



**ELAHI COTTON MILLS LIMITED**

**INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED  
DECEMBER 31, 2018**

**BDO Ebrahim & Co. Chartered Accountants**

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# ELAHI COTTON MILLS LIMITED

## DIRECTORS' REVIEW TO THE MEMBERS

The Directors of the Company are pleased to present financial information for the half year ended December 31, 2018 duly reviewed by the external auditors.

The principal business activity of the Company is to manufacture and sale of Pure Polyester Yarn. Aggregate sales revenue of the Company increased from Rs. 182.207 million to Rs. 244.317 million showing increase of Rs. 62.11 million (34.09%) whereas cost of sales increased from Rs. 175.398 million to Rs. 238.781 million showing increase of Rs. 63.383 million (36.14%). The Company earned profit before taxation of Rs. 2.100 million for the six months from July 01, 2018 to December 31, 2018 as compared to profit of Rs. 3.268 million for the corresponding period of last six months and loss after taxation of Rs. 0.298 million as compared to profit of Rs. 1.802 million. The net loss incurred by the Company is mainly due to increase in the cost of electricity, salaries & wages and depreciation. The future outlook seems to be favourable due to relief provided to the textile sector in electricity by the Government.

The Loss per share for the half year ended December 31, 2018 is Rs. 0.23 and for the quarter ended December 31, 2018 is Rs. 0.51. As the Company has incurred loss for the six months and also has accumulated loss and no amount is available in the reserves, the Directors do not recommend payment of any dividend to shareholders of the Company.

Islamabad  
February 26, 2019

*Mahmood Elahi*  
(Mahmood Elahi)  
Director

On behalf of Board of Directors

*Mahfooz Elahi*  
(Mahfooz Elahi)  
Chief Executive

الہی کاٹن ملز لمیٹڈ

ممبرز کو ڈائریکٹرز کی ششماہی جائزہ رپورٹ

کمپنی کے ڈائریکٹرز ششماہی مالیاتی رپورٹ تختہ ۳۱ دسمبر ۲۰۱۸ء کو جسے رو فی محاسب سے جائزہ شدہ ہے، پیش کرتے ہیں۔ کمپنی کا بنیادی کام خالص پولیسٹر دھاگہ بنانا اور فروخت کرنا ہے۔ کمپنی کی مجموعی فروخت 182.207/- ملین روپے سے بڑھ کر 244.317/- ملین روپے ہو گئی ہے جو کہ 62.11/- ملین روپے (34.09%) اضافہ ظاہر کر رہی ہے جبکہ فروخت کے اخراجات 175.398/- ملین روپے سے بڑھ کر 238.781/- ملین روپے ہو گئے ہیں جو کہ 63.383/- ملین روپے (36.14%) اضافہ ظاہر کر رہے ہیں۔ اس ششماہی تختہ ۳۱ دسمبر ۲۰۱۸ء میں کمپنی نے قبل از ٹیکس 2.100/- ملین روپے کا منافع کمایا ہے جبکہ گزشتہ سال اسی دورانیہ میں یہ منافع 3.268/- ملین روپے تھا اور بعد از ٹیکس 0.298/- ملین روپے کا نقصان ہوا جبکہ گزشتہ سال اسی دورانیہ میں 1.802/- ملین روپے کا منافع ہوا تھا۔ کمپنی کے خالص نقصان کی وجہ پگھلنے کے اخراجات، تنخواہوں اور اجرت میں اضافہ ہے۔ کمپنی توقع کرتی ہے کہ حکومت کی طرف سے بجلی کی قیمت میں کمی کی وجہ سے مستقبل بہتر ہوگا۔

اس ششماہی تختہ ۳۱ دسمبر ۲۰۱۸ء میں کمپنی کا نقصان 0.23/- روپے فی حصص ہوا جبکہ دوسری سرمایہ مختہ ۳۱ دسمبر ۲۰۱۸ء کو فی حصص 0.51/- روپے نقصان ہوا۔ جیسا کہ کمپنی کو ان چھ مہینوں میں خالص نقصان ہوا ہے اور کمپنی مجموعی طور پر بھی خسارے میں ہے اور ذخائر میں کوئی رقم نہ ہونے کی وجہ سے ڈائریکٹرز حصہ داران کے لئے کسی منافع کے سفاقرش نہیں کرتے۔

اسلام آباد

*Mahmood Elahi*

محمود الہی  
ڈائریکٹر

بروز آف ڈائریکٹرز کی جانب سے  
*Mahfooz Elahi*  
محمود الہی  
چیف ایگزیکٹو



**INDEPENDENT AUDITORS REVIEW REPORT TO THE MEMBERS OF ELAHI COTTON MILLS LIMITED****Report on review of Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Elahi Cotton Mills Limited ("the Company") as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the interim financial statements for the six months period then ended (herein after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standards on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and financial reporting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended December 31, 2018 and December 31, 2017 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditors report is Abdul Qadeer.

**ISLAMABAD****DATED: 26 FEB 2019**  
**BDO EBRAHIM & CO.**  
**CHARTERED ACCOUNTANTS**  
**BDO Ebrahim & Co. Chartered Accountants**

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**ELAHI COTTON MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT DECEMBER 31, 2018**

		<b>December 31, 2018</b>	<b>June 30, 2018</b>
	<b>Note</b>	<b>Rupees Unaudited</b>	<b>Rupees Audited</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	5	130,779,351	133,020,393
Long term security deposits		918,810	918,810
Loan to employees		1,626,508	1,965,428
		<u>133,324,669</u>	<u>135,904,631</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		1,786,546	1,142,442
Stock in trade	6	16,127,962	17,931,790
Trade debts	7	10,809,942	4,598,298
Loans and advances		624,504	230,169
Short terms prepayments		357,569	160,318
Tax refund due from government		986,861	114,881
Cash and bank balances	8	6,759,861	9,694,345
		<u>37,453,245</u>	<u>33,872,243</u>
<b>TOTAL ASSETS</b>		<u>170,777,914</u>	<u>169,776,874</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	9	13,000,000	13,000,000
Revaluation surplus on property, plant and equipment		109,486,448	110,644,660
Accumulated loss		<u>(68,602,284)</u>	<u>(69,462,716)</u>
		53,884,164	54,181,944
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities		22,141,663	23,539,156
<b>CURRENT LIABILITIES</b>			
Taxation - net		287,619	150,486
Short term loan from directors	10	71,882,547	72,432,547
Due to associated undertaking	11	8,266,077	9,416,077
Trade and other payables	12	14,067,679	9,808,499
Unclaimed dividend		248,165	248,165
		<u>94,752,087</u>	<u>92,055,774</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>170,777,914</u>	<u>169,776,874</u>

The annexed notes from 1 to 24 form an integral part of these interim financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**



**ELAHI COTTON MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

		Six months ended December 31,		Three months ended December 31,		
		2018	2017	2018	2017	
Note		-----Rupees-----				
	Sales	14	244,316,740	182,206,612	131,890,285	98,195,174
	Cost of sales	15	(238,781,164)	(175,398,304)	(129,682,856)	(94,349,731)
	Gross profit		5,535,576	6,808,308	2,207,429	3,845,443
	Operating expenses					
	Administrative expenses		(3,128,679)	(3,550,146)	(1,440,265)	(2,323,514)
	Other operating charges		(308,158)	(169,460)	(185,108)	(61,805)
	Operating profit / (loss)		2,098,739	3,088,702	582,056	1,460,124
	Other income		1,569	180,296	1,188	136,855
	Financial charges		(733)	(1,193)	(733)	(109)
	Profit before taxation		2,099,575	3,267,805	582,511	1,596,870
	Taxation:					
	Current		(3,053,979)	(2,188,810)	(1,648,648)	(1,131,542)
	Prior		161,179	-	161,179	-
	Deferred		495,445	723,461	244,584	423,757
	(Loss) / profit after taxation		(2,397,355)	(1,465,349)	(1,242,885)	(707,785)
			(297,780)	1,802,456	(660,374)	889,085
	(Loss) / earnings per share- basic and diluted	16	(0.23)	1.39	(0.51)	0.68

The annexed notes from 1 to 24 form an integral part of these interim financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**ELAHI COTTON MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

Six months ended December 31,		Three months ended December 31,	
2018	2017	2018	2017
-----Rupees-----			

(Loss) / profit for the period

(297,780)      1,802,456      (660,374)      889,085

Other comprehensive income

-      -      -      -

Total comprehensive (loss) / income for  
the period

(297,780)      1,802,456      (660,374)      889,085

The annexed notes from 1 to 24 form an integral part of these interim financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**ELAHI COTTON MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

	Reserves		Total
	Share capital	Capital	Revenue
	Issued, subscribed and paid-up capital	Revaluation surplus on property, plant and equipment	Accumulated loss
		<b>Rupees</b>	
Balance as at July 01, 2017 - as previously reported	13,000,000	-	(76,677,660)
Impact of changes in accounting policies (net of tax)	-	72,309,752	-
Balance as at July 01, 2017 (restated)	13,000,000	72,309,752	(76,677,660)
			8,632,092
Total comprehensive income for the period	-	-	1,802,456
Profit for the period	-	40,787,031	-
Other comprehensive income for the period	-	40,787,031	1,802,456
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of deferred tax	-	(1,409,920)	1,409,920
Balance as at December 31, 2017 (restated)	13,000,000	111,686,863	(73,465,284)
Balance as at July 01, 2018	13,000,000	110,644,660	(69,462,716)
Total comprehensive loss for the period	-	-	(297,780)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation-net of deferred tax	-	(1,158,212)	1,158,212
Balance as at December 31, 2018	13,000,000	109,486,448	(68,602,284)
			53,884,164

The annexed notes from 1 to 24 form an integral part of these interim financial statements.

*Mahmud Elahi*  
**CHIEF EXECUTIVE**

*Mahmud Elahi*  
**DIRECTOR**

*Qasim Ali*

**CHIEF FINANCIAL OFFICER**



**ELAHI COTTON MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

		Six months ended	
		December 31,	
	Note	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	17	4,196,639	214,171
Financial charges paid		(733)	(1,193)
Income tax paid		(2,766,360)	(2,262,880)
Gratuity paid		(3,002,950)	(728,450)
Net cash used in operating activities		(1,573,404)	(2,778,352)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		-	(1,096,691)
Addition to capital work in progress		-	(145,650)
Proceeds from sale of fixed assets		-	1,491,429
Increase in loan to employees		338,920	(158,002)
Net cash generated from investing activities		338,920	91,086
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of loan to directors		(550,000)	(75,000)
Repayment of loan to associated undertaking		(1,150,000)	-
Net cash used in financing activities		(1,700,000)	(75,000)
Net decrease in cash and cash equivalents		(2,934,484)	(2,762,266)
Cash and cash equivalents at the beginning of the period		9,694,345	8,234,895
Cash and cash equivalents at the end of the period		6,759,861	5,472,629

The annexed notes from 1 to 24 form an integral part of these interim financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**



## **ELAHI COTTON MILLS LIMITED**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2018**

#### **1 STATUS AND NATURE OF BUSINESS**

- 1.1 The Company was incorporated as a public limited company on June 22, 1970 under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited in which Lahore and Islamabad stock exchanges have merged). The principal business of the Company is manufacture and sale of yarn.
- 1.2 The registered office of the Company is situated at 270, sector I-9, Industrial Area, Islamabad. The mill (plant) of the Company is located at Mandra - Chakwal road, Tehsil Gujar Khan, District Rawalpindi, Pakistan.
- 1.3 The Company incurred a net loss of Rs. 0.297 million during the period ended December 31, 2018 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 57.299 million. The Company has accumulated loss of Rs. 68.602 million (June 30, 2018: Rs. 69.462 million). The Company's accumulated losses exceeded the issued, subscribed and paid up capital by Rs. 55.602 million. These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern.

These interim financial statements have been prepared on going concern basis without any adjustment to assets and liabilities in view of profitable future projections and financial support from associated undertaking and sponsors. The management is confident of improving profitability through streamlining the operations of the Company.

#### **2 BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

These interim financial statements of the Company for the six months ended December 31, 2018 have been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions or directives issued under the Companies Act, 2017 have been followed.

These interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2018 and comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un audited condensed interim financial statements for the six months ended December 31, 2017.

*Ad*



These interim financial statements are unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

## **2.2 Basis of measurement**

These interim financial statements have been prepared under the historical cost convention except for some operating fixed assets which have been stated at revalued amount, investment property at fair value, investments classified as fair value through other comprehensive income (FVTOCI) and employee benefits at present value.

These interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

## **2.3 Functional and presentation currency**

These interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

## **3 ACCOUNTING POLICIES**

- 3.1 The accounting policies adopted and methods of computation followed in the preparation of these interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2018 except as explained in note 3.5 below.
- 3.2 The preparation of these interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, 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.
- 3.3 The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2018.
- 3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2018. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on these interim financial statements except as disclosed in note 3.5 below.
- 3.5 Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2018.





**a) IFRS 15 - Revenue from Contracts with Customers**

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has applied the requirements of IFRS 15 relating to revenue recognition retrospectively, however, management has performed its assessment of the impact and confirmed that the application of IFRS 15 does not have significant effect on the Company's financial statements in the period of initial application, accordingly, comparative information has not been restated.

**b) IFRS 9 - Financial Instruments**

On July 24, 2017, the International Accounting Standards Board (IASB) published IFRS 9 'Financial Instruments'. This standard was adopted locally by the Securities and Exchange Commission of Pakistan (SECP) through its S.R.O. 1007(I)/2017 dated October 04, 2017 and became effective for accounting periods beginning on or after July 1, 2018. Subsequent to the balance sheet date, SECP through its S.R.O. 229 (I)/2019 deferred the adoption of this standard and modified the effective date for applicability of this standard as reporting period / year ending on or after June 30, 2019. IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard will replace IAS 39 Financial Instruments: Recognition and Measurement.

**c) Change in accounting policy of revaluation surplus on property and equipment**

The Company changed its accounting policy for the revaluation surplus on property and equipment, in accordance with requirements of the accounting and reporting standards as applicable in Pakistan under the Companies Act, 2017. Detailed impact of change in accounting policy has been provided in the annual financial statements for the year ended Jun 30, 2018.

Resultantly, the impact of restatement in comparative information has been provided in the condensed interim statement of changes in equity.

**4 TAXATION**

The provision for taxation for the half year and quarter ended December 31, 2018 has been made using the estimated effective tax rate applicable to expected total annual earnings.



		<b>December 31, 2018 Rupees Unaudited</b>	<b>June 30, 2018 Rupees Audited</b>
<b>5 OPERATING FIXED ASSETS</b>			
Opening written down value		133,020,393	90,645,274
Add:			
Additions during the period / year		-	2,408,090
Revaluation surplus		-	46,914,451
Less:			
Revaluation loss		-	869,727
Impairment loss		-	107,923
Disposals during the period/ year	5.1	-	1,997,937
Depreciation charged during the period / year		2,241,042	3,971,835
Closing written down value		<u>130,779,351</u>	<u>133,020,393</u>

5.1 Detail of deletions during the period / year are as follows:

Free hold land	-	450,000
Plant and machinery	-	1,547,937
	-	<u>1,997,937</u>

## 6 STOCK IN TRADE

Raw material		5,201,018	9,089,438
Work in progress		2,855,296	2,195,025
Finished goods	6.1	8,033,813	6,640,691
Waste		37,835	6,636
		<u>16,127,962</u>	<u>17,931,790</u>

6.1 During the period, finished goods have been written down by Rs. 0.093 million (June 30, 2018: Rs. Nil) to carry out finished goods at lower of cost and net realizable value.

		<b>December 31, 2018 Rupees Unaudited</b>	<b>June 30, 2018 Rupees Audited</b>
<b>7 TRADE DEBTS</b>			
Unsecured			
Local			
Considered good		<u>10,809,942</u>	<u>4,598,298</u>



		<b>December 31, 2018 Rupees Unaudited</b>	<b>June 30, 2018 Rupees Audited</b>
<b>8 CASH AND BANK BALANCES</b>			
Cash in hand		104,717	332,633
Cash at banks:			
Current accounts		3,777,018	5,063,267
Saving account	8.1	2,878,126	4,298,445
		<u>6,759,861</u>	<u>9,694,345</u>

8.1 Saving account carries mark up at the rates ranging from 0.03% to 0.05% (June 30, 2018: 0.03% to 0.05%) per annum.

		<b>December 31, 2018 Rupees Unaudited</b>	<b>June 30, 2018 Rupees Audited</b>
<b>9 SHARE CAPITAL</b>			
<b>9.1 Issued, subscribed and paid up capital</b>			
	<b>Number of ordinary shares of Rs. 10/- each</b>		
	<b>December 31, 2018    June 30, 2018</b>		
	<u>1,300,000      1,300,000</u> Fully paid in cash	<u>13,000,000</u>	<u>13,000,000</u>
<b>9.2 Authorized share capital</b>			

This represents 5,000,000 (June 30, 2018: 5,000,000) ordinary shares of Rs. 10 each amounting to Rs. 50,000,000 (June 30, 2018: Rs. 50,000,000).

		<b>December 31, 2018 Rupees Unaudited</b>	<b>June 30, 2018 Rupees Audited</b>
<b>10 LOAN FROM DIRECTORS</b>			
Unsecured			
Balance brought forward		72,432,547	72,782,547
Additions during the period / year		-	-
Payments during the period / year		(550,000)	(350,000)
	10.1	<u>71,882,547</u>	<u>72,432,547</u>

10.1 This represents unsecured interest free loan from two directors and Chief Executive of the Company to meet the working capital requirements. These are payable on demand.

10.2 The maximum aggregate amount due to directors at the end of any month during the period was Rs.

72,432,547 (June 30, 2018: Rs. 72,782,547).

	Note	December 31, 2018 Rupees Unaudited	June 30, 2018 Rupees Audited
<b>11 DUE TO ASSOCIATED UNDERTAKING</b>			
Unsecured			
International Beverages (Private) Limited			
Opening balance		9,416,077	9,916,077
Paid during the period / year		(1,150,000)	(500,000)
	11.1	8,266,077	9,416,077
Less: Current portion shown under current liabilities		(8,266,077)	(9,416,077)
		-	-

11.1 This represents the amount payable to International Beverages (Private) Limited (IBL) against MCB Bank Limited long term facility restructured during the year ended June 30, 2008, as per settlement agreement dated May 29, 2008 signed between the Company, IBL and MCB Bank Limited. As per above agreement, this facility now stands transferred in the name of IBL.

11.2 The maximum aggregate amount due to associated undertaking at the end of any month during the period was Rs. 9,416,077 (June 30, 2018: Rs. 9,916,077).

	December 31, 2018 Rupees Unaudited	June 30, 2018 Rupees Audited
<b>12 TRADE AND OTHER PAYABLES</b>		
Creditors	775,499	94,895
Accrued expenses	8,283,531	4,919,201
Advances from customers	3,346,219	3,661,983
Government dues	434,723	429,625
Workers' Profit Participation Fund	114,594	414,183
Workers' Welfare Fund	235,103	157,389
Income tax payable	44,588	27,623
Sales tax due to government	133,422	47,600
Insurance claim payable	700,000	-
Gratuity payable	-	56,000
	14,067,679	9,808,499

### 13 CONTINGENCIES AND COMMITMENTS

#### 13.1 Contingencies

There was no contingent liability of the Company as at December 31, 2018 (June 30, 2018: Nil).

#### 13.2 Commitments

There were no commitment for capital expenditures as at the balance sheet date (June 30, 2018: Nil).



Note	Six months ended December 31,		Three months ended December 31,	
	2018	2017	2018	2017
	Rupees Unaudited	Rupees Unaudited	Rupees Unaudited	Rupees Unaudited
<b>14 SALES</b>				
Yarn	244,081,722	182,428,542	131,758,525	98,504,207
Waste	235,018	188,614	131,760	101,511
	244,316,740	182,617,156	131,890,285	98,605,718
Less: sales tax	-	(410,544)	-	(410,544)
	244,316,740	182,206,612	131,890,285	98,195,174

## 15 COST OF SALES

Raw material consumed	15.1	182,114,945	123,620,356	97,947,151	66,812,669
Salaries, wages and other		29,712,869	27,553,494	15,115,329	13,854,986
Electricity		21,503,234	20,502,549	10,847,678	10,452,991
Insurance		125,831	134,150	124,132	134,150
Repair and maintenance		58,120	86,970	47,640	24,320
Stores and spares consumed	15.2	5,264,654	5,472,707	2,943,169	2,885,696
Depreciation		2,086,103	1,164,732	1,034,120	412,722
		240,865,756	178,534,958	128,059,219	94,577,534
Opening work in process		2,195,025	1,952,731	3,166,181	2,053,238
Closing work in process		(2,855,296)	(1,996,551)	(2,855,296)	(1,996,551)
		(660,271)	(43,820)	310,885	56,687
Cost of goods manufactured		240,205,485	178,491,138	128,370,104	94,634,221
Opening stock of finished goods		6,640,691	3,679,685	9,367,566	6,488,029
Closing stock of finished goods		(8,033,813)	(6,751,417)	(8,033,813)	(6,751,417)
		(1,393,122)	(3,071,732)	1,333,753	(263,388)
Opening stock of waste material		6,636	16,834	16,834	16,834
Closing stock of waste material		(37,835)	(37,936)	(37,835)	(37,936)
		(31,199)	(21,102)	(21,001)	(21,102)
		238,781,164	175,398,304	129,682,856	94,349,731

### 15.1 Raw material consumed

Opening stock	9,089,438	4,145,028	5,330,997	8,655,624
Purchases	178,226,525	127,091,910	97,817,172	65,773,627
	187,315,963	131,236,938	103,148,169	74,429,251
Closing stock	(5,201,018)	(7,616,582)	(5,201,018)	(7,616,582)
	182,114,945	123,620,356	97,947,151	66,812,669

	Six months ended December 31,		Three months ended December 31,	
	2018	2017	2018	2017
	Rupees	Rupees	Rupees	Rupees
	Unaudited	Unaudited	Unaudited	Unaudited
Opening stock	1,142,442	1,416,715	1,321,779	1,380,160
Purchases	5,908,758	5,526,892	3,407,936	2,976,436
	7,051,200	6,943,607	4,729,715	4,356,596
Closing stock	(1,786,546)	(1,470,900)	(1,786,546)	(1,470,900)
	5,264,654	5,472,707	2,943,169	2,885,696

## 15.2 Stores and spares consumed

## 16 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	Six months ended December 31,		Three months ended December 31,	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
(Loss) / profit after taxation (Rupees)	(297,780)	1,802,456	(660,374)	889,085
Weighted average number of ordinary shares at the end of the period (Number of shares)	1,300,000	1,300,000	1,300,000	1,300,000
(Loss) / earnings per shares (Rupees)	(0.23)	1.39	(0.51)	0.68

## 17 CASH GENERATED FROM OPERATIONS

	Note	December 31, 2018 Rupees Unaudited	December 31, 2017 Rupees Unaudited
Profit/(loss) before taxation		2,099,575	3,267,805

### Adjustment for non-cash charges and other items:

Depreciation		2,241,042	1,666,101
Financial charges		733	1,193
Gain on disposal of fixed asset		-	(37,658)
Impairment loss		-	107,923
Provision for gratuity		2,100,902	1,937,248
Changes in working capital	17.1	(2,245,613)	(6,728,441)
		2,097,064	(3,053,634)
		4,196,639	214,171



	December 31, 2018 Rupees Unaudited	December 31, 2017 Rupees Unaudited
<b>17.1 Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stock in trade	1,803,828	(6,608,208)
Stores, spares and loose tools	(644,104)	(165,687)
Trade debts	(6,211,644)	(1,918,006)
Loans and advances	(394,335)	(17,040)
Short term prepayments	(197,251)	54,118
Tax refunds due from government	(861,287)	53,308
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	4,259,180	1,873,074
	<u>(2,245,613)</u>	<u>(6,728,441)</u>

## 18 TRANSACTIONS WITH RELATED PARTIES

18.1 The related parties and associated undertakings of the Company comprise of associated companies, directors and key management personnel. Transactions with related parties during the period are as follows:



Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	Half year ended December 31,		Quarter ended December 31,	
			2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
International Beverages (Private) Limited	Associated company by virtue of common directorship	Payment made against balance due to associated undertaking Amount payable at period end	1,150,000	-	-	-
			8,266,077	9,416,077	9,416,077	9,416,077
Taj Mills Limited	Associated company by virtue of common directorship	Office rent paid / payable Amount payable at period end	150,000	150,000	75,000	75,000
			150,000	150,000	150,000	150,000
Mahfooz Elahi	Chief Executive	Adjustment / repayment of loan Amount payable at period end (Loan obtained previously)	550,000	75,000	100,000	75,000
			15,432,000	16,257,000	15,432,000	16,257,000
Mahboob Elahi	Director	Amount payable at period end (Loan obtained previously)	51,275,546	51,275,546	51,275,546	51,275,546
			51,275,546	51,275,546	51,275,546	51,275,546
Mahmood Elahi	Director	Amount payable at period end (Loan obtained previously)	5,175,000	5,175,000	5,175,000	5,175,000
			5,175,000	5,175,000	5,175,000	5,175,000

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18.2 The transactions with key management personnel includes remuneration and other benefits under the terms of their employment which are as follows:

	Six months ended December 31,		Three months ended December 31,	
	2018	2017	2018	2017
	Rupees	Rupees	Rupees	Rupees
Short term employment benefits	652,500	744,500	383,250	356,250
Provision towards retirement benefits	49,750	49,750	49,750	49,750
	<u>702,250</u>	<u>794,250</u>	<u>433,000</u>	<u>406,000</u>

## 19 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2018.

## 20 FAIR VALUE MEASUREMENT

The carrying values of all financial assets and liabilities reflected in the interim financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The management assessed that the carrying value of cash and short term deposits, trade debts, other receivables trade and other payables and other current liabilities approximate their fair values largely due to the short term maturities of these instruments. Fair value is determined on the basis of objective evidence at each reporting date.

### Transfers during the period

During the six month period ended December 31, 2018, there were no transfers into or out of Level 3 fair value measurements.

As at December 31, 2018 and June 30, 2018 the Company did not hold any financial instruments carried at fair value except free hold land, buildings and plant and machinery.

The Company has revalued its freehold land, buildings and plant and machinery on December 31, 2018 by independent valuer M/s Asrem (Private) Limited on the basis of market values of similar properties. The fair value of plant and machinery is a level 3 recurring fair value measurement.

Fair value of land and building are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation, while fair value of plant and machinery are considered to be level 3 in the fair value hierarchy due to significant unobservable inputs used in the

### **Valuation techniques used to derive level 2 fair values - Land and Building**

Fair value of land and building has been derived using a sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. Moreover value of building also depends upon the type of construction, age and quality. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

### **Valuation techniques used to derive level 3 fair values - Plant and Machinery**

In the absence of current prices in an active market, the fair value is determined by taking into account the following factors:

- Make, model, country of origin and etc.;
- Operational capacity;
- Present physical condition;
- Resale prospects; and
- Obsolescence.

The valuation is considered to be level 3 in the fair value hierarchy due to the above unobservable inputs used in the valuation. Most significant input in this valuation is the current replacement cost which is adjusted for factors above.

A reconciliation from opening balances to closing balances of fair value measurements categorised in level 3 is provided below:

	<b>December 31, 2018 Rupees Unaudited</b>	<b>June 30, 2018 Rupees Audited</b>
Opening balance (level 3 recurring fair values)	26,743,799	22,357,140
Additions - Cost	-	1,611,791
Revaluation surplus during the period/year	-	7,847,768
Reversal of revaluation surplus	-	(869,727)
Impairment loss	-	(107,923)
Disposals (NBV)	-	(1,547,937)
Depreciation charge	(1,337,190)	(2,547,313)
Closing balance (level 3 recurring fair values)	<u>25,406,609</u>	<u>26,743,799</u>



There were no transfers between levels 2 and 3 for recurring fair value measurements during the period.

Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

	<b>December 31, 2018 Rupees Unaudited</b>	<b>June 30, 2018 Rupees Audited</b>
Freehold land	299,995	299,995
Buildings on freehold land	1,060,662	1,101,987
Plant and machinery	6,493,834	6,835,615

## 21 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with reference to disclosure requirements of fourth schedule of the Companies Act, 2017 relating to "All Shares Islamic Index".

<b>Description</b>	<b>Explanation</b>	<b>December 31, 2018 Rupees Unaudited</b>	<b>June 30, 2018 Rupees Audited</b>
Bank balances as at December 31, 2018	Placed under interest arrangement Placed under Shariah permissible arrangements	- 2,878,126	- 4,298,445
Income on bank deposits	Placed under interest arrangement Placed under Shariah permissible arrangements	- -	- -
All sources of other income	Other income	1,569	2,388,879
Relationship with banks having Islamic windows	Meezan Bank	-	-

There is no other bank balance / investments which carry any interest or mark-up arrangements.

## 22 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the period.



**23 DATE OF AUTHORIZATION**

These interim financial statements were authorised for issue on 26 FEB 2019 by the Board of Directors of the Company.

**24 GENERAL**

Figures have been rounded off to the nearest rupee.

  
CHIEF EXECUTIVE

  
*Mahmood Elbuli*  
DIRECTOR

  
CHIEF FINANCIAL OFFICER