال کی ترقی کی طرف گامزن رہے گی۔

منجنت اس سلسلے میں پرمزم ہے کہ آپ کی کمپنی کی مالی کارکردگی کو برقرار رکھنے کے معاملے پر خصوصی توجہ مرکوز رکھے۔ ہم اپنے حصص یافتگان، کسٹمرز اور سٹاف کے شکر گزار ہیں۔ جسکی مدد اور اعتماد کمپنی کو حاصل رہا۔

آخر میں بورڈ آف ڈائریکٹرز کا بھی شکریہ ادا کرنا چاہتا ہوں جن کی طرف سے پورے سال کے دوران قیمتی شراکت اور رہنمائی فراہم کی جاتی رہی۔

بورڈ کی طرف سے

26 فروری 2018

فیصل آباد

چیئر پرسن بورڈ آف ڈائریکٹرز

رخسانہ عظیم



ASIM TEXTILE MILLS LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your directors are pleased to present 2nd quarter and half yearly accounts for the period ended December 31, 2017.

The Company has earned net profit of Rs.21.890 million as compared to net profit of Rs. 12.030 million of corresponding period of last year. The increase in prices of yarn has resulted in profit during the current period as compared to the corresponding period of last year.

Earning per share (EPS) for the 2nd quarter is Rs. 0.93 and Rs. 1.44 for half year as compared to (EPS) of Rs. 0.25 for 2nd quarter and Rs. 0.79 for half year in the corresponding period of last year.

There has been no change in the position of on going court cases with the bank, as reported in the director's report of the financial statements for the year ended 30.06.2017.

The auditors have expressed adverse opinion in their review report about the Company's ability to continue as a going concern due to accumulated loss of Rs. 238.402 million against the paid up share capital of Rs.151.770 million and the provision for cost of fund has not been accounted for in the Financial Statements in line with the decision of Lahore High Court, Lahore in counter suit filed by Faisal bank Limited as described in paragraphs (A) & (B) of the auditors' report to the members.

In this regard the management of the company is optimistic that there are no significant doubts about the company's ability to continue as a going concern as described in Note. 1.2 Of these Financial Statements.

The management has filed an appeal in the Lahore High Court, Lahore (D.B) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheard. The management of the company is of the opinion that this case is based and being contested on strong legal grounds and is likely to be decided in Company's favour. Therefore, no provision for cost of funds is accrued.

Although the overall industry's environment was adversely suffered due to our domestic market has been captured by India and China by supplying comparatively low rate yarn as compared to our own manufactured yarn of spinning units. Despite of these unfavorable factors and circumstances the management tried their level best to run the business, justifies the going concern assumption.

Transactions with related parties are carried out at arms length. The prices are determined in accordance with comparable uncontrolled price method.

The management would like to place on record its appreciation for the continuous support of its shareholders, customers and employees and expect to receive same cooperation in future.

For and on behalf of the Board


ZAHID ANWAR
CHIEF EXECUTIVE

FAISALABAD.
26.02.2018

عاصم ٹیکسٹائل ملز لمیٹڈ کے حصہ داران کے لیے ڈائریکٹرز رپورٹ

دوسری سہ ماہی اور پہلی ششماہی 31 دسمبر 2017 کی رپورٹ حاضر خدمت ہے
آپ کی کمپنی نے اس ششماہی میں مبلغ 2.189 کروڑ روپے کا خالص منافع کمایا جبکہ پچھلے سال اسی عرصہ کے دوران کمپنی کو مبلغ 1.230 کروڑ روپے کا نقصان ہوا تھا۔ اس عرصہ میں منافع کی وجہ دھاگے کا
اتجھے نرخوں میں فروخت ہونا ہے۔

دوسری سہ ماہی میں فی شیئر آمدنی (EPS) مبلغ 0.93 روپے ہے۔ اور پہلی ششماہی میں فی شیئر آمدنی (EPS) مبلغ 1.44 روپے ہے جبکہ پچھلے سال کی دوسری سہ ماہی میں فی شیئر
منافع 0.25 روپے اور ششماہی میں فی شیئر منافع 0.79 روپے ہوا تھا۔

بینک کے ساتھ عدالتی مقدمات اسی پوزیشن میں ہیں 30 جون 2017 سے اب تک ان میں کوئی تبدیلی نہیں آئی۔

آڈیٹرز نے اپنی رپورٹ میں منفی رائے پیش کی ہیں۔ جس کے مطابق کمپنی کو اپنا کاروبار جاری رکھنے کے لئے مشکلات درپیش ہیں کیوں کہ اس وقت کمپنی کے کل نقصانات مبلغ 23.840 کروڑ روپے ہیں
۔ جبکہ اس کا سرمایہ مبلغ 15.77 کروڑ روپے ہے۔ اور کمپنی نے لاہور ہائی کورٹ کے فیصلے کے مطابق فنڈز کی لاگت کو اپنے مالی حسابات میں شامل نہیں کیا۔ جیسا کہ آڈیٹرز نے اپنی رپورٹ کے پیرا گراف
(A) اور (B) میں ذکر کیا۔

آپ کی کمپنی کی انتظامیہ کے مطابق کمپنی کو کاروبار جاری رکھنے کے لئے کسی قسم کی مشکلات درپیش نہیں ہیں۔ انتظامیہ نے لاہور ہائی کورٹ (DB) میں RFA نمبر 1372/2015 دائر کی ہوئی ہے جس کی
وجہ سے فنڈز کی لاگت کو حسابات میں شامل نہیں کیا گیا۔ اور انتظامیہ کو قوی یقین ہے کہ اس کیس میں ہماری پوزیشن خاصی مضبوط ہے۔

ٹیکسٹائل مارکیٹ کے حالات انڈیا اور چائینہ کے ساتھ مطابقت نہ ہونے کی وجہ سے دباؤ کا شکار ہے ان حالات کے باوجود آپ کی کمپنی نے بہترین نتائج دیئے۔ جو کہ اس بات کی بھی نشان دہی ہے کہ کمپنی کو اپنا
کاروبار جاری رکھنے کے لئے کوئی مشکل درپیش نہیں ہے۔

ریلیٹڈ پارٹیز کے ساتھ لین دین آرم لینتھ ٹرانزیکشن کے تحت کی گئی ہیں

ہم اپنے معزز خریداروں، حصہ داروں کے تعاون اور ستاف ممبران کی انتھک محنت کی قدر کرتے ہیں۔ اور اللہ تعالیٰ سے دعا گو ہیں کہ وہ ہمیشہ اپنی رحمت کا سایہ ہم پر رکھے۔ اور آئیو ا لا وقت اچھا ہو۔ آمین

بورڈ آف ڈائریکٹران کی طرف سے

زاہد انوار
چیف ایگزیکٹو آفیسر

تاریخ: 26 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 **Asim Textile Mills Limited** ("the Company") as at **December 31, 2017**, 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 condensed interim financial statements 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 and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and 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 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 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 Adverse Conclusion

Based on information provided to us by the management;

- a) As referred to in Note 1.2 to the interim financial information, the Company has accumulated losses of Rs. 238.402 million against the paid up capital of Rs. 151.770 million as at December 31, 2017 and as of that date, the Company's current liabilities exceeds its current assets by Rs. 284.132 million. This situation would have further worsened had the Company accounted for the cost of funds as decided by the Honorable High Court as stated in paragraph (b) below. These factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to discharge its liabilities and realize its assets in the normal course of business, for which no adjustments have been incorporated in this financial information.

ARSHAD RAHEEM & Co
Chartered Accountants

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- b) Short term borrowing includes Morabaha finance obtained from the Faysal Bank Limited amounting to RS. 415.05 million on 31st October 1999 in respect of which the Company had filed a suit against the bank for charging illegal profits against the principles of Islamic Banking and in contravention of the objective clause of its Memorandum of Association, Articles of Association and against circulars issued by the State Bank of Pakistan. Faysal Bank Limited filed a counter suit which has been adjudicated on 04.06.2015 against the Company as a result of which the Company has to settle the loan along with profit and cost of funds. Profit on these loans amounting to Rs.194.16 million has already been provided for; however, as the litigation is decided against the Company, further provision for cost of funds has not been accounted for, having been undeterminable at this stage, by the management as the Company has filed an appeal in Honorable Lahore High Court, Lahore (Division Bench) vide R.F.A No. 1372/2015 based on infield favorable judgments of Honorable Lahore High Court, Lahore.

Adverse Conclusion

Based on our review; because of the significance of matters (a) to (b) discussed in Basis for Adverse Conclusion paragraph, 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 approved accounting standards as applicable in Pakistan for interim financial reporting.


ARSHAD RAHEEM & CO
Chartered Accountants
Engagement partner: Arshad Raheem

LAHORE: 26 FEB 2018

ASIM TEXTILE MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2017

		(Un-Audited)	(Audited)
	Note	December 31, 2017	June 30, 2017
		Rupees	Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	497,741,411	510,216,896
Long term deposits		14,332,156	11,418,156
		<u>512,073,567</u>	<u>521,635,052</u>
CURRENT ASSETS			
Stores and spares		13,087,703	15,110,740
Stock in trade		240,803,000	138,461,667
Trade debts		32,360,695	35,175,503
Advances and prepayments		4,814,165	5,395,605
Short-term investment	6	19,707,332	23,057,146
Balance with statutory authorities		33,264,642	34,637,498
Cash and bank balances		65,103,143	102,152,147
		<u>409,140,680</u>	<u>353,990,306</u>
		<u>921,214,247</u>	<u>875,625,358</u>
SHARE CAPITAL AND RESERVES			
Authorized capital			
17,500,000 (June 30, 2017: 17,500,000)		175,000,000	175,000,000
ordinary shares of Rs.10 each			
Issued, subscribed and paid up capital			
15,177,000 (June 30, 2017: 15,177,000)		151,770,000	151,770,000
ordinary shares of Rs. 10 each, fully paid in cash		(238,402,666)	(261,343,466)
Accumulated loss		(86,632,666)	(109,573,466)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	7	204,399,107	208,793,666
NON CURRENT LIABILITIES			
Deferred liabilities	8	110,174,259	112,585,816
CURRENT LIABILITIES			
Trade and other payables		81,521,418	52,067,213
Accrued mark-up		194,161,422	194,161,422
Short-term borrowings	9	417,590,707	417,590,707
		693,273,547	663,819,342
CONTINGENCIES AND COMMITMENTS	10	-	-
		<u>921,214,247</u>	<u>875,625,358</u>

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

(DIRECTOR)

(CHIEF EXECUTIVE)

(CHIEF FINANCIAL OFFICER)

ASIM TEXTILE MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

		Half year Ended		Quarter Ended	
	Note	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		----- Rupees -----			
Sales - <i>net</i>	11	723,311,621	598,823,522	348,036,981	306,471,802
Cost of sales	12	682,832,697	567,348,510	322,571,121	289,815,409
Gross profit		40,478,924	31,475,012	25,465,860	16,656,393
Operating expenses					
Administrative expenses		12,302,314	11,674,011	6,453,686	6,414,449
Other operating expenses		2,251,871	1,518,196	1,443,876	1,518,196
		14,554,185	13,192,207	7,897,562	7,932,645
		25,924,739	18,282,805	17,568,298	8,723,748
Other Operating Income		2,631,112	2,227,198	1,106,236	829,791
		28,555,851	20,510,003	18,674,534	9,553,539
Finance Cost		25,153	25,362	15,956	15,860
Profit before taxation		28,530,698	20,484,641	18,658,578	9,537,679
Taxation					
Current		9,045,060	6,011,192	5,290,261	3,073,701
Deferred		(2,404,987)	2,443,060	(677,741)	2,744,366
		6,640,073	8,454,252	4,612,520	5,818,067
Profit after taxation		21,890,625	12,030,389	14,046,058	3,719,612
Earnings per share - basic and diluted		1.44	0.79	0.93	0.25

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

(DIRECTOR)

(CHIEF EXECUTIVE)

(CHIEF FINANCIAL OFFICER)

ASIM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	<u>Half year Ended</u>		<u>Quarter Ended</u>	
	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	----- Rupees -----			
Profit after taxation	21,890,625	12,030,389	14,046,058	3,719,612
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized (loss) / income on changes in fair value of available for sale investment	(3,344,384)	2,058,930	(1,179,232)	1,609,531
Total comprehensive income for the period	<u>18,546,241</u>	<u>14,089,319</u>	<u>12,866,826</u>	<u>5,329,143</u>

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


(DIRECTOR)


(CHIEF EXECUTIVE)


(CHIEF FINANCIAL OFFICER)

ASIM TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year Ended	
	December 31, 2017	December 31, 2016
	----- Rupees -----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	28,530,698	20,484,641
Adjustments for non cash and other items		
Depreciation	12,475,485	13,227,632
Profit on deposit accounts	(2,631,112)	(2,132,954)
Finance cost	25,153	25,362
Workers' profit participation fund	-	1,100,142
Operating cash flows before working capital changes	38,400,224	32,704,823
Changes in working capital		
(Increase)/decrease in current assets		
Stores and spares	2,023,037	(938,775)
Stock in trade	(102,341,333)	(78,815,218)
Trade debts	2,814,808	2,450,679
Advances, prepayments	657,762	29,903,483
Balance with statutory Authorities	(1,090,992)	(417,730)
Increase/(decrease) in current liabilities		
Trade and other payables	29,454,205	6,292,521
	(68,482,513)	(41,525,040)
Cash used in operations	(30,082,289)	(8,820,217)
Finance cost paid	(25,153)	(25,362)
Taxes Paid	(6,575,782)	(17,483,723)
Staff retirement gratuity paid	(6,570)	-
	(6,607,505)	(17,509,085)
Net cash used in operating activities	(36,689,794)	(26,329,302)
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Addition in property, plant and equipment	-	(3,384,061)
Long term deposits	(2,914,000)	-
Profit on deposit	2,554,790	1,177,988
Net cash used in investing activities	(359,210)	(2,578,045)
Net decrease in cash and cash equivalents	(a+b) (37,049,004)	(28,907,347)
Cash and cash equivalents at the beginning of the period	102,152,147	62,587,922
Cash and cash equivalents at the end of the period	65,103,143	33,680,575

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

(DIRECTOR)

(CHIEF EXECUTIVE)

(CHIEF FINANCIAL OFFICER)

ASIM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Share Capital	Accumulated Loss	Total
	----- Rupees -----		
Balance as at July 01, 2016	151,770,000	(301,893,810)	(150,123,810)
Total comprehensive income / loss	-	31,262,757	31,262,757
Profit for the period	-	29,326,264	29,326,264
Other comprehensive income	-	1,936,493	1,936,493
Incremental depreciation on revalued property, plant and equipment for the period	-	13,235,619	13,235,619
Tax effect on incremental depreciation	-	(3,948,032)	(3,948,032)
Balance as at June 30, 2017	<u>151,770,000</u>	<u>(261,343,466)</u>	<u>(109,573,466)</u>
Balance as at July 01, 2017	151,770,000	(261,343,466)	(109,573,466)
Total comprehensive profit for the period	-	18,546,241	18,546,241
Profit for the period	-	21,890,625	21,890,625
Other comprehensive loss	-	(3,344,384)	(3,344,384)
Incremental depreciation on revalued property, plant and equipment for the period	-	6,260,462	6,260,462
Tax effect on incremental depreciation	-	(1,865,903)	(1,865,903)
Balance as at December 31, 2017	<u>151,770,000</u>	<u>(238,402,666)</u>	<u>(86,632,666)</u>

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

(DIRECTOR)

(CHIEF EXECUTIVE)

(CHIEF FINANCIAL OFFICER)

ASIM TEXTILE MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

1. COMPANY AND ITS OPERATIONS

1.1 The Company is limited by shares and incorporated in Pakistan under the repealed Companies Ordinance, 1984. Its shares are quoted at Karachi, Islamabad and Lahore Stock Exchanges, with effect from January 11, 2016 all three Stock Exchanges merged into Pakistan Stock Exchange. The principal business of the Company is manufacturing and sale of yarn. The Mill is situated at Tehsil Jaranwala, District Faisalabad in the Province of Punjab and registered office of the Company is situated at JK House, 32-W, Susan Road, Madina Town, Faisalabad.

1.2 Going concern assumption

The Company has earned Rs. 21.890 million during the period and has accumulated loss stands at Rs. 238.402 million against the paid up capital of Rs. 151.770 million as at December 31, 2017 and as of that date, the Company's current liabilities exceeds its current assets by Rs. 284.132 million respectively. These factors along with matters described in condensed interim financial statements may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business, for which no adjustments have been incorporated in these financial statements.

However, any adjustment relating to the recoverability of recorded assets and liabilities have not been incorporated in these financial statements as the management is also making efforts for improvement in the production, quality and marketing of its products. The management believes that it has sufficient assets and resources to meet its current liabilities including the expectation of continued financial support of its directors through interest free loan, therefore, the management believes that the going concern assumption is valid and these financial statements have been prepared on going concern basis without considering any adjustment relating to the recoverability of recorded assets and settlement of liabilities.

2. STATEMENT OF COMPLIANCE

The Companies Act, 2017 (the Act) 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 through its circular No. 17 of 2017 dated October 6, 2017, companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

This condensed interim financial information is un-audited and has been prepared in condensed form in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS -34 "Interim Financial Reporting" as applicable in Pakistan. This interim financial information do not include all the information and disclosures as required in the annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2017.

This condensed interim financial statements comprise of condensed interim balance sheet, condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the selected notes for the half year ended December 31, 2017 which have been subjected to a review but not audited. This condensed interim financial statements also include condensed profit and loss statement for the quarter ended December 31, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computations which have been used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements for the year ended June 30, 2017.

3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period were either not relevant to the Company's operations or did not have any impact on the accounting policies of the Company.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of this 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 recognized prospectively commencing from the period of revision.

4.2 Judgments and estimates made by 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.

4.3 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.

5. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST / REVALUED AMOUNTS			DEPRECIATION		BOOK VALUE		Rate %
	As at July 01, 2017	Additions/ transfers during the Year	As at December 31, 2017	As at July 01, 2017	For the Period	As at December 31, 2017	As at December 31, 2017	

Rupees

Land - freehold	53,508,000	-	53,508,000	-	-	-	53,508,000	-
Building on freehold land	151,418,124	-	151,418,124	45,547,372	2,646,769	48,194,141	103,223,983	5%
Plant and machinery	627,674,853	-	627,674,853	303,186,071	8,112,220	311,298,291	316,376,562	5%
Electric installation	31,754,357	-	31,754,357	14,476,776	863,879	15,340,655	16,413,702	10%
Factory equipment	355,750	-	355,750	329,872	1,294	331,166	24,584	10%
Furniture and fixture	659,633	-	659,633	454,803	10,242	465,045	194,588	10%
Office equipment	2,618,122	-	2,618,122	1,757,588	43,027	1,800,615	817,507	10%
Vehicles	23,561,120	-	23,561,120	15,580,581	798,054	16,378,635	7,182,485	20%

Rupees: December 2017

891,549,959 - 891,549,959 381,333,063 12,475,485 393,808,548 497,741,411

PARTICULARS	COST / REVALUED AMOUNTS			DEPRECIATION		BOOK VALUE		Rate %
	As at July 01, 2016	Additions/ transfers during the Year	As at June 30, 2017	As at July 01, 2016	For the Year	As at June 30, 2017	As at June 30, 2017	

Rupees

Land - freehold	53,508,000	-	53,508,000	-	-	-	53,508,000	-
Building on freehold land	151,418,124	-	151,418,124	39,975,227	5,572,145	45,547,372	105,870,752	5%
Plant and machinery	626,664,853	1,010,000	627,674,853	286,125,433	17,060,638	303,186,071	324,488,782	5%
Electric installation	29,380,296	2,374,061	31,754,357	12,660,624	1,816,152	14,476,776	17,277,581	10%
Factory equipment	355,750	-	355,750	326,997	2,875	329,872	25,878	10%
Furniture, fixture and Office equipment	659,633	-	659,633	432,044	22,759	454,803	204,830	10%
Vehicles	2,618,122	-	2,618,122	1,661,973	95,615	1,757,588	860,534	10%
	23,561,120	-	23,561,120	13,585,446	1,995,135	15,580,581	7,980,539	20%

Rupees: June 2017

888,165,898 3,384,061 891,549,959 354,767,744 26,565,319 381,333,063 510,216,896

(Un-Audited)	(Audited)
December 31, 2017	June 30, 2017
Rupees	Rupees

6. SHORT-TERM INVESTMENT**Available for sale**

NAFA Government Securities Liquid Fund	6.1	11,858,924	13,248,887
JS Investments (JS Islamic Fund)	6.2	7,848,408	9,808,259
		<u>19,707,332</u>	<u>23,057,146</u>

6.1 These have been valued by using published net asset value (NAV) as at 31st December, the number of units held by the Company are 113,208.1192 units (30th June: 113,057.7511 units).

6.2 These have been valued by using published net asset value (NAV) as at 31st December, the number of units held by the Company are 75,032.5785 units.(30th June: 75,032.5785 units)

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Opening balance		208,793,666	218,081,253
Less: incremental depreciation on revalued property, plant and equipment for the year		(6,260,462)	(13,235,619)
Related effect of deferred tax liability		1,865,903	3,948,032
		<u>(4,394,559)</u>	<u>(9,287,587)</u>
		<u>204,399,107</u>	<u>208,793,666</u>

First revaluation of company's building on freehold land and plant & machinery was carried out as on September 30, 1995 by an independent valuer M/s Iqbal A. Nanjee & Co. Lahore on the basis of depreciated replacement values.

Second revaluation of company's freehold land, building on freehold land and plant and machinery has been carried out on September 30, 2000 by an independent valuer Inspectorates Corporation International (Pvt) Limited, Lahore and the same has been verified by SBP's approved auditors on the basis of depreciated replacement values.

Third revaluation of company's freehold land, building on freehold land, plant and machinery and electric installations has been carried out on June 30, 2012 by an independent valuer M/s Nizamy Associates, Faisalabad on the basis of depreciated replacement values.

Fourth revaluation of company's freehold land, building on freehold land, plant and machinery and electric installations has been carried out on September 30, 2015 by an independent valuer M/s Amir Evaluators & Consultants, Peshawar on the basis of depreciated replacement-values.

8. DEFERRED LIABILITIES

Deferred taxation	8.1	109,215,236	111,620,223
Staff retirement gratuity	8.2	959,023	965,593
		<u>110,174,259</u>	<u>112,585,816</u>

8.1 DEFERRED TAXATION**8.1.1 Balance as on July 01**

Adjusted during the period / year

111,620,223	113,155,008
(2,404,987)	(1,534,785)
<u>109,215,236</u>	<u>111,620,223</u>

	(Un-Audited)	(Audited)
	December 31, 2017	June 30, 2017
	Rupees	Rupees
8.1.2 This comprise of following:		
Deferred tax liability:		
- Taxable temporary differences relating to operating assets	29,820,966	30,373,552
- Taxable temporary differences relating to surplus on revaluation of property, plant and equipment	79,680,102	81,546,005
Deferred tax assets:		
- Deductible temporary differences on tax losses	-	-
- Deductible temporary differences on staff Staff retirement benefits	(285,832)	(299,334)
	<u>109,215,236</u>	<u>111,620,223</u>

8.2 STAFF RETIREMENT GRATUITY

Balance as on July 01	965,593	979,546
Paid during the period	(6,570)	(13,953)
	<u>959,023</u>	<u>965,593</u>

9. SHORT-TERM BORROWINGS**Loan from banking company****Secured**

Morabaha I	9.1	340,901,898	340,901,898
Morabaha II- Secured	9.2	74,145,100	74,145,100

Unsecured

Interest free bank overdraft	9.5	2,543,709	2,543,709
		<u>417,590,707</u>	<u>417,590,707</u>

9.1 It represents morabaha finance created by Faysal Bank Limited by converting various morabaha finances into long term morabaha-I at an interest rate of 13% per annum.

- 9.2 It represents an interest free morabaha finance by Faysal Bank Limited by converting various unpaid markups into non profit morabaha-II.
- 9.3 The above mentioned morabaha finances are secured against the first charge of Rs.505 million on fixed assets and personal guarantees of Directors and Chief Executive of the Company.
- 9.4 The Company is not repaying the morabaha finances as it has filed a suit against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The bank has also filed a counter suit praying for a decree to be passed in its favour for a sum of Rs. 454.502 million against the defendants jointly and severally, with cost of funds at the rate of 20% or as certified by State Bank of Pakistan from date of default and 20% liquidated damages plus service charges and all costs, charges, expenses payable or to be incurred by the plaintiff bank till the final payment / realization of the afore-mentioned amount. The facts and status of the litigations are further explained in note 10.
- 9.5 The Company has ceased the repayment of the overdraft, as it has filed a suit against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 10.
- 9.6 Further to note 9.1 to 9.5 since these facilities are in default / subjudice, the recognition and measurement of these financial liabilities under IAS 39 "Financial Instruments" are required to be carried at amortized cost. These are carried at costs as their amortized costs are impracticable to determine. Hence, these are reclassified from long term financing to short term borrowings for all the relevant periods, whether present or future and have accordingly been regrouped / reclassified.

10. CONTINGENCIES AND COMMITMENTS

The Company has instituted a suit in the Honorable Lahore High Court, Lahore against Faysal Bank Limited claiming damages on account of acquisition of un-remunerative agricultural land on the advice of FIBL (Faysal Islamic Bank Limited), for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic Banking in contravention of the objective clause of its memorandum of Association, Articles of Association and against circulars issued by the State Bank of Pakistan. The amount claimed for the first two counts is Rs. 141.831 million (including claims of Central Excise Duty), whereas the amount of last count has been left for the court to determine.

The counter suite filed by the Faysal Bank for recovery of Rs. 454.502 million along with costs and cost of funds before the Honorable Lahore High Court (Single Judge), Lahore has been adjudicated on 04.06.2015 against the Company. The company has filed an appeal in Honourable Lahore High Court, Lahore (Division Bench) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheard. Due to litigations, the Bank is not responding and confirming the balance to the company. Having been undeterminable at this stage, provision for cost of funds has not been accounted for.

(Un-Audited)

	Note	Half Year Ended		Quarter Ended	
		December 31 2017 Rupees	December 31 2016 Rupees	December 31 2017 Rupees	December 31 2016 Rupees
11. SALES - net					
Local:					
Yarn sales		715,709,769	591,693,751	344,577,877	303,578,148
Waste sales		7,895,042	7,198,271	3,547,024	2,962,154
Local sales		723,604,811	598,892,022	348,124,901	306,540,302
Gross sales		723,604,811	598,892,022	348,124,901	306,540,302
Less: Commission		(293,190)	(68,500)	(87,920)	(68,500)
		723,311,621	598,823,522	348,036,981	306,471,802
12. COST OF SALES					
Raw material consumed		457,325,378	400,159,842	229,054,819	205,506,923
Stores and spares consumed		13,508,049	11,353,092	6,998,944	6,574,437
Packing material consumed		10,492,375	10,130,934	5,244,386	5,218,528
Salaries, wages and benefits		63,302,024	62,835,581	30,830,070	30,397,603
Fuel and power		78,278,628	70,740,236	41,324,274	32,665,905
Repairs and maintenance		1,424,867	1,273,409	773,757	756,340
Insurance		1,334,593	1,236,075	740,800	657,206
Depreciation		11,624,162	12,170,879	5,812,080	6,102,389
Others		479,008	736,841	207,570	342,828
		637,769,084	570,636,889	320,986,700	288,222,159
Inventory effect of work in process					
Opening balance		5,302,204	5,150,008	5,197,548	5,997,345
Closing balance		(5,424,413)	(5,063,353)	(5,424,413)	(5,063,353)
		(122,209)	86,655	(226,865)	933,992
Cost of goods manufactured		637,646,875	570,723,544	320,759,835	289,156,151
Inventory effect of finished goods					
Opening balance		55,726,310	5,288,158	12,351,774	9,322,450
Closing balance		(10,540,488)	(8,663,192)	(10,540,488)	(8,663,192)
		45,185,822	(3,375,034)	1,811,286	659,258
Cost of goods sold		682,832,697	567,348,510	322,571,121	289,815,409

13. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and other key management personnel. Amounts due from and due to related parties, if any, are shown under relevant notes to condensed interim financial information. Transactions with related parties undertaken during the period were as follows:-

	(Un-Audited)	
	Half Year Ended	
	December,31 2017	December,31 2016
	-----Rupees-----	
Post employment benefit	1,961,659	2,070,764
Net payments / (received) - Directors	35,213	(586,700)
Purchase of electricity from Zeeshan Energy Ltd. (Associated)	-	58,338,474

14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue on 26 FEB 2018 by the Board of Directors of the Company.

15. GENERAL

- Figure have been rounded off to the nearest thousand rupees unless otherwise stated.
- Corresponding figures have been rearranged , wherever necessary , for the purpose of comparison. However, no significant reclassification / rearrangements were made during the year.

(DIRECTOR)

(CHIEF EXECUTIVE)

(CHIEF FINANCIAL OFFICER)