

## COMPANY PROFILE

<b>BOARD OF DIRECTORS</b>	Mian Tanvir Ahmad Sheikh - Chairman Mian Anis Ahmad Sheikh - C.E.O Mian Idrees Ahmad Sheikh Mian Aziz Ahmad Sheikh Mian Atta Shafi Tanvir Sheikh Maj. (R) Javed Mussarat - Independent Director Syed Raza Abbas Jaffari - (Rep. NIT)
<b>AUDIT COMMITTEE</b>	Mian Idrees Ahmad Sheikh - Chairman Mian Aziz Ahmad Sheikh - Member Maj. (R) Javed Mussarat - Member
<b>HR &amp; REMUNERATION COMMITTEE</b>	Mian Aziz Ahmad Sheikh - Chairman Mian Idrees Ahmad Sheikh - Member Mian Atta Shafi Tanvir Sheikh - Member
<b>CHIEF FINANCIAL OFFICER &amp; COMPANY SECRETARY</b>	Muhammad Ehsanullah Khan
<b>AUDITORS</b>	M/s Delloite Yousuf Adil Chartered Accountants, Abdali Tower, Abdali Road, Multan.
<b>LEGAL ADVISOR</b>	Asfaq Nadeem - Advocate Muhammad Arcade, Khanewal Road, Multan.
<b>BANKERS</b>	Habib Bank Limited Bank Al-Habib Limited Allied Bank Limited Habib Metropolitan Bank Limited United Bank Limited Faysal Bank Limited Bank of Punjab Meezan Bank
<b>REGISTERED OFFICE</b>	2-Industrial Estate, Multan.
<b>MILLS (Unit I-II &amp; Ginning Unit)</b>	M.M. Road, Chowk Sarwar Shaheed, Distt. Muzaffargarh.
<b>MILLS (Unit III)</b>	Rajana Road, Pirmahal, Distt. Toba Tek Singh.
<b>HEAD OFFICE</b>	2-Industrial Estate, Multan.
<b>SHARES REGISTRARS</b>	M/s Hameed Majeed Associates (Pvt.) Ltd. H.M. House, 7-Bank Square, Lahore.

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors present before you the Auditors' Reviewed Financial Statements of your Company for the Half Year ended December 31, 2017.

By the grace of Almighty Allah, overall performance of your Company during the period under report was better than its performance for the same period last year. Price and demand of Yarn both have improved in the local market as compared to last quarter. Better management and efficient use of resources was the reason for these sustainable results despite increase in cotton prices do not correspondingly matched with sale price. However, your Company earned pre-tax profit of Rs.45,954,876/- which after provision for tax netted at Rs.12,883,903/- for the six months period ended December 31, 2017 under report compared to Loss of (Rs.44,078,978/-) for the same period last year. Similarly your company earned pre-tax profit of Rs.22,045,094/- which after provision for tax netted at Rs.3,480,941/- for the three months period ended December 31, 2017 compared to Loss of (Rs.11,895,619/-) for the same period last year.

Your Directors are quite hopeful that, by the grace of Almighty Allah, your Company will achieve still better financial results for the remaining period of the current financial year to end on June 30, 2018.

On behalf of the Board

Sd/-

**Mian Tanvir Ahmad Sheikh**  
Chairman / Chief Executive

Place: Multan

Dated: 24.02.2018

## ڈائریکٹران کا جائزہ

محترم حصص داران،

آپ کے ڈائریکٹر کمپنی کے پڑتال و جائزہ شدہ مالیاتی نتائج برائے نصف سال مختتمہ 31 دسمبر 2017ء پیش کرتے ہیں۔

اللہ تعالیٰ کے فضل سے پیش کردہ ششماہی مالیاتی رپورٹ کے دورانہ میں کمپنی کی کارکردگی پچھلے سال کی کارکردگی سے بہتر رہی۔ مقامی مارکیٹ میں پچھلی سہ ماہی کے مقابلے میں یارن کے نرخ اور مانگ بہتر ہوئی ہے۔ ان پائیدار نتائج کی بنیادی وجہ بہتر انتظام اور وسائل کا موثر استعمال ہے باوجودیکہ کاٹن کے نرخوں میں اضافہ دھاگے کی قیمت فروخت سے مطابقت نہیں رکھتی ہے۔ تاہم مالی سال 2017-2018 کی ششماہی مختتمہ 31 دسمبر 2017ء میں کمپنی کا منافع قبل از ٹیکس مبلغ 45,954,876 روپے تھا جس میں سے ٹیکس کی کٹوتی کے بعد منافع بعد از ٹیکس مبلغ 12,883,903 روپے تھا جبکہ پچھلے سال بعد از ٹیکس خسارہ مبلغ 44,078,978 روپے تھا۔ اسی طرح مالی سال 2017-2018 کی سہ ماہی مختتمہ 31 دسمبر 2017ء میں کمپنی کا منافع قبل از ٹیکس مبلغ 22,045,094 روپے تھا جس میں سے ٹیکس کی کٹوتی کے بعد منافع بعد از ٹیکس مبلغ 3,480,941 روپے تھا جبکہ پچھلے سال بعد از ٹیکس خسارہ مبلغ 11,895,619 روپے تھا۔

آپ کے ڈائریکٹران امید کرتے ہیں کہ کمپنی 30 جون 2018ء میں اختتام ہونے والے مالیاتی سال کے بقایا مدت میں مزید بہتر نتائج حاصل کرے گی۔

بحکم بورڈ آف ڈائریکٹرز

میاں تنویر احمد شیخ۔ چیئر مین

ملتان۔ بتاریخ 24 فروری 2018ء

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

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Maqbool 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, and condensed interim statement of changes in equity and notes to the accounts for the six months period 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 December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months period 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 interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period 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.

**M/s Delloite Yousuf Adil**  
*Chartered Accountants*

**Engagement Partner:**  
*Rana M. Usman Khan*

**Date:**  
*Karachi*

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

		<i>(Unaudited)</i> December 31, 2017 Rupees	<i>(Audited)</i> June 30, 2017 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1,800,917,475	1,840,019,477
Long term deposits		5,668,939	5,668,939
		<b>1,806,586,414</b>	<b>1,845,688,416</b>
<b>Current assets</b>			
Stores and spares		63,758,480	40,852,290
Stock in trade	5	1,115,902,477	674,239,168
Trade debts		423,447,065	268,592,414
Loans and advances		29,143,386	36,294,979
Prepayments		262,587	221,803
Sales tax refundable		93,344,282	93,431,633
Advance tax		68,069,027	81,697,959
Export Rebate Refundable		59,985,195	33,635,697
Cash and bank balances		5,227,901	32,176,107
		<b>1,859,140,400</b>	<b>1,261,142,050</b>
<b>TOTAL ASSETS</b>		<b>3,665,726,814</b>	<b>3,106,830,466</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital		200,000,000	200,000,000
Share capital		168,000,000	168,000,000
General reserve		168,000,000	168,000,000
Unappropriated profits		223,295,814	194,868,151
		<b>559,295,814</b>	<b>530,868,151</b>
<b>Surplus on revaluation of property plant and equipment - net of deferred tax</b>		<b>689,431,347</b>	<b>704,975,105</b>
<b>Non-current liabilities</b>			
Long term financing		106,696,459	145,187,000
Long term loans from related parties		48,910,594	46,581,518
Deferred liabilities		227,954,022	220,101,043
		<b>383,561,075</b>	<b>411,869,561</b>
<b>Current liabilities</b>			
Trade and other payables		265,098,436	195,449,595
Accrued markup		26,443,014	22,776,483
Short term borrowings	6	1,638,037,222	1,128,003,470
Current portion of long term financing		72,756,504	68,531,926
Provision for taxation		31,103,402	44,356,175
		<b>2,033,438,578</b>	<b>1,459,117,649</b>
<b>Contingencies and commitments</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,665,726,814</b>	<b>3,106,830,466</b>

The annexed selected notes from 1 to 15 form an integral part of this condensed interim financial information.

Sd/-  
Mian Anis Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Atta Shafi Tanvir Sheikh  
Director

Sd/-  
M. Ehsanullah Khan  
Chief Financial Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
(UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017**

	Note	&&.. Six months period ended &&..		&... Three months period ended &&	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
----- Rupees -----					
Sales - net	8	2,532,916,367	2,480,255,447	1,349,527,028	1,336,690,673
Cost of goods sold	9	<u>(2,347,650,632)</u>	<u>(2,377,161,807)</u>	<u>(1,252,347,012)</u>	<u>(1,273,698,839)</u>
Gross profit		185,265,735	103,093,640	97,180,016	62,991,834
Other income		<u>9,202,689</u>	<u>3,745,831</u>	<u>8,482,837</u>	<u>2,631,533</u>
		194,468,424	106,839,471	47,334,853	65,623,367
Distribution expenses		<u>(40,103,411)</u>	<u>(36,254,052)</u>	<u>(22,486,222)</u>	<u>(21,014,623)</u>
Administrative expenses		<u>(52,508,820)</u>	<u>(55,410,169)</u>	<u>(29,881,310)</u>	<u>(31,312,141)</u>
		(92,612,231)	(91,664,221)	(52,367,532)	(52,326,764)
Finance cost		<u>(55,901,317)</u>	<u>(50,100,209)</u>	<u>(31,250,227)</u>	<u>(27,464,851)</u>
Profit/(Loss) before taxation		45,954,876	(34,924,959)	22,045,094	(14,168,248)
Taxation		<u>(33,070,973)</u>	<u>(9,163,019)</u>	<u>(18,564,153)</u>	<u>2,272,629</u>
Loss after taxation		<u>12,883,903</u>	<u>(44,087,978)</u>	<u>3,480,941</u>	<u>(11,895,619)</u>
Earning per share - basic and diluted		<u>0.77</u>	<u>(2.62)</u>	<u>0.21</u>	<u>(0.71)</u>

The annexed selected notes from 1 to 15 form an integral part of this condensed interim financial information.

Sd/-  
Mian Anis Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Atta Shafi Tanvir Sheikh  
Director

Sd/-  
M. Ehsanullah Khan  
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017**

	<u>&amp;Six months period ended &amp;</u>		<u>&amp;Three months period ended &amp;</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 -----			
Loss for the period	<b>12,883,903</b>	(44,087,978)	<b>(54,847,059)</b>	(11,895,619)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<b><u>12,883,903</u></b>	<b><u>(44,087,978)</u></b>	<b><u>(54,847,059)</u></b>	<b><u>(11,895,619)</u></b>

The annexed selected notes from 1 to 15 form an integral part of this condensed interim financial information.

Sd/-  
Mian Anis Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Atta Shafi Tanvir Sheikh  
Director

Sd/-  
M. Ehsanullah Khan  
Chief Financial Officer

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017**

	&..Six months period ended&..	
	December 31, 2017 Rupees	December 31, 2016 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	45,954,876	(34,924,959)
Adjustments for :		
Depreciation on property, plant and equipment	43,759,463	44,889,189
Provision for staff retirement benefits - gratuity	10,815,141	9,538,992
Finance cost	55,901,317	50,100,209
	<b>110,475,921</b>	<b>104,528,390</b>
Operating cash flows before working capital changes	<b>156,430,797</b>	<b>69,603,431</b>
(Increase) / decrease in current assets		
Stores and spares	(22,906,190)	(3,152,107)
Stock in trade	(441,663,309)	(163,970,807)
Trade debts	(154,854,651)	(16,275,896)
Loans and advances	7,151,593	1,414,047
Export Rebate Refundable	(26,349,498)	-
Sales tax refundable	87,351	(16,876,255)
Other receivables	(40,784)	221,803
	<b>(638,575,488)</b>	<b>(198,639,215)</b>
Increase / (decrease) in current liabilities		
Trade and other payables (excluding unclaimed dividend)	69,648,841	136,444,812
Cash generated from / (used in) operations	<b>(412,495,850)</b>	<b>7,409,028</b>
Income tax paid	(30,193,610)	(25,073,263)
Gratuity paid	(5,463,366)	(4,393,400)
Finance cost paid	(49,905,710)	(52,327,682)
	<b>(85,562,686)</b>	<b>(81,794,345)</b>
Net cash used in operating activities	<b>(498,058,536)</b>	<b>(74,385,317)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(4,657,459)	(22,651,412)
Net cash used in investing activities	<b>(4,657,459)</b>	<b>(22,651,412)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt / (repayment) of long term financing - net	(34,265,963)	(29,759,633)
Short term borrowings - net	510,033,752	199,246,455
Dividend paid	-	(3,947)
Net cash generated from financing activities	<b>475,767,789</b>	<b>169,482,875</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	<b>(26,948,206)</b>	<b>72,446,146</b>
Cash and cash equivalents at beginning of the period	<b>32,176,107</b>	<b>17,845,776</b>
Cash and cash equivalents at end of the period	<b>5,227,901</b>	<b>90,291,922</b>

The annexed selected notes from 1 to 15 form an integral part of this condensed interim financial information.

Sd/- Mian Anis Ahmad Sheikh Chief Executive Officer	Sd/- Mian Atta Shafi Tanvir Sheikh Director	Sd/- M. Ehsanullah Khan Chief Financial Officer
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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
(UNAUDITED)  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017**

	Issued, subscribed and paid-up capital	General reserve	Unappropriated profits	Total
----- Rupees -----				
Balance as at July 01, 2016 - (audited)	168,000,000	168,000,000	126,787,632	462,787,632
Profit for the period	-	-	(44,087,978)	(44,087,978)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the six months period ended December 31, 2016	-	-	(44,087,978)	(44,087,978)
Surplus transferred to unappropriated profit on account of incremental depreciation - net	-	-	6,353,485	6,353,485
<b>Balance as at December 31, 2016 Un-audited</b>	<b>168,000,000</b>	<b>168,000,000</b>	<b>89,053,139</b>	<b>425,053,139</b>
Balance as at July 01, 2017 - (audited)	168,000,000	168,000,000	194,868,151	530,868,151
Loss for the period	-	-	12,883,903	12,883,903
Other comprehensive income	-	-	-	-
Total comprehensive income for the six months period ended December 31, 2017	-	-	12,883,903	12,883,903
Surplus transferred to unappropriated profit on account of incremental depreciation - net	-	-	15,543,760	15,543,760
<b>Balance as at December 31, 2017</b>	<b>168,000,000</b>	<b>168,000,000</b>	<b>223,295,814</b>	<b>559,295,814</b>

The annexed selected notes from 1 to 14 form an integral part of this condensed interim financial information.

Sd/-  
Mian Anis Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Atta Shafi Tanvir Sheikh  
Director

Sd/-  
M. Ehsanullah Khan  
Chief Financial Officer

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**NOTES TO THE CONDENSED INTERIM FINANCIAL  
INFORMATION (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017**

**1. LEGAL STATUS**

- 1.1** Maqbool Textile Mills Limited ("the Company") was incorporated in Pakistan on December 03, 1989 as a public limited company under the Companies Ordinance, 1984 and its shares are quoted on Pakistan Stock Exchange Limited ("PSX"). The registered office of the Company is situated in Multan, Pakistan. The Company is principally engaged in manufacturing and sale of yarn, cotton seed and cotton lint. The Company's manufacturing facilities are located at District Muzaffar Garh and District Toba Tek Singh, Pakistan.

**2. BASIS OF PREPARATION**

- 2.1** This condensed interim financial information of the Company for the half year ended December 31, 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

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

This condensed interim financial information does not include all information required for full annual financial statements and should be read in conjunction with annual audited financial statements for the year ended June 30, 2017. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2017 whereas comparative profit and loss account, comparative statement of changes in equity and comparative cash flow statement are extracted from un-audited condensed interim financial information for the six months period ended on December 31, 2016.

- 2.3** This condensed interim financial information is un-audited. However, a limited scope review has been performed by the statutory auditors of the Company in accordance with the requirements of clause 5.19.13(b) of Rule Book of Pakistan Stock Exchange Limited and they have issued their review report thereon.
- 2.4** This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

**3. ACCOUNTING POLICIES, ESTIMATES AND RISK MITIGATION POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information and the significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual audited financial statements of the Company for the year ended June 30, 2017.

The financial risk management policies and objectives adopted by the Company are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2017.

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

		<i>(Unaudited)</i> <i>December 31,</i> <i>2017</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2017</i> <i>Rupees</i>
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>		
Operating assets	4.1	<b>1,800,807,433</b>	1,849,725,973
Capital work-in-progress		<b>110,042</b>	555,442
		<b>1,800,917,475</b>	<b>1,850,281,415</b>
<b>4.1 Operating assets</b>			
Opening carrying value		<b>1,805,074,292</b>	1,773,392,960
<b>Additions during the period / year</b>			
Plant and machinery		<b>36,080,591</b>	158,051,045
Generator		-	1,253,099
Electric fittings and installations		<b>1,943,207</b>	5,497,265
Tools and equipments		<b>11,500</b>	87,125
Office equipments		-	336,633
Telephone installations		-	9,500
Furniture and fixtures		<b>840,600</b>	461,177
Arms and ammunitions		-	-
Weighing scales		<b>616,706</b>	28,000
Tube Well		-	8,200
Vehicles		-	68,700
		<b>39,492,604</b>	166,334,078
Depreciation charge for the period		<b>(43,759,463)</b>	(90,001,065)
Closing carrying value		<b>1,800,807,433</b>	<b>1,849,725,973</b>
<b>5. STOCK IN TRADE</b>			
Raw materials		<b>820,115,663</b>	449,003,590
Work in process		<b>38,494,809</b>	49,062,672
Finished goods			
- Yarn		<b>253,594,293</b>	286,447,858
- Waste		<b>3,697,712</b>	2,936,949
		<b>257,292,005</b>	289,384,807
		<b>1,115,902,477</b>	<b>787,451,069</b>
<b>5.1</b>	Net realizable value of stock in trade was higher than its cost resulting in no write down of stock for year ended June 2017 (June 30, 2016: Rs. 7.72 million).		
		<i>(Unaudited)</i> <i>December 31,</i> <i>2017</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2017</i> <i>Rupees</i>
<b>6. SHORT TERM BORROWINGS</b>			
<b>Secured - under markup arrangements</b>			
Running finance		<b>696,754,794</b>	629,046,690
Cash finance		<b>794,682,428</b>	390,933,712
Murabaha finance		<b>146,600,000</b>	108,023,068
		<b>1,638,037,222</b>	<b>1,128,003,470</b>

Short term borrowings are available from various commercial banks under mark-up arrangements aggregating to Rs. 2,625 million (June 2017: Rs. 3,070 million) of which facilities remained un-utilized at the year end amounted to Rs. 986 million (June 2017: 1,688 million). These facilities are subject to markup ranging from 6.90% to 7.65% (June 30, 2016: 6.71% to 7.875%) per annum. These facilities are secured against pledge of raw materials and finished goods, hypothecation charge over present and future current assets of the Company, lien on documents of title to goods and personal guarantees of certain directors of the Company.

**7. CONTINGENCIES AND COMMITMENTS**

7.1 There is no significant change in the status of contingent liabilities since the annual financial statements as at June 30, 2017.

7.2 Commitments outstanding at the end of the period in respect of irrevocable letters of credit is Rs.119.45 million (June 30, 2017: Rs. 80.10 million) and letters of guarantee is Rs. 7.40 million (June 30, 2017: 7.40 million).

----- (Unaudited) -----

	Six months period ended		Three months period ended	
	December 31,		December 31,	
	2017	2016	2017	2016
	Rupees	Rupees	Rupees	Rupees
<b>8. SALES - NET</b>				
Local	1,372,166,619	1,610,273,948	782,714,300	887,989,367
Export	1,160,749,748	869,981,499	566,812,728	448,701,306
	<u>2,532,916,367</u>	<u>2,480,255,447</u>	<u>1,349,527,028</u>	<u>1,336,690,673</u>
<b>9. COST OF GOODS SOLD</b>				
Raw materials consumed	1,775,894,012	1,630,760,313	928,845,364	825,247,197
Salaries, wages and benefits	179,387,966	172,334,122	89,157,212	84,419,645
Stores consumed	23,265,172	20,458,629	13,438,369	9,579,951
Packing materials consumed	38,102,853	42,527,847	20,180,790	20,240,340
Power and fuel	282,687,986	316,705,363	152,413,966	158,821,470
Repair and maintenance	4,006,205	4,246,351	3,166,273	2,912,866
Insurance	5,335,606	3,376,319	2,932,606	1,452,751
Depreciation	42,179,598	43,106,476	20,579,598	22,530,044
	<u>2,350,859,398</u>	<u>2,233,515,420</u>	<u>1,230,714,178</u>	<u>1,125,204,264</u>
Work-in-process				
Opening stock	40,217,892	49,062,672	35,190,900	35,614,260
Closing stock	(38,494,809)	(35,483,426)	(38,494,809)	(35,483,426)
	<u>1,723,083</u>	<u>13,579,246</u>	<u>(3,303,909)</u>	<u>130,834</u>
Cost of goods manufactured	<u>2,352,582,481</u>	<u>2,247,094,666</u>	<u>1,227,410,269</u>	<u>1,125,335,098</u>
Finished goods				
Opening stock	223,196,156	289,384,807	282,228,748	317,243,306
Purchases	29,164,000	33,417,400	-	23,855,500
Closing stock	(257,292,005)	(192,735,066)	(257,292,005)	(192,735,066)
	<u>(4,931,849)</u>	<u>130,067,141</u>	<u>24,936,743</u>	<u>148,363,740</u>
	<u>2,347,650,632</u>	<u>2,377,161,807</u>	<u>1,252,347,012</u>	<u>1,273,698,839</u>

**10. RELATED PARTY TRANSACTIONS**

The related parties comprise associated undertakings and key management personnel. The company in the normal course of business carries out transactions with related parties. Significant transactions with related parties are as follows:

----- (Unaudited) -----

	Six months period ended		Three months period ended	
	December 31,		December 31,	
	2017	2016	2017	2016
	Rupees	Rupees	Rupees	Rupees
<b>Nature of transactions</b>				
<b><u>Key management personnel</u></b>				
Remuneration to:				
Directors	3,345,855	3,455,128	1,672,928	1,711,364
Executives	1,897,258	1,896,725	948,629	947,568

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

**11. FAIR VALUE MEASUREMENTS**

IFRS 13 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measuring fair value of financial instruments.

Information about fair value hierarchy and asset classified under the hierarchy as follows.

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2: 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. drive from prices). The Company has no items to report in this level.
- Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

**11.1. Fair value of property, plant and equipment**

Freehold land, building on free hold land and machinery including generators & electric fittings and installations ar stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. The fair value measurement of below stated assets was performed by an independent valuer M/s KG Traders (Private) Limited on June 30, 2014 on the basis of depreciated replacement value. The valuer is listed on the panel of Pakistan Banks Association and possesses appropriate qualification experience in the fair value measurements.

	------(Unaudited)-----			------(Audited)-----		
	December 31, 2017			June 30, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- Rupees -----					
<b>Property, plant and equipment</b>						
- Freehold lands	-	230,369,000	-	-	230,369,000	-
- Buildings on freehold lands	-	354,645,410	-	-	363,738,882	-
- Plant and machinery	-	1,137,106,349	-	-	1,129,862,808	-
- Generators	-	10,114,802	-	-	10,647,160	-
- Electric fittings and installations	-	45,466,459	-	-	47,133,866	-
	-	<u>1,777,702,020</u>	-	-	<u>1,781,751,716</u>	-

There were no transfers between levels and no changes in valuation techniques during the period / year.

The carrying values of all other financial assets and liabilities reflected in this condensed interim financial information is approximate at their fair values.

**11.2. Had there been no revaluation the related carrying amounts of freehold land, buildings and machinery would have been as follows:**

	<b>Unaudited</b>	<b>Audited</b>
	<b>December 31,</b>	<b>June 30,</b>
	<b>2017</b>	<b>2017</b>
	----- Rupees -----	
<b>Property, plant and equipment</b>		
- Freehold lands	<b>31,787,994</b>	31,787,994
- Buildings on freehold lands	<b>109,826,421</b>	112,642,483
- Plant and machinery	<b>797,644,637</b>	781,696,950
- Generators	<b>4,463,421</b>	4,698,337
- Electric fittings and installations	<b>34,390,007</b>	35,159,322
	<u><b>978,112,480</b></u>	<u>965,985,086</u>

**12. FINANCIAL RISK MANAGEMENT**

The Company's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the annual audited financial statements of the Company as at and for the year ended June 30,

**13. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	<b>Audited</b>	<b>Cash flow</b>	<b>Unaudited</b>
	<b>June 30,</b>		<b>December 31,</b>
	<b>2017</b>		<b>2017</b>
	----- Rupees -----		
<b>Property, plant and equipment</b>			
- Freehold lands	<b>213,718,926</b>	<b>(34,265,963)</b>	179,452,963
- Buildings on freehold lands	<b>1,128,003,470</b>	<b>510,033,752</b>	1,638,037,222
	<u><b>1,341,722,396</b></u>	<u><b>475,767,789</b></u>	<u>1,817,490,185</u>

**14. DATE OF AUTHORIZATION OF INTERIM FINANCIAL INFORMATION**

The condensed interim financial information was authorized for issue on \_\_\_\_\_ 2018 by the Board of Directors of the Company.

**15. FIGURES**

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

Sd/-  
Mian Anis Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Atta Shafi Tanvir Sheikh  
Director

Sd/-  
M. Ehsanullah Khan  
Chief Financial Officer