



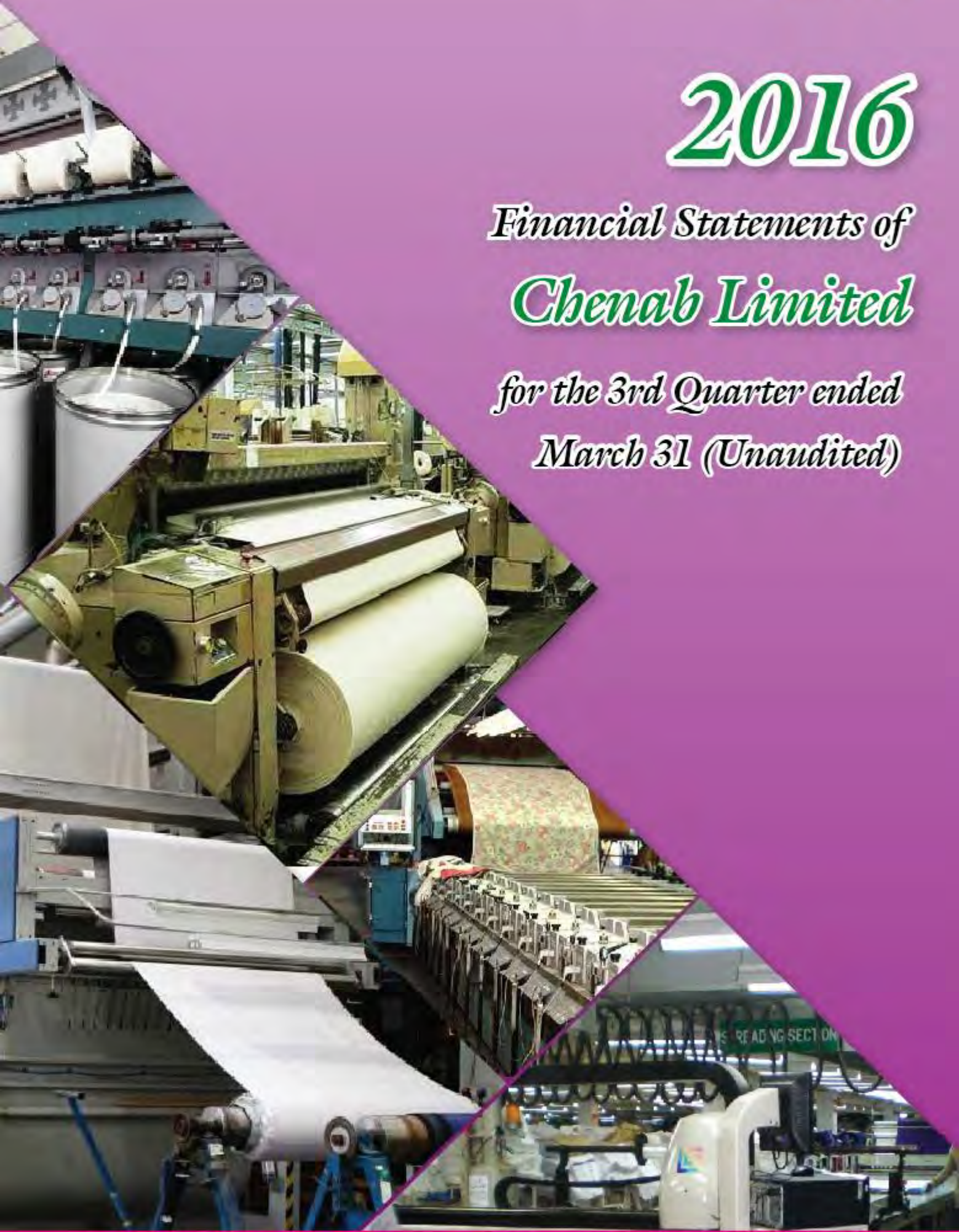
**2016**

*Financial Statements of*

*Chenab Limited*

*for the 3rd Quarter ended*

*March 31 (Unaudited)*



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# Company Information

Chief Executive	Mian Muhammad Latif
	Mian Muhammad Javaid Iqbal Mr. Muhammad Naeem Mr. Muhammad Faisal Latif Mr. Muhammad Farhan Latif Mr. Muhammad Zeeshan Latif Mst. Shahnaz Latif
Major Bankers	Allied Bank Limited. Askari bank Limited AlBaraka Bank (Pakistan) Limited. Citibank, N.A Faysal Bank Limited First Credit & Investment Bank Limited. Habib Bank Limited. Habib Metropolitan Bank Limited. KASB Bank Limited. National Bank of Pakistan. NIB Bank Limited. Orix Leasing (Pakistan)Limited Pak Oman Investment Company Limited Pak Kuwait Investment Company (pvt)Limited Pak Libya Holding Company (pvt)Limited Saudi Pak Industrial & Agriculturan Invetment Company (pvt)Limited Silk Bank Limited Standard Chartered Bank (Pakistan) Limited. The Bank of Punjab. United Bank Limited.
Company Secretary/ Chief Financial Officer	Mr. Muhammad Arshad
Audit Committee	Mr. Muhammad Farhan Latif – Chairman Mr. Muhammad Zeeshan Latif Mst. Shahnaz Latif
Auditors	Avais Hyder Liaquat Nauman Chartered Accountant
Legal Advisor	Ch. Shahid Mehmood (Advocate)
Shares Registrar	F.D. Registrar Services (SMC-Pvt.) Limited Office # 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi. Tel: 021-32271905-6 / 021-35478192-3
Registered Office	Nishatabad, Faisalabad. Tel: +92 41 8754472-8 Fax: +92 41 8752700, 8752400 chenab@chenabgroup.com www.chenabgroup.com
Website Address	
Works	-Spinning Unit – Toba Tek Singh -Weaving Unit – Kharianwala, Distt. Sheikhpura. -Weaving Unit – Shahkot, Distt. Nankana Sahib -Processing & Stitching Units – Nishatabad, Faisalabad.

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors place before you the un-audited financial statements of the company together with its notes for nine month's period ended on March 31, 2016.

### SALES AND SERVICES REVENUE

Sales revenue of Rs.1,317.838 million and revenue from services of Rs.171.820 million aggregating to Rs.1,489.658 million was earned during the period under report as compared with the sales and services revenue of Rs.1,615.697 million achieved during the same period of the preceding year despite the prevailing adverse situation.

### FINANCIAL RESULTS AND REASONS FOR LOSS

During the period under report, the company has sustained financial loss of Rs.373.757 million as compared with financial loss of Rs.297.350 million in the preceding period as hang over of the continuing energy crisis coupled with high energy cost. Moreover, the recent slow down of the global economy has also contributed to the loss of the company.

### FUTURE OUTLOOK

There is potential demand in the international markets for Pakistani textile products. The company can take benefit of this situation, if the Government of Pakistan provides comprehensive package for the revival of value added textile industry with help from financial institutions in providing additional working capital and restructuring financial facilities on no mark up or economical rate of mark up and affording a proper breathing space for repayment of long term liabilities.

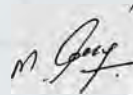
It is learnt that Government of Pakistan has already constituted a committee to prepare a plan for the revival of the underperforming textile units.

### ACKNOWLEDGEMENT

The directors are thankful to the shareholders, financial institutions and customers of the company who have always extended their support in one way or the other to its cause. They also place on record their appreciation of the dedicated services rendered by its employees during this period.

DATED: 29-04-2016  
PLACE: FAISALABAD

FOR AND ON BEHALF OF  
BOARD OF DIRECTORS



**MIAN MUHAMMAD LATIF  
(CHIEF EXECUTIVE OFFICER)**

**CHENAB LIMITED**  
**BALANCE SHEET**

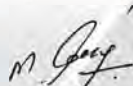
As at March 31, 2016.

	Notes	(Un-audited) March 31, 2016 Rupees	(Audited) June, 30 2015 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
120,000,000 ordinary shares of Rs.10/- each		1,200,000,000	1,200,000,000
80,000,000 cumulative preference shares of Rs.10/- each		<u>800,000,000</u>	<u>800,000,000</u>
Issued, subscribed and paid up capital		1,150,000,000	1,150,000,000
Cumulative preference shares		800,000,000	800,000,000
Capital reserves		526,409,752	526,409,752
Revenue reserves		(8,056,536,922)	(7,721,340,970)
		(5,580,127,170)	(5,244,931,218)
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
		5,139,356,268	5,170,726,642
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		1,721,231,593	2,067,490,862
Liabilities against assets subject to finance lease		13,250,492	18,996,233
Deferred liability		972,918,766	939,967,341
		2,707,400,851	3,026,454,436
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,636,391,938	1,095,868,888
Interest / markup payable		1,287,148,688	1,277,318,287
Short term borrowings	3	5,686,520,121	5,785,580,429
Current portion of :			
Long term financing		2,717,810,951	2,662,160,128
Liabilities against assets subject to finance lease		19,123,648	13,377,907
Provision for taxation - income tax		8,107,827	12,282,385
		11,355,103,173	10,846,588,024
<b>CONTINGENCIES AND COMMITMENTS</b>			
	4	-	-
		<u>13,621,733,122</u>	<u>13,798,837,884</u>
<b>Property, plant and equipment</b>			
	5	10,897,954,629	11,052,466,480
		12,636,768	12,636,768
		<u>10,910,591,397</u>	<u>11,065,103,248</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		424,472,936	424,702,996
Stock in trade		432,022,873	445,370,174
Trade debts	6	1,713,061,030	1,713,536,773
Loans and advances		43,011,150	51,860,178
Deposits and prepayments		12,888,322	12,665,135
Other receivables		24,222,645	24,730,221
Tax refunds due from Government		38,141,946	33,568,219
Cash and bank balances		23,320,823	27,300,940
		2,711,141,725	2,733,734,636
		<u>13,621,733,122</u>	<u>13,798,837,884</u>

The annexed notes form an integral part of this condensed interim financial report



**MUHAMMAD NAEEM**  
**(DIRECTOR)**



**MIAN MUHAMMAD LATIF**  
**(CHIEF EXECUTIVE OFFICER)**

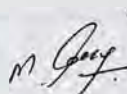
**PROFIT AND LOSS ACCOUNT(Un-audited)**

For the 3rd Quarter ended March 31, 2016.

		Quarter ended March 31,		3rd Quarter ended March 31,	
	Note	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
Sales	7	514,949,451	568,135,582	1,489,658,359	1,615,697,403
Cost of sales	8	566,008,807	610,212,769	1,676,227,642	1,753,972,394
Gross (loss)		(51,059,356)	(42,077,187)	(186,569,283)	(138,274,991)
Other operating income	9	3,413,829	5,267,114	11,274,378	16,979,129
		(47,645,527)	(36,810,073)	(175,294,905)	(121,295,862)
Selling and distribution expenses		5,586,628	6,195,634	15,132,729	22,072,282
Administrative expenses		33,617,537	31,334,386	99,095,762	93,437,036
Other operating expenses		-	-	-	-
Finance cost	10	24,485,662	21,846,488	76,126,188	76,124,805
(Loss) for the period before taxation		(111,335,354)	(96,186,581)	(365,649,584)	(312,929,985)
Provision for taxation	11	2,825,542	2,139,001	8,107,827	12,177,985
(Loss) for the period after taxation		(114,160,896)	(98,325,582)	(373,757,411)	(325,107,970)
Earnings per share - Basic		(0.99)	(0.86)	(3.25)	(2.83)

The annexed notes form an integral part of this condensed interim financial report


**MUHAMMAD NAEEM**  
(DIRECTOR)

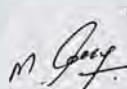

**MIAN MUHAMMAD LATIF**  
(CHIEF EXECUTIVE OFFICER)
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

For the 3rd Quarter ended March 31, 2016.

	Quarter ended March 31,		3rd Quarter ended March 31,	
	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
(Loss) for the period	(114,160,896)	(98,325,582)	(373,757,411)	(325,107,970)
Other comprehensive income Item that will not be subsequently reclassified to profit or loss				
Incremental depreciation on revalued revalued assets for the period	19,792,971	5,183,989	31,370,374	19,153,700
Related deferred tax	4,420,549	-	7,191,085	-
	(89,947,376)	(93,141,593)	(335,195,952)	(305,954,270)

The annexed notes form an integral part of this condensed interim financial report


**MUHAMMAD NAEEM**  
(DIRECTOR)


**MIAN MUHAMMAD LATIF**  
(CHIEF EXECUTIVE OFFICER)

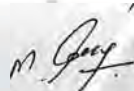
**CASH FLOW STATEMENT (Un-audited)**

For the 3rd Quarter ended March 31, 2016.

	3rd Quarter ended March 31,	
	2016 Rupees	2015 Rupees
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(365,649,584)	(312,929,985)
Adjustments for:		
Depreciation / impairment loss		
on property, plant and equipment	154,990,246	154,838,423
Provision for staff retirement gratuity	26,593,421	19,201,236
Profit on disposal of property, plant and equipment	200,852	308,105
Finance cost	76,126,188	76,124,805
Balances written back	(1,749,921)	(8,411,407)
Operating cash flows before working capital changes	(109,488,797)	(70,868,823)
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	230,060	21,892,793
Stock in trade	13,347,301	1,025,211
Trade debts	475,743	(66,606,191)
Loans and advances	8,849,028	8,900,558
Deposits and prepayments	(223,187)	(986,770)
Other receivables	(7,679,660)	2,687,604
Tax refunds due from Government	574,941	6,590,235
	15,574,226	(26,496,560)
Increase/ (Decrease) in current liabilities		
Trade and other payables	541,871,266	43,584,271
	557,445,492	17,087,711
Cash (used in) from operating activities	447,956,695	(53,781,112)
Income tax paid	(9,243,817)	(11,721,627)
Finance cost paid	(47,098,209)	(32,940,356)
Staff retirement gratuity paid	(5,648,489)	(4,471,864)
Net cash (used in ) from operating activities	385,966,180	(102,914,959)
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	(657,543)	(3,165,260)
Proceeds from disposal of property, plant and equipment	380,000	400,000
Net cash (used) / generated in investing activities	(277,543)	(2,765,260)
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing obtained	5,625,315	5,700,000
Repayment of:		
Long term financing	(296,233,761)	(66,997,269)
Liabilities against assets subject to finance lease	-	(1,168,355)
Increase in short term bank borrowings - net	(99,060,308)	157,577,569
Net cash generated from financing activities	(389,668,754)	95,111,945
Net (decrease) / increase in cash and cash equivalents (a+b+c)	(3,980,117)	(10,568,274)
Cash and cash equivalents at the beginning of the period	27,300,940	38,100,566
Cash and cash equivalents at the end of the period	23,320,823	27,532,292

The annexed notes form an integral part of this condensed interim financial report


**MUHAMMAD NAEEM**  
 (DIRECTOR)


**MIAN MUHAMMAD LATIF**  
 (CHIEF EXECUTIVE OFFICER)

**CHENAB LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE 3RD QUARTER ENDED MARCH 31, 2016.**

	Share Capital		Capital Reserves				Revenue Reserves		Total
	Issued, subscribed and paid up capital	Cumulative preference shares	Premium on issue of ordinary shares	Book difference of capital under scheme of arrangement	Preference shares redemption reserve	General reserve	Unappropriated profit	sub total	
Balance as at July 01, 2014	1,150,000,000	800,000,000	120,000,000	63,552,610	342,857,142	76,432,834	(7,334,694,970)	(7,258,262,136)	(4,781,852,384)
(Loss) for the period	-	-	-	-	-	-	(325,107,970)	(325,107,970)	(325,107,970)
Incremental depreciation on revalued assets for the period	-	-	-	-	-	-	19,153,700	19,153,700	19,153,700
Balance as at March 31, 2015	1,150,000,000	800,000,000	120,000,000	63,552,610	342,857,142	76,432,834	(7,640,649,240)	(7,564,216,406)	(5,087,806,654)
(Loss) for the period	-	-	-	-	-	-	(154,277,281)	(154,277,281)	(154,277,281)
Other comprehensive income item that will not be subsequently reclassified to profit or loss.	-	-	-	-	-	-	3,390,721	3,390,721	3,390,721
Incremental depreciation on revalued assets for the period	-	-	-	-	-	-	5,395,003	5,395,003	5,395,003
Related deferred tax	-	-	-	-	-	-	(14,416,849)	(14,416,849)	(14,416,849)
Remeasurement of defined benefit liability	-	-	-	-	-	-	2,783,842	2,783,842	2,783,842
Related deferred tax	-	-	-	-	-	-	(157,124,564)	(157,124,564)	(157,124,564)
Balance as at June 30, 2015	1,150,000,000	800,000,000	120,000,000	63,552,610	342,857,142	76,432,834	(7,797,773,804)	(7,721,340,970)	(5,244,931,218)
(Loss) for the period	-	-	-	-	-	-	(373,757,411)	(373,757,411)	(373,757,411)
Other comprehensive (loss)	-	-	-	-	-	-	31,370,374	31,370,374	31,370,374
Incremental depreciation on revalued assets for the period	-	-	-	-	-	-	7,191,085	7,191,085	7,191,085
Related deferred tax	-	-	-	-	-	-	(335,195,952)	(335,195,952)	(335,195,952)
Balance as at March 31, 2016	1,150,000,000	800,000,000	120,000,000	63,552,610	342,857,142	76,432,834	(8,132,969,786)	(8,056,536,922)	(5,580,127,170)

The annexed notes form an integral part of these financial statements.



**MIAN MUHAMMAD LATIF**  
(CHIEF EXECUTIVE OFFICER)



**MUHAMMAD NAEEM**  
(DIRECTOR)



## Selected Explanatory Notes to The Condensed Interim Financial Report(UNaudited) FOR THE 3rd Quarter Ended March 31, 2016.

### 1. STATUS AND ACTIVITIES

- 1.1 Chenab Limited (the Company) is incorporated as a public limited company under the Companies Ordinance, 1984 (the Ordinance) and is listed on Karachi Stock Exchange. The principal business of the Company is export of all kinds of value added fabrics, textile made-ups, casual and fashion garments duly processed. The registered office of the Company is situated at Nishatabad, Faisalabad in the province of Punjab. The cloth processing unit is located at Nishatabad, District Faisalabad and stitching units are located at Nishatabad, District Faisalabad. Weaving units are located at Sheikhpura Road, Kharriarwala, District Sheikhpura and Shahkot, District Nankana Sahib. Spinning unit is located at Shorkot Road, District Toba Tek Singh, in the province of Punjab.
- 1.2 Pursuant to schemes of arrangement approved by the Honourable Lahore High Court, Lahore, assets, liabilities and reserves of Faisal Weaving (Private) Limited, Latif Weaving (Private) Limited and Chenab Finishing (Private) Limited were merged with the Company with effect from December 31, 1998 and assets, liabilities and reserves of Chenab Fibres Limited were merged with the Company with effect from April 01, 2003.
- 1.3 The Company has incurred loss of Rs. 373.76 million (2015 : Rs. 226.78 million). As at March 31, 2016 the accumulated loss of the Company is Rs. 8,056.54 million (June 30, 2015: Rs. 7,797.779 million), shareholders' equity is negative by Rs. 5,580.13 million (June 30, 2015: Rs.5,244.93 million) and the current liabilities of the company exceed its current assets by Rs. 8,643.96 million (June 30, 2015: Rs. 8,112.85 million). The Company has not redeemed preference shares on exercise of put options for two consecutive years by holders of preference shares due to tight cash flow situation. The Company has not been able to comply with terms of certain loan agreements. Certain banks and financial institutions have filed cases for recovery and winding up of the Company which the management is defending. The litigation has also adversely affected the process of negotiations with banks for extension and re-scheduling of credit facilities.

Management's efforts for making re-scheduling arrangements with lenders are not so far fully materialised, however the management has been able to reach at agreement with two major lenders to restructure the loan. Short term facilities were converted to long term loans and fresh short term credit facilities were obtained. The Company has reached a settlement with another lender and fresh facility of export finance was obtained. The management is hopeful that arrangements with other lenders will also materialise in due course. The management is vigorously pursuing the recovery of old outstanding debts and also exploring the possibility of disposal of certain non core fixed assets to meet the working capital requirements.

On the operational side, the management continued toll manufacturing and making efforts to increase the volume of business. In view of prolonged energy crisis and delay in anticipated improvement in gas supply through purchase of LNG, the management decided to make necessary adjustments in machinery to use coal based boilers and oil heaters as an alternate source of energy to increase capacity utilization. The planning to enhance alternate energy source could not produce desired results due to operational difficulties and non-availability of working capital facilities. Due to continued load management by the utility suppliers, the desired results could not be achieved and the core issue of higher operating cost due to lower production could not be resolved. The management is in regular contact with foreign customers and making small export shipments. The quantum of export could not be increased despite export orders due to shortage of working capital and delay in settlements with bankers. The management is negotiating with banks for working capital facilities and successful settlements of overdue loans and hopeful of favourable results. The management is confident that the Company will be able to continue as a going concern.

- 1.4 This condensed interim financial information is presented in Pak Rupee, which is the Company's functional and presentation currency.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Statement of compliance

2.1.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements of IAS 34 differ with the requirements of the Companies Ordinance, 1984, the provisions of or the directives issued under the Companies Ordinance, 1984 have been followed.

2.1.2 This condensed interim financial information is un-audited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.

2.1.3 of financial statements, and should be read in conjunction with the published audited financial statements of the Company for the year ended June 30, 2015.

#### 2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

##### 2.2.1 Standards, amendments to standards and interpretations becoming effective in current period:

There are amendments to certain standards and interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 01, 2012 but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in this condensed interim financial report.

##### 2.2.2 Standards, amendments to standards and interpretations becoming effective in future:

There are certain other new standards, amendments to standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2013 but are considered not to be relevant or do not have any significant effect on Company's operations and are, therefore, not detailed in this condensed interim financial report.

### 2.3 Basis of preparation

This condensed interim financial information has been prepared under the "historical cost convention" except staff retirement gratuity carried at present value and certain property, plant and equipment carried at valuation.

### 2.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2015.

### 2.5 Change in accounting policy

**2.5.1** The preparation of financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in this condensed interim financial information are the same as those disclosed in the published audited financial statements for the year ended June 30, 2015.

**2.5.2** Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2015.

### 3. Short term borrowings

Secured

Under mark up arrangements

From banking companies  
Export finances  
Finance against trust receipt  
Running finance  
Murabaha finances

(Un-audited) March 31, 2016 Rupees	(Audited) June, 30 2015 Rupees
4,926,482,481	5,049,749,812
18,304,000	18,304,000
540,385,274	546,298,777
201,348,366	171,227,840
<b><u>5,686,520,121</u></b>	<b><u>5,785,580,429</u></b>

**3.1** The aggregate unavailed short term borrowing facilities available to the Company are Rs. 88.234 million (June 30, 2015: Rs. 224.25 million). Total sanctioned limits are Rs. 6.41 billion (June 30, 2015: Rs. 6.41 billion) out of which Rs. 5.17 billion (June 30, 2015: Rs. 5.58 billion) are expired and renewable.

### 4. CONTINGENCIES AND COMMITMENTS

There is no significant change in contingencies since the date of published audited financial statements for the year ended June 30, 2015 except the following:

	(Un-audited) March 31, 2016	(Audited) June, 30 2015
Liability of markup not acknowledged in view of loan rescheduling applications filed to allow non serviceable grace period on the outstanding liabilities	1,695,279,604	16,677,835,786
Liability of Gas infrastructure development cess not acknowledged in view of pending petition	19,251,008	15,274,352

### 5. Property, plant and equipment

Operating assets

<b><u>10,897,954,629</u></b>	<b><u>11,052,466,480</u></b>
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### 5.1 ACQUISITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT - AT COST

	3rd Quarter ended March 31, 2016		3rd Quarter ended March 31, 2015	
	Acquisitions Rupees	Disposals Rupees	Acquisitions Rupees	Disposal Rupees
Owned				
Plant and machinery	260,000	-	14,000	-
Electric installations	-	-	9,300	-
Factory equipment	-	-	-	-
Furniture and fixture	-	-	11,315	-
Office equipment	209,043	-	759,025	-
Vehicles	-	(964,200)	2,320,500	(1,234,380)
	<b><u>469,043</u></b>	<b><u>(964,200)</u></b>	<b><u>3,114,140</u></b>	<b><u>(1,234,380)</u></b>

## 6. Trade debts

Considered good  
Secured  
Foreign  
Unsecured  
Foreign  
Local

(Un-audited) March 31, 2016 Rupees	(Audited) June, 30 2015 Rupees
360,360,640	8,708,209
1,297,569,380	1,558,518,981
55,131,010	146,309,583
1,352,700,390	1,704,828,564
<u>1,713,061,030</u>	<u>1,713,536,773</u>
177,341,462	181,241,660
5,667,583	2,281,194
1,530,051,985	1,530,013,919
1,535,719,568	1,532,295,113
<u>1,713,061,030</u>	<u>1,713,536,773</u>

### 6.1 The aging of trade debts is as under:

Not past due  
Past due within one year  
Past due over one year

The management is taking measures for the recovery of past due trade debts and is in the process of negotiations and settlement with the customers. Considering these factors and the fact that legal recourse for recovery of past due debts is available to the Company, the Company believes that past due trade debts do not require any impairment..

## 7. Sales

Export  
Fabrics / made ups / garments  
Add: Export rebate / duty drawback

Less:

Commission  
Discount

Local

Yarn  
Fabrics / made ups  
Processing, conversion  
and stitching charges

	Quarter ended March 31, 2016 Rupees	2015 Rupees	3rd Quarter ended March 31, 2016 Rupees	2015 Rupees
210,439,250	206,523,462	523,617,598	515,076,549	
2,202,853	1,293,591	5,204,410	3,592,150	
<u>212,642,103</u>	<u>207,817,053</u>	<u>528,822,008</u>	<u>518,668,699</u>	
1,299,914	742,179	5,087,129	2,050,885	
493,799	1,164,204	493,799	2,380,026	
1,793,713	1,906,383	5,580,928	4,430,911	
<u>210,848,390</u>	<u>205,910,670</u>	<u>523,241,080</u>	<u>514,237,788</u>	
179,338,888	232,656,267	632,560,068	683,717,864	
58,062,871	65,762,982	162,037,556	176,020,983	
66,699,302	63,805,663	171,819,655	241,720,768	
<u>514,949,451</u>	<u>568,135,582</u>	<u>1,489,658,359</u>	<u>1,615,697,403</u>	
550,423,086	634,657,840	1,671,105,678	1,779,719,610	
181,309,695	422,589,768	170,845,938	421,287,623	
(165,723,974)	(447,034,839)	(165,723,974)	(447,034,839)	
15,585,721	(24,445,071)	5,121,964	(25,747,216)	
<u>566,008,807</u>	<u>610,212,769</u>	<u>1,676,227,642</u>	<u>1,753,972,394</u>	
334,460,359	343,836,899	917,497,057	917,695,526	
66,049,651	63,550,853	196,063,505	187,209,226	
6,399,885	4,910,381	19,199,656	14,731,143	
20,736,834	30,400,350	64,671,454	102,674,919	
9,853,478	11,278,369	28,225,876	51,869,739	
13,977,651	7,796,671	47,312,870	39,911,204	
1,348,543	3,171,393	4,063,556	10,459,353	
47,200,542	37,130,706	139,221,888	178,932,843	
582,716	546,453	1,760,961	1,702,225	
50,076,628	49,134,916	150,888,803	150,945,801	
35,008,442	40,973,318	97,403,440	96,096,462	
<u>585,694,729</u>	<u>592,730,309</u>	<u>1,666,309,066</u>	<u>1,752,228,441</u>	
119,910,973	151,995,256	159,979,228	137,558,894	
(155,182,616)	(110,067,725)	(155,182,616)	(110,067,725)	
(35,271,643)	41,927,531	4,796,612	27,491,169	
<u>550,423,086</u>	<u>634,657,840</u>	<u>1,671,105,678</u>	<u>1,779,719,610</u>	

### 8.1 Cost of goods manufactured

Raw material  
consumed (Note 10.1.1)  
Salaries, wages and benefits  
Staff retirement benefits  
Stores and spares  
Dyes and chemicals  
Packing material  
Repairs and maintenance  
Fuel and power  
Insurance  
Depreciation  
Other

Work in process  
Opening stock  
Closing stock

### 8.1.1 Raw material consumed

Opening stock	105,871,477	73,036,080	114,545,008	57,082,186
Purchases including purchase expenses	339,705,165	328,601,747	914,068,332	918,414,268
	445,576,642	401,637,827	1,028,613,340	975,496,454
Closing stock	(111,116,283)	(57,800,928)	(111,116,283)	(57,800,928)
	334,460,359	343,836,899	917,497,057	917,695,526

### 9. Other operating income

#### Income from assets other than financial assets:

Sale of waste material	792,853	398,264	1,975,542	1,430,242
Rental income	2,498,625	2,321,750	7,348,063	6,829,375
Gain on disposal of property, plant and equipment	122,351	308,105	200,852	308,105
Balances written back - net	-	2,238,995	1,749,921	8,411,407
	3,413,829	5,267,114	11,274,378	16,979,129

### 10. Finance cost

Interest / mark up on:				
Long term financing	13,014,678	15,839,152	40,476,051	64,009,403
Liabilities against assets subject to finance lease	548,839	975,250	1,617,982	1,784,812
Short term borrowings	8,908,685	4,390,252	28,662,344	7,869,158
Bank charges and commission	2,013,460	641,834	5,369,811	2,461,432
	24,485,662	21,846,488	76,126,188	76,124,805

10.1 The Company is facing financial and operational problems. As part of its long term plan to overcome these problems, the management has filed applications to its bankers / financial institutions to reschedule the existing long term finances and short term borrowings along with outstanding mark up thereon (except demand finance VII, own source finances and murabaha finances) and to convert the entire outstanding liabilities into non serviceable loans / loans subject to reduced rate of mark up for a reasonable period of time. The Company is hopeful that its bankers / financial institutions will consider the proposals favorably, therefore no further provision of markup in respect of these long term financing and short term borrowings has been made as the mark up expense amount depends on the outcome of the applications.

	Quarter ended March 31,		3rd Quarter ended March 31,	
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
11. Provision for taxation				
Current				
For the period	2,782,627	2,139,001	8,107,827	7,613,766
For the prior periods	42,915	-	-	4,564,219
Deferred	-	-	-	-
	2,825,542	2,139,001	8,107,827	12,177,985

11.1 The provision for taxation made in this condensed interim financial information is subject to adjustment in annual financial statements.

### 12. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of an associated undertaking, directors and key management personnel. The Company has not carried out any significant transaction with related parties during the year except payment of remuneration to Chief Executive Officer, Directors and Executives amounting to Rs. 3,600,000/- (2013 : Rs. 6,342,003).

### 13. Overdue loans

On the balance sheet date, the installments of long term financing amounting to Rs. 2,682.83 million (June 30, 2015: Rs. 2,388.80 million) alongwith mark up of Rs. 543.21 million (June 30, 2015: Rs. 543.21 million), lease finances amounting to Rs. 7.51 million (June 30, 2015: Rs. 8.58 million) alongwith mark up of Rs. 2.145 million (June 30, 2015: Rs. 1.81 million) and short term borrowings amounting to Rs. 5,686.52 million (June 30, 2015: Rs. 5,572.06 million) alongwith mark up of Rs. 728.03 million (June 30, 2015: Rs. 732.29 million) were over due.

On the balance sheet date, the carrying amount of loans relevant to above overdues were long term financing Rs. 4,116.00 million (June 30, 2015: Rs. 4,177.00 million), lease finances Rs. 32.374 million (June 30, 2015: Rs. 32.37 million) and short term borrowings Rs.5,686.52 million (June 30, 2015: Rs. 5,785.58 million).

The Company's requests for restructuring of the overdue loans and related markup and conversion into non serviceable loans / loans subject to reduced rate of mark up for a reasonable period of time are under negotiation with the lenders (Refer Note 10.1).

#### 14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on **29-04-2016** by the Board of Directors of the Company.

#### 15. GENERAL

- (i) There is no unusual item included in this condensed interim financial report which is affecting liabilities, assets, loss, comprehensive loss, cash flows or equity of the Company.
- (ii) The provision for taxation made in this condensed interim financial report is subject to adjustment in annual financial statements. Deferred tax asset of Rs. 488.12 million (June 30, 2012: Rs. 437.76 million) has not been recognised in this condensed interim financial report in view of uncertain future results.
- (iii) Figures have been rounded off to the nearest Rupee.



**MUHAMMAD NAEEM**  
(DIRECTOR)



**MIAN MUHAMMAD LATIF**  
(CHIEF EXECUTIVE OFFICER)



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