



CONDENSED INTERIM FINANCIAL
INFORMATION OF

ELAHI COTTON MILLS LIMITED

FOR THE HALF YEAR ENDED
DECEMBER 31, 2017

BDO Ebrahim & Co. Chartered Accountants

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ELAHI COTTON MILLS LIMITED
DIRECTORS' HALF YEARLY REPORT TO THE SHAREHOLDERS

The Directors of the Company are pleased to present financial information for the half year ended December 31, 2017 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.153.618 million to Rs.182.207 million showing increase of Rs.28.589 million (18.61%) whereas cost of sales increased from Rs.152.312 million to Rs.175.398 million showing increase of Rs.23.086 million (15.16%). The Company earned profit before taxation of Rs. 3.268 million for the six months from July 01, 2017 to December 31, 2017 as compared to loss of Rs. 1.211 million for the corresponding period of last six months and profit after taxation of Rs. 1.802 million as compared to loss of Rs. 2.279 million. The profitability of the Company is due to increase in production and improvement in the rates of end products. The future outlook seems to be favourable as the prices of the finished goods presently seems to be better.

The earning per share for the half year ended December 31, 2017 is Rs. 1.39 and for the quarter ended December 31, 2017 is Rs. 0.68. As the Company 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.

The Directors have to comment on Auditors observation as under:


During the period, the Company earned profit before taxation amounting to Rs.3.268 million and profit after taxation amounting to Rs.1.802 million. Accumulated loss has also been reduced from Rs.76.678 million to Rs.73.465 million. The management is making every effort to increase the profitability through better efficiency and marketing. Furthermore, Management is committed with the Company and is continuously supporting in the form of funds as and when required by the Company. The management has neither intension nor the necessity of liquidation or ceasing manufacturing operation in foreseeable future. So, with the successful efforts of the Management, the Mills will continue as a going concern.

Islamabad
February 23, 2018

On behalf of Board of Directors



(Mahmood Elahi)
Director



(Mahfooz Elahi)
Chief Executive

الہی کاٹن ملز لمیٹڈ
ممبرز کوڈائزیکٹرز کی ششماہی رپورٹ

کمپنی کے ڈائریکٹرز ششماہی مالیاتی رپورٹ، مختتمہ ۳۱ دسمبر ۲۰۱۷ء جو کہ بیرونی محاسب سے جائزہ شدہ ہے، پیش کرتے ہیں۔ کمپنی کا بنیادی کام خالص پولیسٹر دھاگہ بنانا اور فروخت کرنا ہے۔ کمپنی کی مجموعی فروخت -/153.618 ملین روپے سے بڑھ کر -/182.207 ملین روپے ہو گئی ہے جو کہ -/28.589 ملین روپے (%18.62) اضافہ ظاہر کر رہی ہے جبکہ فروخت کے اخراجات -/152.312 ملین روپے سے بڑھ کر -/175.398 ملین روپے ہو گئے ہیں جو کہ -/23.086 ملین روپے (%15.16) اضافہ ظاہر کر رہے ہیں۔ اس ششماہی مختتمہ ۳۱ دسمبر ۲۰۱۷ء میں کمپنی نے قبل از ٹیکس -/3.268 ملین روپے کا منافع کمایا ہے جبکہ گزشتہ سال اسی دورانیہ میں -/1.211 ملین روپے کا نقصان برداشت کرنا پڑا اور بعد از ٹیکس -/1.802 ملین روپے کا منافع ہوا جبکہ گزشتہ سال اسی دورانیہ میں -/2.279 ملین روپے کا نقصان ہوا۔ کمپنی کے منافع کی وجہ پیداوار میں اضافہ اور تیار شدہ مال کی قیمتوں میں بہتری ہے۔ کمپنی امید کرتی ہے کہ تیار شدہ مال کی قیمتوں میں بہتری کی وجہ سے مستقبل بہتر رہے گا۔ اس ششماہی مختتمہ ۳۱ دسمبر ۲۰۱۷ء میں کمپنی کا منافع -/1.39 روپے فی حصص ہوا جبکہ دوسری سہ ماہی مختتمہ ۳۱ دسمبر ۲۰۱۷ء کو فی حصص -/0.68 روپے منافع ہوا۔ کیونکہ کمپنی مجموعی طور پر خسارے میں ہے اور ذخائر میں کوئی رقم نہ ہونے کی وجہ سے ڈائریکٹرز حصہ داران کے لئے کسی منافع کے سفارش نہیں کرتے۔

ڈائریکٹرز بیرونی محاسب کے پیش کردہ مشاہدہ پر یہ رائے زنی کرتے ہیں کہ کمپنی نے موجودہ دورانیہ میں قبل از ٹیکس -/3.268 ملین روپے منافع کمایا اور بعد از ٹیکس -/1.802 ملین روپے منافع کمایا۔ مجموعی نقصان بھی -/76.678 ملین روپے سے کم ہو کر -/73.465 ملین روپے رہ گیا ہے۔ کمپنی کی انتظامیہ بہتر کارکردگی اور مارکیٹنگ کے ذریعے منافع کو بڑھانے کی ہر ممکن کوشش کر رہی ہے۔ انتظامیہ پر عزم ہے کہ وہ کمپنی کو حسب ضرورت مالی تعاون جاری رکھے گی مستقبل قریب میں انتظامیہ کا ارادہ نہ تو کمپنی بند کرنے کا ہے اور نہ ہی پیداواری سرگرمیاں بند کرنے کا ہے لہذا انتظامیہ کی کامیاب کوششوں کی وجہ سے ملز انشاء اللہ جاری و ساری رہے گی۔

اسلام آباد

۲۳ فروری ۲۰۱۸ء

بورڈ آف ڈائریکٹرز کی جانب سے

Mahmood Elahi

محمود الہی

ڈائریکٹر

Mahmood Elahi

محفوظ الہی

چیف ایگزیکٹو

INDEPENDENT AUDITORS REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS**Introduction**

We have reviewed the accompanying condensed interim balance sheet of **ELAHI COTTON MILLS LIMITED** ("the Company") as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein after referred as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information 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 information 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 condensed interim financial information does not give a true and fair view of financial position of the Company as at December 31, 2017 and of its financial performance and its cash flows for the six months period then ended in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures for the quarter ended December 31, 2017 and December 31, 2016 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.





Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1.2 in the condensed interim financial information which indicates that the Company's current liabilities exceeded its current assets by Rs. 62.867 million (June 30, 2017: Rs. 66.982 million). The Company's has accumulated losses aggregated to Rs. 73.465 million (June 30, 2017: Rs. 76.678 million). The Company's accumulated losses exceed the issued, subscribed and paid up capital by Rs. 60.465 million (June 30, 2017: 63.678 million). These conditions, along with other matters as set forth in Note 1.2, indicate the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern.

ISLAMABAD

DATED: **23 FEB 2018**


CHARTERED ACCOUNTANTS
Engagement Partner: Abdul Qadeer



ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT DECEMBER 31, 2017

		December 31, 2017	June 30, 2017
	Note	Rupees Unaudited	Rupees Audited
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	134,117,071	90,645,274
Capital work in progress		782,339	636,689
Long term security deposits		918,810	918,810
Loan to employees		1,529,761	1,371,759
		<u>137,347,981</u>	<u>93,572,532</u>
CURRENT ASSETS			
Stores, spares and loose tools		1,615,499	1,449,812
Stock in trade	7	16,402,486	9,794,278
Trade debts	8	9,120,430	7,202,424
Loans and advances		225,416	208,376
Short terms prepayments		119,444	173,562
Tax refund due from government		146,430	215,269
Taxation - net		74,070	-
Cash and bank balances	9	5,472,629	8,234,895
		<u>33,176,404</u>	<u>27,278,616</u>
TOTAL ASSETS		<u><u>170,524,385</u></u>	<u><u>120,851,148</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	10	13,000,000	13,000,000
Accumulated loss		(73,465,284)	(76,677,660)
		<u>(60,465,284)</u>	<u>(63,677,660)</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		111,686,863	72,309,752
NON-CURRENT LIABILITIES			
Deferred liabilities		23,259,612	17,958,405
CURRENT LIABILITIES			
Taxation - net		-	15,531
Loan from directors	11	72,707,547	72,782,547
Due to associated undertaking	12	9,916,077	9,916,077
Trade and other payables	13	13,419,570	11,546,496
		96,043,194	94,260,651
CONTINGENCIES AND COMMITMENTS	14	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>170,524,385</u></u>	<u><u>120,851,148</u></u>

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Note	Half year ended December 31,		Quarter ended December 31,	
		2017	2016	2017	2016
-----Rupees-----					
Sales		182,206,612	153,617,705	98,195,174	82,221,524
Cost of sales	16	175,398,304	152,311,798	94,349,731	79,244,408
Gross profit		6,808,308	1,305,907	3,845,443	2,977,116
Operating expenses					
Administrative expenses		3,550,146	2,400,549	2,323,514	1,421,759
Other operating charges		169,460	112,247	61,805	23,290
Operating profit / (loss)		3,088,702	(1,206,889)	1,460,124	1,532,067
Other income		180,296	359	136,855	241
Financial charges		1,193	4,246	109	4,246
Profit / (loss) before taxation		3,267,805	(1,210,776)	1,596,870	1,528,062
Taxation:					
Current		(2,188,810)	(1,536,181)	(1,131,542)	(822,218)
Prior		-	92,305	-	92,305
Deferred		723,461	375,867	423,757	187,934
Profit / (loss) after taxation		1,802,456	(2,278,785)	889,085	986,083
Earnings / (loss) per share- basic and diluted	17	1.39	(1.75)	0.68	0.76

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
-----Rupees-----				
Profit / (loss) for the period	1,802,456	(2,278,785)	889,085	986,083
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>1,802,456</u>	<u>(2,278,785)</u>	<u>889,085</u>	<u>986,083</u>

Surplus arising on revaluation of assets has been reported in accordance with the requirements of the repealed Companies Ordinance, 1984 in a separate account below equity.

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended December 31,	
	2017	2016
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	3,267,805	(1,210,776)
Adjustment for:		
Depreciation	1,666,101	1,820,419
Gain on disposal of fixed assets	(37,658)	-
Impairment loss	107,923	-
Provision for gratuity	1,937,248	1,252,078
	3,673,614	3,072,497
Profit before working capital changes	6,941,419	1,861,721
Changes in working capital:		
(Increase) / decrease in current assets		
Stock in trade	(6,608,208)	(6,167,704)
Stores, spares and loose tools	(165,687)	146,160
Trade debts	(1,918,006)	(3,176,212)
Loans and advances	(17,040)	508,608
Short term prepayments	54,118	46,515
Tax refunds due from government	53,308	-
Increase in current liabilities		
Trade and other payables	1,873,074	5,306,297
	(6,728,441)	(3,336,336)
Cash generated from / (used in) operations	212,978	(1,474,615)
Income tax paid	(2,262,880)	(1,336,884)
Gratuity paid	(728,450)	(411,350)
	(2,991,330)	(1,748,234)
Net cash used in operating activities	(2,778,352)	(3,222,849)
CASH FLOWS FROM INVESTING ACTIVITIES		
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	(158,002)	(49,749)
Net cash generated from / (used in) investing activities	91,086	(49,749)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan to directors	(75,000)	-
Receipt of loan from directors	-	750,000
Net cash (used in) / generated from financing activities	(75,000)	750,000
Net decrease in cash and cash equivalents	(2,762,266)	(2,522,598)
Cash and cash equivalents at the beginning of the period	8,234,895	5,118,329
Cash and cash equivalents at the end of the period	5,472,629	2,595,731

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

Issued, subscribed and paid-up capital	Accumulated loss	Total
-----Rupees-----		

Balance as at July 01, 2016	13,000,000	(73,963,386)	(60,963,386)
Total comprehensive loss for the period	-	(2,278,785)	(2,278,785)
Transfer from surplus on revaluation of fixed assets incremental depreciation-net of deferred tax	-	820,031	820,031
Balance as at December 31, 2016	<u>13,000,000</u>	<u>(75,422,140)</u>	<u>(62,422,140)</u>
Balance as July 01, 2017	13,000,000	(76,677,660)	(63,677,660)
Total comprehensive income for the period	-	1,802,456	1,802,456
Transfer from surplus on revaluation of fixed assets incremental depreciation-net of deferred tax	-	1,409,920	1,409,920
Balance as at December 31, 2017	<u>13,000,000</u>	<u>(73,465,284)</u>	<u>(60,465,284)</u>

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

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 and repealed Companies Ordinance, 1984 (now substituted by Companies Act, 2017) and its ordinary shares are quoted on Pakistan Stock Exchange. The Company is engaged in the manufacturing and sale of yarn. The registered office of the Company is situated at 270, sector I-9, Industrial Area, Islamabad. The principal business of the Company is manufacture and sale of yarn.
- 1.2 The Company's current liabilities exceeded its current assets by Rs. 62.867 million (June 30, 2017: Rs. 66.982 million). The Company has accumulated losses of Rs. 73.465 million (June 30, 2017: Rs. 76.678 million). The Company's accumulated losses exceeded the issued, subscribed and paid up capital by Rs. 60.465 million (June 30, 2017: Rs. 63.678 million). These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern.

This financial information has 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

This condensed interim financial information is unaudited but subject to the limited scope review by the auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

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 repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

This condensed interim financial information of the Company have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan (SECP) issued vide Circular No. 23 dated October 04, 2017 and subsequently clarified by Institute of Chartered Accountants of Pakistan through their Circular No. 17 dated October 6, 2017.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2017 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative balance sheet presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2017, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2016.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for certain fixed assets which have been stated at revalued amount and the recognition of certain staff retirement benefits at present value. This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

This condensed interim financial information has 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 this condensed interim financial information are same as those for the preceding annual financial statements for the year ended June 30, 2017.
- 3.2 This condensed interim financial information includes certain additional disclosures regarding shariah screening of listed companies for Islamic equity index. The Company has voluntarily disclosed information as per the requirements of the Circular No. 29 of 2016 dated September 05, 2016.
- 3.3 The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2017. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information.

4 TAXATION

The provision for taxation for the half year and quarter ended December 31, 2017 has been made using the estimated effective tax rate applicable to expected total annual earnings.

5 ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2017.

		December 31, 2017	June 30, 2017
		Rupees	Rupees
	Note	Unaudited	Audited
6 OPERATING FIXED ASSETS			
Opening written down value		90,645,274	94,371,045
Add: Additions during the period / year		1,096,691	-
Revaluation of fixed assets	6.1	45,494,978	-
Less: Disposals during the period/ year	6.2	1,453,771	87,293
Less: Depreciation charged during the period / year		1,666,101	3,638,478
Closing written down value		<u>134,117,071</u>	<u>90,645,274</u>

6.1 The Company has revalued its freehold land, buildings and plant and machinery on December 31, 2017 by independent valuer M/s Asrem (Private) Limited on the basis of market value. At the above date, the revaluation resulted in a surplus of Rs. 45,494,978. Previously freehold land, buildings and plant and machinery was revalued on June 30, 2014 by the same valuer. At that date, the revaluation resulted in a surplus of Rs. 43,795,541 of these assets. Prior to that freehold land, buildings and plant and machinery was revalued on June 07, 2010 by the same valuer. At that date, the revaluation resulted in a surplus of Rs. 22,258,957 of these assets. Initially freehold land and building was revalued on June 30, 1996 by M/s Zia Consultants, independent firm of industrial valuation consultants. The revaluation was based on prevailing market price for free hold land and replacement value for building. At that date, the revaluation resulted in a surplus of Rs. 33,215,659 of these assets.

		December 31, 2017	June 30, 2017
		Rupees	Rupees
		Unaudited	Audited
6.2 Detail of deletions (at cost) during the period / year are as follows:			
Factory building		-	87,293
Plant and machinery		1,453,771	-
		<u>1,453,771</u>	<u>87,293</u>

7 STOCK IN TRADE

Raw material		7,616,582	4,145,028
Work in progress		1,996,551	1,952,731
Finished goods		6,751,417	3,679,685
Waste		37,936	16,834
		<u>16,402,486</u>	<u>9,794,278</u>

	December 31, 2017	June 30, 2017
	Rupees Unaudited	Rupees Audited
8 TRADE DEBTS		
Unsecured		
Local - Considered good	9,120,430	7,202,424

9 CASH AND BANK BALANCES

Cash in hand	435,799	279,878
Cash at banks:		
Current accounts	1,710,233	2,982,926
Saving account	3,326,597	4,972,091
	<u>5,472,629</u>	<u>8,234,895</u>

9.1 Saving account carries mark up at the rates ranging from 0.02% to 0.06% (June 30, 2017: 0.02% to 0.06%) per annum.

	December 31, 2017	June 30, 2017
	Rupees Unaudited	Rupees Audited
10 SHARE CAPITAL		
10.1 Issued, subscribed and paid up capital		
Number of ordinary shares of Rs. 10/- each		
December 31, 2017 June 30, 2017		
	<u>1,300,000</u>	<u>1,300,000</u>
Fully paid in cash	13,000,000	13,000,000

10.2 Authorized share capital

This represents 5,000,000 (June 30, 2017: 5,000,000) ordinary shares of Rs. 10 each amounting to Rs. 50,000,000 (June 30, 2017: 50,000,000).

	December 31, 2017	June 30, 2017
	Rupees Unaudited	Rupees Audited
11 LOAN FROM DIRECTORS		
Unsecured		
Balance brought forward	72,782,547	72,982,547
Payments during the period / year	(75,000)	(200,000)
	<u>72,707,547</u>	<u>72,782,547</u>

11.1 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.

11.2 The maximum aggregate amount due to directors at the end of any month during the period was Rs. 72,782,547 (June 30, 2017: Rs. 72,982,547).

December 31, 2017	June 30, 2017
Rupees	Rupees
Unaudited	Audited

12 DUE TO ASSOCIATED UNDERTAKING

Unsecured

International Beverages (Private) Limited

9,916,077	9,916,077
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12.1 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. The maximum aggregate amount due to the associate at the end of any month during the period was Rs. 9,916,077 (June 30, 2017: Rs. 9,916,077).

December 31, 2017	June 30, 2017
Rupees	Rupees
Unaudited	Audited

13 TRADE AND OTHER PAYABLES

Creditors	710,848	126,883
Accrued expenses	7,978,348	4,446,950
Advances from customers	3,579,101	6,108,714
Government dues	428,772	422,373
Unclaimed dividend	248,165	248,165
Income tax payable	29,667	39,552
Sales tax due to government	-	1,686
Sales tax payable	284,669	14,573
Insurance claim payable	160,000	-
Gratuity payable	-	137,600
	13,419,570	11,546,496

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

There was no other contingent liability of the Company as at the balance sheet date (June 30, 2017: Nil).

14.2 Commitments

There were no commitment for capital expenditures as at the balance sheet date (June 30, 2017: Nil).

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15 DEFERRED TAX ASSET

- 15.1 Deferred tax asset of Rs. 626,160 (June 30, 2017: Rs. 523,131) on brought forward losses has not been recognised in the current financial statements, as in the opinion of the management there is no certainty regarding realisability of the amount. No deferred tax asset has been recognized on gratuity as the Company is claiming it as tax expense.
- 15.2 The applicable income tax rate for subsequent years beyond Tax year 2017 was reduced to 30% on account of changes made to Income Tax Ordinance 2001 through Finance Act 2015. Therefore, deferred tax is computed at the rate of 30% applicable to the period when temporary differences are expected to be reversed/utilised.

	Note	Half year ended December 31,		Quarter ended December 31,	
		2017	2016	2017	2016
		Rupees Unaudited	Rupees Unaudited	Rupees Unaudited	Rupees Unaudited
16 COST OF SALES					
Raw material consumed	16.1	123,620,356	100,967,282	66,812,669	54,290,541
Salaries, wages and other benefits		27,553,494	25,108,339	13,854,986	12,531,246
Electricity		20,502,549	18,709,709	10,452,991	9,030,733
Insurance		134,150	146,195	134,150	132,982
Repair and maintenance		86,970	119,515	24,320	40,475
Stores and spares consumed	16.2	5,472,707	4,946,542	2,885,696	2,654,462
Depreciation		1,164,732	1,670,393	412,722	834,953
		<u>178,534,958</u>	<u>151,667,975</u>	<u>94,577,534</u>	<u>79,515,392</u>
Opening work in process		1,952,731	2,047,107	2,053,238	2,245,390
Closing work in process		(1,996,551)	(2,255,573)	(1,996,551)	(2,255,573)
		<u>(43,820)</u>	<u>(208,466)</u>	<u>56,687</u>	<u>(10,183)</u>
Cost of goods manufactured		<u>178,491,138</u>	<u>151,459,509</u>	<u>94,634,221</u>	<u>79,505,209</u>
Opening stock of finished goods		3,679,685	6,032,097	6,488,029	4,832,873
Closing stock of finished goods		(6,751,417)	(5,096,338)	(6,751,417)	(5,096,338)
		<u>(3,071,732)</u>	<u>935,759</u>	<u>(263,388)</u>	<u>(263,465)</u>
Opening stock of waste material		16,834	6,432	16,834	92,566
Closing stock of waste material		(37,936)	(89,902)	(37,936)	(89,902)
		<u>(21,102)</u>	<u>(83,470)</u>	<u>(21,102)</u>	<u>2,664</u>
		<u>175,398,304</u>	<u>152,311,798</u>	<u>94,349,731</u>	<u>79,244,408</u>

16.1 Raw material consumed

Opening stock	4,145,028	2,309,909	8,655,624	3,448,599
Purchases	127,091,910	107,778,809	65,773,627	59,963,378
	<u>131,236,938</u>	<u>110,088,718</u>	<u>74,429,251</u>	<u>63,411,977</u>
Closing stock	(7,616,582)	(9,121,436)	(7,616,582)	(9,121,436)
	<u>123,620,356</u>	<u>100,967,282</u>	<u>66,812,669</u>	<u>54,290,541</u>

	Half year ended December 31,		Quarter ended December 31,	
	2017 Rupees Unaudited	2016 Rupees Unaudited	2017 Rupees Unaudited	2016 Rupees Unaudited
16.2 Stores and spares consumed				
Opening stock	1,416,715	1,222,888	1,380,160	1,758,555
Purchases	5,526,892	4,681,825	2,976,436	1,854,078
	6,943,607	5,904,713	4,356,596	3,612,633
Closing stock	(1,470,900)	(958,171)	(1,470,900)	(958,171)
	5,472,707	4,946,542	2,885,696	2,654,462

17 EARNINGS / (LOSS) PER SHARE- BASIC AND DILUTED

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

	Half year ended December 31,		Quarter ended December 31,	
	2017 Unaudited	2016 Unaudited	2017 Unaudited	2016 Unaudited
Profit / (loss) after taxation (Rupees)	1,802,456	(2,278,785)	889,085	986,083
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
Earnings / (loss) per shares (Rupees)	1.39	(1.75)	0.68	0.76

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:

Relation with the Company Nature of Transaction	Half year ended December 31,		Quarter ended December 31,	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Directors				
Loan received during the period	-	750,000	-	-
Loan paid during the period	75,000	-	75,000	-

Relation with the Company Nature of Transaction	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
	Rupees	Rupees	Rupees	Rupees
Associated company Taj Mills Limited				
Rent charged	150,000	150,000	75,000	75,000
Directors' remunerations	139,200	139,200	69,600	69,600

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

	Half year ended December 31,		Quarter ended December 31,	
	2017	2016	2017	2016
	Rupees	Rupees	Rupees	Rupees
Short term employee benefits	744,500	753,200	356,250	376,600
Provision towards retirement benefits	49,750	26,000	49,750	-
	<u>794,250</u>	<u>779,200</u>	<u>406,000</u>	<u>376,600</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, 2017.

20 FAIR VALUE MEASUREMENT

The carrying values of all financial assets and liabilities reflected in the 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:

- Level 1 : quoted prices (unadjusted) in active markets 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., derived from prices); and
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 to December 31, 2017, there were no transfers into or out of Level 3 fair value measurements.

As at December 31, 2017 and June 30, 2017 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, 2017 by independent valuer M/s Asrem (Private) Limited on the basis of market values of similar properties. The fair value of free hold land, buildings and 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.

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:

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	December 31, 2017 Rupees Unaudited	June 30, 2017 Rupees Audited
Opening balance (level 3 recurring fair values)	22,357,140	24,841,267
Additions - Cost	1,096,691	-
Depreciation charge	(1,269,481)	(2,484,127)
Closing balance (level 3 recurring fair values)	<u>22,184,350</u>	<u>22,357,140</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:

	December 31, 2017 Rupees Unaudited	June 30, 2017 Rupees Audited
Freehold land	302,395	302,395
Buildings on freehold land	1,130,986	1,159,986
Plant and machinery	<u>6,724,250</u>	<u>5,931,536</u>

21 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index".

Description	Explanation	December 31, 2017 Rupees Unaudited	June 30, 2017 Rupees Audited
Bank balances	Placed under interest arrangement	-	-
	Placed under Shariah permissible arrangements	3,326,597	4,972,091
Income on bank deposits	Placed under interest arrangement	-	-
	Placed under Shariah permissible arrangements	-	-
All sources of other income	Other income	180,296	1,273,500
Relationship with banks having Islamic windows	Meezan Bank Limited	-	-

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

This condensed interim financial information was authorised for issue on 23 FEB 2018 by the Board of Directors of the Company.

24 GENERAL

Figures have been rounded off to the nearest rupee.

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CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER