

FINANCIAL STATEMENTS

For the half year ended Dec 31,

2017

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Company Information

Chairman	Mian Muhammad Latif
Chief Executive	Mr. Muhammad Naeem
Directors	Mian Muhammad Javaid Iqbal Mr. Muhammad Faisal Latif Mr. Tariq Ayoub Khan Mr. Masood Ul Hassan Mr. Muhammad Hashim Mr. Muhammad Salman Javed
Nominee Director	Mrs. Sobia Chughtai
Major Bankers	Allied Bank Limited. Askari Bank Limited. Al Baraka 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 & Agricultural Investment Silk Bank Limited. Standard Chartered Bank (Pakistan) Limited. The Bank of Punjab. United Bank Limited.
Chief Financial Officer	Mr. Faisal Ali Sarwar
Company Secretary	Muhammad Arshad
Auditors	Yousuf Adil Chartered Accountants.
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 8752400, 8752700 chenab@chenabgroup.com www.chenabgroup.com
Website Address	www.chenabgroup.com
Works	-Spinning Unit - Toba Tek Singh. -Weaving Unit - Kharianwala, Distt: Sheikhpura. -Weaving Unit - Shahkot, Distt: Nankana Sahib. -Processing & Stitching Units – Nishatabad, Fsd.

DIRECTORS' REPORT TO THE SHAREHOLDER'S

The Directors are presenting before you un-audited financial statements together with notes for the half year ended on December 31, 2017. The Company had gone under liquidation by the Lahore High Court Lahore vide its order dated 13-07-2017 which was reversed on 29-10-2021. The management of the Company approached the Auditors appointed by the court to conduct review of the financial statements for the half yearly Accounts but they refused to do so on the plea that court has given mandate only for the Audit of financial statements for the year ended June 30,2017 and this assignment does not fall in their scope, Figures of corresponding quarter of last year are also presented for comparison. The balance sheet figures as on December 31, 2017 and June 30, 2017 have been shown as required by the international Accounting standards (IAS) 34 for interim financial reporting.

SALES AND SERVICES REVENUE

Sales and Services Revenue of Rs. 478.529 million was earned during the period under report as compared to the Sales and Services revenue of Rs.955.976 million same period of last year.

FINANCIAL RESULTS

In view of unfavorable business circumstances the Company sustained a financial loss of Rs.127.868 million before taxation during the period under report.

FUTURE PROSPECTS

The management got re-structuring done with banks through a Scheme of Arrangement on 14-09-2021. The winding up order passed by the Lahore High Court also got reversed on 29-10-2021. The management took over the charge and Company has re-started its commercial operations from December 1, 2021.


The management is also pursuing to dispose off certain non core fixed assets of the Company to meet the requirement of working capital.


ACKNOWLEDGEMENT

The directors are thankful to its financial institutions for supporting the Company for revival of the Company and its employees who have rendered their dedicated services for the Company

For and on behalf of
BOARD OF DIRECTORS

FAISALABAD
22-06-2023


MUHAMMAD FAISAL LATIF
(DIRECTOR)


MUHAMMAD NAEEM
(CHIEF EXECUTIVE OFFICER)

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

ڈائریکٹرز کمپنی کے ششماہی جائزہ شدہ (بغیر آڈٹ) حسابات معہ نوٹس بابت 31 دسمبر 2017 آپ کے سامنے پیش کرتے ہیں۔ کمپنی عدالت عالیہ کے حکم کے تحت 13-07-2017 تحلیل ہو چکی تھی جو کہ بمورخہ 29-10-2021 کو حکم نامہ منسوخ ہو گیا ہے۔ انتظامیہ نے ششماہی حسابات کے ریویو کے لئے آڈیٹرز جو کہ عدالت نے مقرر کئے تھے کیساتھ رابطہ کیا تھا۔ جنہوں نے ایسا کرنے سے انکار اس بنا پر کر دیا کہ یہ ذمہ داری عدالت نے ان کو نہیں سونپی ہے اور صرف آڈٹ برائے سال 30 جون 2017 کے لئے کہا گیا ہے۔ پچھلے سال کے اعداد و شمار برائے موازنہ بھی ظاہر کئے گئے ہیں۔ بیلنس شیٹ کے اعداد و شمار 31 دسمبر 2017 اور 30 جون 2017 بھی ظاہر کئے گئے ہیں جو کہ بین الاقوامی اکاؤنٹنگ سٹینڈرز (آئی۔ اے۔ ایس 34) برائے درمیانی مدت کی فنانشل رپورٹنگ کے زیر تحت ہیں۔

سیلز/خدمات کار یونیو:-

478-529 ملین کا سیلز/خدمات کار یونیو اس عرصہ میں حاصل کیا گیا جو کہ 955-976 ملین روپے بمقابلہ اسی عرصہ کا پچھلے سال تھا۔

مالیاتی نتائج:-

مارکیٹ میں کساد بازاری کی وجہ سے کمپنی نے 127.868 ملین روپے کا ٹیکس سے پہلے نقصان اس عرصہ میں برداشت کیا ہے۔

مستقبل کا کیفیت نامہ:-

انتظامیہ نے بحالی سکیم بمورخہ 14-09-2021 بینکس کے ساتھ نئے سر سے ادائیگی کے شیڈولز مرتب کئے ہیں۔ عدالت عالیہ لاہور نے کمپنی کا تحلیل شدہ حکم نامہ مورخہ 29-10-2021 کو منسوخ کر دیا ہے جس پر انتظامیہ نے ادارے کا بندوبست سنبھال لیا ہے۔ اور یکم دسمبر 2021 سے کاروباری پیداوار شروع کر دی ہے۔ انتظامیہ غیر پیداواری اثاثہ جات کو فروخت کرنے کے لئے کوششیں کر رہی ہے تاکہ کمپنی کے لئے سرمائے کی ضرورت کو پورا کیا جائے۔

تسلیم و تحسین:-

ڈائریکٹرز اپنے مالیاتی اداروں کے شکر گزار ہیں۔ جنہوں نے قرض کی ادائیگی کے لئے نئے شیڈولز دیئے ہیں بشمول اپنے ملازمین کے جنہوں نے تندہی سے کمپنی کو خدمات فراہم کی ہیں۔

برائے بورڈ آف ڈائریکٹرز:-

محمد فیصل لطیف

ڈائریکٹر

فیصل آباد

22-06-2023

محمد نعیم

چیف ایگزیکٹو

CHENAB LIMITED
BALANCE SHEET

As at December 31, 2017.

	Notes	(Un-audited) December 31, 2017 Rupees	(Audited) June, 30 2017 Rupees
SHARE CAPITAL AND RESERVES			
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		800,000,000	800,000,000
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		(9,140,445,795)	(9,023,847,363)
		(6,664,036,043)	(6,547,437,611)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		5,749,716,064	5,761,095,295
NON-CURRENT LIABILITIES			
Long term financing		2,708,314,404	2,708,314,404
Liabilities against assets subject to finance lease		-	-
Deferred liability		959,793,180	953,382,223
Deferred revenue		10,314,720	10,314,720
		3,678,422,304	3,672,011,347
CURRENT LIABILITIES			
Trade and other payables		1,959,812,900	1,925,756,401
Interest / markup payable		1,246,643,674	1,187,067,622
Short term borrowings	3	4,333,526,601	4,342,498,926
Current portion of :			
Long term financing		2,693,191,701	2,754,542,792
Liabilities against assets subject to finance lease		28,702,544	30,335,007
Provision for taxation - income tax		31,832,971	21,162,754
		10,293,710,391	10,261,363,502
CONTINGENCIES AND COMMITMENTS	4	-	-
		13,057,812,716	13,147,032,533
NON-CURRENT ASSETS			
Property, plant and equipment	5	11,098,513,556	11,185,697,330
		12,636,768	12,636,768
		11,111,150,324	11,198,334,098
CURRENT ASSETS			
Stores, spares and loose tools		55,577,999	67,364,712
Stock in trade		34,655,015	32,775,124
Trade debts	6	1,728,941,996	1,705,648,751
Loans and advances		51,723,142	41,166,291
Deposits and prepayments		11,497,016	12,618,185
Other receivables		17,399,304	27,503,488
Tax refunds due from			
Government		24,961,650	33,199,811
Cash and bank balances		21,906,270	28,422,073
		1,946,662,392	1,948,698,435
		13,057,812,716	13,147,032,533

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



MUHAMMAD FAISAL LATIF
(DIRECTOR)



MUHAMMAD NAEEM
(CHIEF EXECUTIVE OFFICER)

PROFIT AND LOSS ACCOUNT(Un-audited)

For the half year ended December 31, 2017.

	Note	Quarter ended December 31,		Half year ended December 31,	
		2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Sales	7	267,895,399	447,649,522	478,529,755	955,976,115
Cost of sales	8	293,038,272	412,406,225	548,435,267	842,863,499
Gross Profit / (loss)		(25,142,873)	35,243,297	(69,905,512)	113,112,616
Other operating income	9	9,484,035	46,777,488	18,530,217	49,381,762
		(15,658,838)	82,020,785	(51,375,295)	162,494,378
Selling and distribution expenses		5,209,880	3,433,318	9,282,469	6,281,620
Administrative expenses		27,223,933	32,814,840	57,698,317	64,883,209
Other operating expenses		627,947	-	3,574,111	-
Workers' profit participation fund		-	975,234	-	975,234
Finance cost	10	2,359,482	35,946,324	5,937,482	71,824,867
		35,421,242	73,169,716	76,492,379	143,964,930
Profit / (Loss) for the period before taxation		(51,080,080)	8,851,069	(127,867,674)	18,529,448
Provision for taxation	11	5,675,835	6,429,575	10,670,217	11,394,889
Profit / (Loss) for the period after taxation		(56,755,915)	2,421,494	(138,537,891)	7,134,559
Earnings per share - Basic		(0.49)	0.02	(1.20)	0.06

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



MUHAMMAD FAISAL LATIF
(DIRECTOR)



MUHAMMAD NAEEM
(CHIEF EXECUTIVE OFFICER)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the half year ended December 31, 2017.

	Quarter ended December 31,		Half year ended December 31,	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Profit / (Loss) for the period	(56,755,915)	2,421,494	(138,537,891)	7,134,559
Other comprehensive income for the				
Period incremental depreciation on				
revalued assets for the period	4,631,483	5,841,047	11,379,231	11,290,536
Revalued deferred tax for the period		1,086,162	-	2,383,002
	(52,124,432)	9,348,703	(127,158,660)	20,808,097

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



MUHAMMAD FAISAL LATIF
(DIRECTOR)



MUHAMMAD NAEEM
(CHIEF EXECUTIVE OFFICER)

CASH FLOW STATEMENT (Un-audited)

For the half year ended December 31, 2017.

	Half year ended December 31,	
	2017 Rupees	2016 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(127,867,674)	18,529,448
Adjustments for:		
Depreciation / impairment loss		
on property, plant and equipment	89,266,424	101,477,221
Provision for staff retirement gratuity	19,020,920	20,257,921
Profit on disposal of property, plant and equipment	155,603	-
Finance cost	5,937,482	(43,566,962)
Balances written back	-	71,824,866
Operating cash flows before working capital changes	(13,487,245)	168,522,494
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	11,786,713	(5,858,272)
Stock in trade	(1,879,891)	(210,324,885)
Trade debts	(23,293,245)	(40,984,095)
Loans and advances	(10,556,851)	(1,073,566)
Deposits and prepayments	1,121,169	(1,066,717)
Other receivables	16,633,758	7,648,324
Tax refunds due from Government	8,238,161	1,712,822
	2,049,814	(249,946,389)
Increase/ (Decrease) in current liabilities		
Trade and other payables	43,023,615	279,079,258
	45,073,429	29,132,869
Cash generated from operating activities	31,586,184	197,655,363
Income tax paid	(6,529,574)	(6,801,343)
Finance cost paid	(4,712,521)	(54,678,475)
Staff retirement gratuity paid	(12,609,963)	(3,694,127)
Net cash generated from operating activities	7,734,126	132,481,418
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(2,127,604)	-
Proceeds from disposal of property, plant and equipment	350,000	-
Net cash generated / (used) in investing activities	(1,777,604)	-
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	-	-
Repayment of:		
Long term financing	(3,000,000)	-
Liabilities against assets subject to finance lease	-	(91,400,000)
Increase in short term bank borrowings - net	(8,972,325)	17,542,008
Net cash generated from financing activities	(11,972,325)	(73,857,992)
Net increase / (decrease) in cash and cash equivalents (a+b+c)	(6,015,803)	58,623,426
Cash and cash equivalents at the beginning of the period	27,922,073	24,231,624
Cash and cash equivalents at the end of the period	21,906,270	82,855,050

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



MUHAMMAD FAISAL LATIF
(DIRECTOR)



MUHAMMAD NAEEM
(CHIEF EXECUTIVE OFFICER)

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2017.

	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
Balance as at July 01, 2016	1,150,000,000	800,000,000	120,000,000	63,552,610	342,857,142	76,432,834	(8,141,737,768)	(8,065,304,934)	(5,598,895,182)
Total comprehensive									
(Loss) for the year							(992,228,304)	(992,228,304)	(992,228,304)
Other comprehensive income							22,671,239	22,671,239	22,671,239
Items that will not be subsequently reclassified to profit or loss:							4,675,834	4,675,834	4,675,834
Incremental depreciation on revalued assets for the year							7,646,150	7,646,150	7,646,150
Related deferred tax							(1,307,348)	(1,307,348)	(1,307,348)
Remeasurement of defined benefit liability							(958,542,429)	(958,542,429)	(958,542,429)
Related deferred tax							(9,100,280,197)	(9,023,847,363)	(6,547,437,611)
Balance as at June 30, 2017	1,150,000,000	800,000,000	120,000,000	63,552,610	342,857,142	76,432,834	(9,100,280,197)	(9,023,847,363)	(6,547,437,611)
Total comprehensive							(138,537,891)	(138,537,891)	(138,537,891)
Profit for the period							11,379,231	11,379,231	11,379,231
Other comprehensive (loss)							10,560,228	10,560,228	10,560,228
Incremental depreciation on revalued assets for the period							(116,598,432)	(116,598,432)	(116,598,432)
Related deferred tax							(9,216,878,629)	(9,140,445,795)	(6,664,036,043)
Remeasurement of defined benefit liability							(9,140,445,795)	(9,140,445,795)	(6,664,036,043)
Related deferred tax							(116,598,432)	(116,598,432)	(116,598,432)
Balance as at December 31, 2017	1,150,000,000	800,000,000	120,000,000	63,552,610	342,857,142	76,432,834	(9,216,878,629)	(9,140,445,795)	(6,664,036,043)

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



MUHAMMAD NAEEM
(DIRECTOR)



MIAN MUHAMMAD LATIF
(CHIEF EXECUTIVE)

**Selected Explanatory Notes to The Condensed Interim Financial Report (Unaudited)
For the Half Year Ended December 31, 2017.**

1 STATUS AND ACTIVITIES

- 1.1 Chenab Limited (the Company) is incorporated as a public limited company under the Companies Ordinance, 1984 (Now Companies Act 2017) and is listed on Pakistan Stock Exchange. The registered office of the Company is situated at Nishatabad, Faisalabad, in the province of Punjab. The principal business of the Company is export of all kinds of value added fabrics, textile made-ups, casual and fashion garments duly processed. Geographical location and address of business units/plants are following:

Discription	Location	Address
Registered/Head Office	Faisalabad	Nishatabad, faisalabad
Spinning Unit-I	Toba Tek Singh	3 K.M Shorkot Road, Toba Tek Singh
Weaving Unit-I	Kharianwala	11 K.M Main Fsd Lhr Road, Kharianwala, Sheikhpura
Weaving Unit-II	Nankana Sahib	7 K.M Main Fsd Lhr Rd., Kotla Kalo Shahkot, Nankana Sahib
Processing & Stitching Units	Faisalabad	Main Faisalabad Lahore Road, Nishatabad, Faisalabad

- 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 net losses of Rs.138.537 million. As at Dec 31, 2017 the accumulated loss of the Company is Rs.9,140.445 million and the current liabilities exceed its current assets by Rs. 8,347.047 million. The Company has not redeemed preference shares on exercise of put options for three 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. SECP has initiated proceedings for investigations under the Companies Ordinance, 1984. The company has challenged the order and the Honourable Islamabad High Court has stayed the proceedings. 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 all lenders are not so far fully materialised, however the management has been able to reach at agreement with five major lenders to restructure the loans. The facilities diminishing musharika, term finance, murabah finance and demand finance were settled. Certain short term facilities were converted to long term loans. 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 has also adopted the available legal recourse. The management's efforts to dispose of certain non core fixed assets to meet the working capital requirements has not been materialised so far due to adverse economic conditions.

On the operational side, the management continued toll manufacturing and making efforts to increase the volume of business. Additionally, in order to improve liquidity position of the company, the management is also focusing on arranging advance payments from local as well as export customers. The company could not produce desired results due to operational difficulties mainly due to non-availability of working capital facilities. Due to low production, 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 slow settlements with bankers. The management is negotiating with banks for working capital facilities. The management is confident that the Company will be able to continue as a going concern

Upon filing application for winding up the company by M/s Saudi Pak Industrial & Agricultural Investment Company Limited, Islamabad before Company Judge, Lahore High Court, Lahore the instant company has gone into liquidation on 13 July 2017 vide its order given in civil original no. 43 of 2011. Consequently, Mr. Aurangzeb Mirza, Advocate and Mr. Jalal Ahsan, FCA of M/s Ahsan & Ahsan, Chartered Accountants, Lahore were appointed as official liquidator. Thereafter, the ex-management filed an appeal before Supreme Court of Pakistan against this order and leave of appeal was not granted and dismissed on 08 January 2019.

The condensed interim financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

- 1.4 All the significant transactions and events that have affected the company's financial position and performance during the year have been appropriately disclosed in respective notes.

2 SIGNIFICANT ACCOUNTING POLICIES

- 2.1 These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directions issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions of or directions issued under the Companies Ordinance, 1984 have been followed.
- 2.2 This condensed interim financial report 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.
- 2.3 This condensed interim financial report does not include all the information required for full annual financial statements, and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2017.

2.4 This condensed interim financial report is unaudited and being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

2.5 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended June 30, 2017.

2.6 Standards, amendments to published approved accounting standards and interpretations effective from July 01, 2017: There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 01, 2017 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.

2.7 Standards, amendments to published approved accounting standards and interpretations effective as adopted in Pakistan, those are not yet effective:

Estimates, judgments and risk management policies

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, 2017.

Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2017.

	(Un-audited) December 31, 2017 Rupees	(Audited) June, 30 2017 Rupees
1. Short term borrowings		
Secured		
Under mark up arrangements		
From banking companies		
Export finances	3,669,073,443	3,669,073,443
Finance against trust receipt	18,304,000	18,304,000
Running finance	437,588,483	437,588,483
Murabaha finances	208,560,675	217,533,000
	<u>4,333,526,601</u>	<u>4,342,498,926</u>

1.1 The aggregate unavailed short term borrowing facilities available to the Company are Rs. nil million (June 30, 2017: Rs. nil million). Total sanctioned limits are Rs. 5.17 billion (June 30, 2017: Rs. 5.17 billion) out of which Rs. 4.33 billion (June 30, 2017: Rs. 5.179 billion) are expired and renewable.

2. CONTINGENCIES AND COMMITMENTS

There is no significant change in contingencies since the date of published audited financial statements for the year ended June 30, 2017.

	(Un-audited) December 31, 2017	(Audited) June, 30 2017
3. Property, plant and equipment		
Operating assets	11,098,513,556	11,185,697,330

3.1 ACQUISITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT - AT COST

	Half year ended Dec 31, 2017		Half year ended Dec 31, 2016	
	Acquisitions Rupees	Disposals Rupees	Acquisitions Rupees	Disposal Rupees
Owned				
Plant and machinery	10,055	-	-	-
Office equipment	6,448	-	-	-
Vehicles	-	(1,277,664)	-	-
	<u>2,127,604</u>	<u>(1,277,664)</u>	-	-

	(Un-audited) December 31, 2017 Rupees	(Audited) June, 30 2017 Rupees
4. Trade debts		
Considered good		
Secured		
Foreign	(20,407,828)	7,485,243
Unsecured		
Foreign	1,698,060,404	1,668,088,376
Local	51,289,420	30,075,132
	1,749,349,824	1,698,163,508
	1,728,941,996	1,705,648,751
4.1 The aging of trade debts is as under:		
Not past due	49,357,752	175,312,556
Past due within one year	8,018,495	6,292,115
Past due over one year	1,671,565,749	1,524,044,080
	1,679,584,244	1,530,336,195
	1,728,941,996	1,705,648,751

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..

	Quarter ended December 31,		Half year ended December 31,	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
5. Sales				
Export				
Fabrics / made ups / garments	114,805,060	90,592,214	176,257,695	229,410,114
Add: Export rebate / duty drawback	1,355,256	875,932	2,309,378	2,443,091
	116,160,316	91,468,146	178,567,073	231,853,205
Less:				
Commission	547,570	-	2,551,194	-
Discount	-	-	-	-
	547,570	-	2,551,194	-
	115,612,746	91,468,146	176,015,879	231,853,205
Local				
Yarn	-	173,430,351	-	365,540,987
Fabrics / made ups	71,535,420	85,154,432	156,693,621	183,807,344
Processing, conversion and stitching charges	80,747,233	97,596,593	145,820,255	174,774,579
	267,895,399	447,649,522	478,529,755	955,976,115
6. Cost of sales				
Cost of goods manufactured (Note 10.1)	278,670,384	532,354,776	549,479,934	968,379,338
Finished goods				
Opening stock	33,625,887	138,255,156	18,213,332	132,687,868
Closing stock	(19,257,999)	(258,203,707)	(19,257,999)	(258,203,707)
	14,367,888	(119,948,551)	(1,044,667)	(125,515,839)
	293,038,272	412,406,225	548,435,267	842,863,499
6.1 Cost of goods manufactured				
Raw material consumed (Note 10.1.1)	117,182,403	341,465,972	220,938,714	581,963,929
Salaries, wages and benefits	46,210,380	64,658,915	91,664,268	115,366,493
Staff retirement benefits	7,454,950	12,103,137	14,210,400	16,206,337
Stores and spares	17,776,558	31,085,435	39,446,025	46,761,661
Dyes and chemicals	10,132,777	8,059,231	20,565,119	16,095,822
Packing material	7,380,379	14,203,143	14,264,875	23,252,481
Repairs and maintenance	111,124	1,173,615	219,879	1,625,384
Fuel and power	7,503,015	45,696,040	16,890,222	84,778,552
Insurance	-	553,814	-	1,167,647
Depreciation	38,575,711	52,982,546	86,957,564	98,824,988
Other	21,244,968	36,477,441	44,693,544	63,091,622
	273,572,265	608,459,289	549,850,610	1,049,134,916
Work in process				
Opening stock	11,931,382	115,502,146	6,462,587	110,851,081
Closing stock	(6,833,263)	(191,606,659)	(6,833,263)	(191,606,659)
	5,098,119	(76,104,513)	(370,676)	(80,755,578)
	278,670,384	532,354,776	549,479,934	968,379,338

	Quarter ended December 31,		Half year ended December 31,	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
6.1.1 Raw material consumed				
Opening stock	14,952,945	94,942,060	8,099,205	91,118,913
Purchases including purchase expenses	110,793,211	341,696,293	221,403,262	586,017,397
	125,746,156	436,638,353	229,502,467	677,136,310
Closing stock	(8,563,753)	(95,172,381)	(8,563,753)	(95,172,381)
	<u>117,182,403</u>	<u>341,465,972</u>	<u>220,938,714</u>	<u>581,963,929</u>
7. Other operating income				
Income from assets other than financial assets:				
Sale of waste material	262,186	516,791	689,665	589,921
Rental income	9,021,292	2,693,735	17,684,949	5,224,879
Gain on disposal of property, plant and equipment	200,557	-	155,603	-
Balances written back - net	-	43,566,962	-	43,566,962
	<u>9,484,035</u>	<u>46,777,488</u>	<u>18,530,217</u>	<u>49,381,762</u>
8. Finance cost				
Interest / mark up on:				
Long term financing	-	20,818,621	-	42,356,483
Liabilities against assets subject to finance lease	-	897,353	-	1,034,221
Long term murabaha	-	-	-	-
Short term borrowings	1,620,403	13,788,703	4,759,394	25,605,542
Bank charges and commission	739,079	441,647	1,178,088	2,828,621
	<u>2,359,482</u>	<u>35,946,324</u>	<u>5,937,482</u>	<u>71,824,867</u>

8.1 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 December 31,		Half year ended December 31,	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
9. Provision for taxation				
Current				
For the period	5,675,835	5,901,320	10,670,217	10,866,634
For the prior periods	-	528,255	-	528,255
	<u>5,675,835</u>	<u>6,429,575</u>	<u>10,670,217</u>	<u>11,394,889</u>

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

10. 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 Executives amounting to Rs. 13,321,748/- (2017 : Rs. 8,849,870).

11. Overdue loans

The installments of long term financing amounting to Rs. 2,693.19 million (June 30, 2017: Rs. 2,604.04 million) alongwith mark up of Rs. 550.992 million (June 30, 2017: Rs. 492.64 million), lease finances amounting to Rs. 28.702 million (June 30, 2017: Rs. 20.939 million) alongwith mark up of Rs. 7.409 million (June 30, 2017: Rs. 7.409 million) and short term borrowings amounting to Rs. 4,333.526 million (June 30, 2017: Rs. 4,574.70 million) alongwith mark up of Rs. 688.541 million (June 30, 2017: Rs. 687.017 million) were over due.

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 8.1).

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial report was authorised for issue on 22-06-2023 by the Board of Directors of the Company.

13. 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) Provision for workers' profit participation fund made in this condensed interim financial information is subject to adjustment in the annual financial statements.
- (iii) Figures have been rounded off to the nearest Rupee.



**MUHAMMAD FAISAL LATIF
(DIRECTOR)**



**MUHAMMAD NAEEM
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