of Companies

HALF YEARLY ACCOUNTS
2016-2017
(UN - AUDITED)

UMER GROUP OF COMPANIES

BLESSED TEXTILES LIMITED

Vision

A Premier quality Company
providing quality products
and maintaining an excellent
level of ethical and
professional standard.

Mission Statement

To become the leaders of
Textile products
in the local
&
international market
and to achieve
the highest level of success.

Directors' Review

Your directors are pleased to present the un-audited condensed interim financial statements of the Company for the half year ended 31st December 2016.

Salient features of the half year ended 31st December 2016 are as follows;

- Profit after tax for the half year ended 31st December 2016 is PKR 139.574 million as against PKR 20.859 million of the corresponding half year of last year.
- Earnings per share for the half year ended 31st December 2016 is PKR 21.70 (31st December 2015 PKR 3.24).
- Breakup value of the share as on 31st December 2016 is PKR 445.65 (30th June, 2016 PKR 428.95).

During the half year ended 31st December 2016, profitability has increased substantially as compared to previous half year. The demand of cotton and yarn was slightly better during the current period.

Auditors' review on the condensed interim financial statements for the half year ended 31st December 2016 is annexed herewith.

Industry Overview and Future Prospect
PKR 180 billion textile package has been announced by the government in order to increase the textile export. The initiate of the government is encouraging but only provide relief to some extent. The major issue of competitiveness has not been addressed in textile package. Moreover, government should allow export finance scheme to yarn and fabric in order to support spinning and weaving sector.

Current year local cotton production is not able to meet the requirement of local consumption. Therefore some cotton will have to be imported. Currently the price of cotton is increasing.

Availability of gas and uninterrupted electricity is a major concern for textile industry in Pakistan. Due to energy crises the export of textile products has fallen. Government should take immediate steps for the availability of gas for textile units.

In the present scenario the results are likely to be reasonable in coming quarter. The management of the company is doing its best efforts to maintain the profitability margin.

Acknowledgement
Board of directors acknowledge and appreciate the efforts of the employees and valuable support of the various government department and our bankers.

On behalf of the Board
MOHAMMAD AMIN
Chief Executive

Karachi: 23rd February , 2017

Russell Bedford

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

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Auditors' Report to the Members on Review Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Blessed Textiles Limited** ("the Company") as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim statement of profit or loss and other comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to 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 condensed interim financial information based on our review. The figures for the quarter ended December 31, 2016 of the condensed interim profit and loss account and condensed interim statement of profit or loss and other comprehensive income have not been reviewed as we are required to review only cumulative figures for the six months period ended on that date.

Scope of Review

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

Conclusion

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Engagement Partner: IRFAN RAHMAN MALIK

Lahore: 23rd February , 2017

Condensed Interim Balance Sheet
as at December 31, 2016

	Note	December 31, 2016 Rupees (Un-audited)	June 30, 2016 Rupees (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
6,500,000 (June 30, 2016: 6,500,000) ordinary shares of Rs. 10 each		**65,000,000**	65,000,000
Issued, subscribed and paid-up capital		**64,320,000**	64,320,000
General reserve		**2,600,000,000**	2,600,000,000
Accumulated profit		**202,145,197**	94,730,673
TOTAL EQUITY		**2,866,465,197**	2,759,050,673
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances - *Secured*		**1,317,964,992**	1,376,316,051
Deferred liabilities		**225,627,442**	219,862,302
		1,543,592,434	1,596,178,353
CURRENT LIABILTIES			
Trade and other payables		**505,949,608**	330,266,096
Accrued interest/mark-up		**29,576,189**	27,158,358
Short term borrowings - *Secured*		**1,098,311,974**	1,153,711,954
Current portion of non-current liabilities		**227,490,494**	254,009,628
		1,861,328,265	1,765,146,036
TOTAL LIABILITIES		**3,404,920,699**	3,361,324,389
CONTINGENCIES AND COMMITMENTS	6	**-**	-
TOTAL EQUITY AND LIABILITIES		**6,271,385,896**	6,120,375,062

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

Karachi: 23rd February , 2017

MOHAMMAD AMIN
Chief Executive

Condensed Interim Balance Sheet
as at December 31, 2016

	Note	December 31, 2016 Rupees (Un-audited)	June 30, 2016 Rupees (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	**3,403,644,369**	3,512,679,217
Long term deposits - *Unsecured, Considered good*		**14,154,095**	14,154,095
		3,417,798,464	3,526,833,312
CURRENT ASSETS			
Stores, spares and loose tools		**78,239,535**	64,913,402
Stock in trade		**1,691,100,362**	1,592,564,953
Trade debts		**386,851,582**	302,464,788
Advances, prepayments and other receivables		**74,400,200**	104,501,670
Sales tax refundable		**194,846,468**	191,851,524
Income tax refundable		**266,871,806**	272,000,389
Bank balances		**161,277,479**	65,245,024
		2,853,587,432	2,593,541,750
TOTAL ASSETS		**6,271,385,896**	6,120,375,062

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

MOHAMMAD SALIM
Director

Condensed Interim Profit and Loss Account (Un-audited)
for the half year ended December 31, 2016

	Note	Half year ended		Quarter ended	
		December 31, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015
		Rupees	*Rupees*	***Rupees***	*Rupees*
Sales - *net*		**3,955,397,126**	3,355,665,464	**2,035,393,345**	1,761,195,660
Cost of sales		**3,603,421,819**	3,105,717,962	**1,836,940,618**	1,630,336,583
Gross profit		**351,975,307**	249,947,502	**198,452,727**	130,859,077
Selling and distribution expenses		**68,098,991**	63,483,710	**33,709,983**	32,938,246
Administrative and general expenses		**53,754,438**	53,826,897	**27,497,226**	27,660,361
		121,853,429	117,310,607	61,207,209	60,598,607
		230,121,878	132,636,895	**137,245,518**	70,260,470
Other income		**40,105,180**	793,385	**517,705**	509,630
Operating profit		**270,227,058**	133,430,280	**137,763,223**	70,770,100
Finance cost		**77,123,497**	73,806,073	**40,474,261**	40,204,248
Other charges		**13,987,346**	4,984,230	**6,877,521**	2,135,129
		91,110,843	78,790,303	**47,351,782**	42,339,377
Profit before taxation		**179,116,215**	54,639,977	**90,411,441**	28,430,723
Provision for taxation	7				
Current taxation		**39,541,691**	33,780,038	**20,363,930**	17,873,562
Deferred taxation		**-**	-	**-**	-
		39,541,691	33,780,038	**20,363,930**	17,873,562
Profit after taxation		**139,574,524**	20,859,939	**70,047,511**	10,557,161
Earnings per share - *basic and diluted*		**21.70**	3.24	**10.89**	1.64

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

MOHAMMAD AMIN
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 23rd February , 2017

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Un-audited) for the half year ended December 31, 2016

	Half year ended		Quarter ended	
	December 31, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015
	Rupees	*Rupees*	***Rupees***	*Rupees*
Profit after taxation	**139,574,524**	20,859,939	**70,047,511**	10,557,161
Other comprehensive income	**-**	-	**-**	**-**
Deferred tax	**-**	-	-	-
Total comprehensive income	**139,574,524**	20,859,939	**70,047,511**	**10,557,161**

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

MOHAMMAD AMIN
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 23rd February , 2017

Condensed Interim Cash Flow Statement (Un-audited) for the half year ended December 31, 2016

	December 31, 2016	December 31, 2015
	Rupees	*Rupees*
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	**179,116,215**	54,639,977
Adjustments for non-cash and other items		
Interest / markup on borrowings	**77,123,497**	62,083,700
Gain on disposal of property, plant and equipment	**(38,860,613)**	-
Provision for employees retirement benefits	**16,680,000**	17,520,000
Depreciation	**172,980,000**	155,785,416
	227,922,884	235,389,116
Operating profit before changes in working capital	**407,039,099**	290,029,093
Changes in working capital		
Stores, spares and loose tools	**(13,326,133)**	3,525,258
Stock in trade	**(98,535,409)**	(843,073,686)
Trade debts	**(84,386,794)**	(86,569,424)
Advances, prepayments and other receivables	**30,101,470**	(6,717,184)
Sales tax refundable	**(2,994,944)**	(18,603,000)
Trade and other payables	**173,118,907**	35,967,376
Long term payables	**653,744**	3,225,112
	4,630,841	(912,245,548)
Cash generated from operations	**411,669,940**	(622,216,455)
Payments for:		
Employees retirement benefits	**(11,568,604)**	(8,442,271)
Interest/markup	**(74,705,666)**	(67,058,349)
Income tax	**(34,413,108)**	(24,692,719)
	(120,687,378)	(100,193,339)
Net used in operating activities	**290,982,562**	(722,409,794)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(111,152,233)	(60,599,622)
Proceeds from disposal of property, plant and equipment	86,067,694	-
Net cash used in investing activities	**(25,084,539)**	(60,599,622)

Condensed Interim Cash Flow Statement (Un-audited)
for the half year ended December 31, 2016

	December 31, 2016	December 31, 2015
	Rupees	*Rupees*
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances obtained	**42,134,620**	-
Repayment of long term finances	**(127,004,813)**	(155,259,972)
Net increase in short term borrowings	**(55,399,980)**	932,335,015
Dividend paid	**(29,595,395)**	(11,274,374)
Net cash generated from financing activities	**(169,865,568)**	765,800,669
NET INCREASE IN CASH AND CASH EQUIVALENTS	**96,032,455**	(17,208,747)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**65,245,024**	57,187,026
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**161,277,479**	39,978,279

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

MOHAMMAD AMIN
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 23rd February , 2017

Condensed Interim Statement of Changes in Equity (Un-audited) for the half year ended December 31, 2016

	Share capital	Revenue reserves		
	Issued subscribed and paid-up capital	General reserves	Accumulated profit	Total equity
	Rupees	*Rupees*	*Rupees*	*Rupees*
Balance as at July 01, 2015 - ***Audited***	64,320,000	2,550,000,000	64,520,677	2,678,840,677
Comprehensive income				
Profit after taxation	-	-	20,859,939	20,859,939
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	20,859,939	20,859,939
Transaction with owners				
Final dividend @ 50% i.e. Rs. 5 per ordinary share	-	-	(32,160,000)	(32,160,000)
Balance as at December 31, 2015 - ***Un-audited***	64,320,000	2,550,000,000	53,220,616	2,667,540,616
Comprehensive income				
Profit after taxation	-	-	91,510,057	91,510,057
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	91,510,057	91,510,057
Transaction with owners				
Profit transferred to general reserve	-	50,000,000	(50,000,000)	-
Balance as at June 30, 2016 - ***Audited***	**64,320,000**	**2,600,000,000**	**94,730,673**	**2,759,050,673**
Comprehensive income				
Profit after taxation	-	-	139,574,524	139,574,524
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	139,574,524	139,574,524
Transaction with owners				
Final dividend @ 50% i.e. Rs. 5 per ordinary share	-	-	(32,160,000)	(32,160,000)
Profit transferred to general reserve	-	-	-	-
	-	-	(32,160,000)	(32,160,000)
Balance as at December 31, 2016 - ***Un-audited***	**64,320,000**	**2,600,000,000**	**202,145,197**	**2,866,465,197**

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

Karachi: 23rd February , 2017

MOHAMMAD AMIN
Chief Executive

MOHAMMAD SALIM
Director

Notes to the Condensed Interim Financial Information (Un-audited) for the half year ended December 31, 2016

1 REPORTING ENTITY

Blessed Textiles Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange. The Company is primarily engaged in the manufacture and sale of yarn and woven fabric, however, it is also engaged in the generation of electricity for self consumption. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. The manufacturing facility is located at District Sheikhupura in the Province of Punjab.

2 BASIS OF PREPARATION

The financial information contained in this interim financial report is un-audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2016.

This condensed interim financial information has been subjected to limited scope review by the auditors of the Company, as required by the Code of Corporate Governance. The comparative interim balance sheet as at June 30, 2016 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim statement of profit or loss and other comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for the six months period ended December 31, 2016 are based on unaudited, reviewed interim financial information. The interim profit and loss account and interim statement of profit or loss and other comprehensive income for the three months period ended December 31, 2016 and December 31, 2015 are neither audited nor reviewed.

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial information contained in this interim has been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Judgments, estimates and assumptions

The preparation of financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures.

Notes to the Condensed Interim Financial Information (Un-audited) for the half year ended December 31, 2016

IFRS 14 – Regulatory Deferral Accounts (2014)
The standard permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

Equity Method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)

IAS 27 - Separate Financial Statements has been amended to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)

IFRS 11 - Joint Arrangements has been amended to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- Apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11.

- Disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)

IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets have been amended to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.

- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities, IAS 28 - Accounting for Investments in Associates and Joint Ventures)

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

Agriculture: Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)

IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture have been amended to:

- Include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16.
- Introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Notes to the Condensed Interim Financial Information (Un-audited) for the half year ended December 31, 2016

- Clarify that produce growing on bearer plants remains within the scope of IAS 41.

Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)

IAS 1 Presentation of Financial Statements has been amended to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- Clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;

- Clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;

- Additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

Annual Improvements 2012-2014 cycle
These improvements make amendments to the following standards:

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

- IFRS 7 - Financial Instruments: Disclosures - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

- IAS 19 - Employee Benefits - Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

- IAS 34 - Interim Financial Reporting - Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.
The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments (2014)	January 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)	January 01, 2017
Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)	January 01, 2017
Classification and Measurement of Share-based Payment Transactions	January 01, 2018

Notes to the Condensed Interim Financial Information (Un-audited) for the half year ended December 31, 2016

	Effective date (annual periods beginning on or after)
Clarifications to IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance Contracts	January 01, 2018
IFRIC 22 - Foreign Currency Transactions and Advances Concideration	January 01, 2018
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	January 01, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	January 01, 2018
Transfers of Investment Property (Amendments to IAS 40)	January 01, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle	January 01, 2018

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 234 of the Companies Ordinance, 1984 regarding their adoption. The management anticipates that, except as stated below, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

IFRS 9 – Financial Instruments: Classification and Measurement (2014)

IFRS 9 replaces IAS 39 - Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their cash flow characteristics. The standard introduces a 'fair value through comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to measurement of entity's own credit risk.

- Impairment: IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit loss to have occurred before a credit loss is recognized.

- Hedge accounting: IFRS 9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposure.

- Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Adoption of this IFRS 9 may result in material adjustment to carrying amounts of financial assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

IFRS 16 – Leases (2016)

IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the leases term is twelve months or less or the underlying asset has low value.

Adoption of this IFRS 16 will result in recognition of assets and liabilities for all operating leases for which the lease terms is more than twelve months. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

Notes to the Condensed Interim Financial Information (Un-audited) for the half year ended December 31, 2016

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)

The amendments clarify the following:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to deductible temporary differences regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax laws restrict utilization of tax losses, an entity would assess a deferred tax asset in combination with deferred tax assets of the same type.

Adoption of this amendment may result in material adjustment to deferred tax assets. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

IFRIC 22 - Foreign Currency Transactions and Advances Concideration

The interpretation addresses foreign currency transactions or parts of transactions where:

- There is consideration that is denominated or priced in a foreign currency;
- The entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- The prepayment asset or deferred income liability is non-monetary.

5 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 financial statements of the Company for the year ended June 30, 2016.

6 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies since June 30, 2016.

	Note	December 31, 2016 Rupees (Un-audited)	June 30, 2016 Rupees (Audited)
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	**3,295,101,241**	3,511,366,822
Capital work in progress		**108,543,128**	1,312,395
		3,403,644,369	3,512,679,217
7.1 Operating fixed assets			
Net book value at the beginning of the period/year		**3,511,366,822**	3,025,391,060
Additions during the period/year			
Freehold land		**-**	19,385,882
Factory buildings		**-**	3,272,195
Plant and machinery		**-**	809,879,171
Equipment and other assets		**-**	5,384,752
Electric installation		**-**	1,601,704
Vehicles		**3,921,500**	5,700,630
		3,921,500	845,224,334

Notes to the Condensed Interim Financial Information (Un-audited) for the half year ended December 31, 2016

	December 31, 2016	June 30, 2016
	Rupees (Un-audited)	*Rupees (Audited)*
Net book value of assets disposed during the period/year	**(47,207,081)**	(49,125,659)
Depreciation for the period/year	**(172,980,000)**	(310,122,913)
Net book value at the end of the period/year	**3,295,101,241**	3,511,366,822

	Note	Half year ended		Quarter ended	
		December 31, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015
8 PROVISION FOR TAXATION					
Provision for taxation					
Current taxation	*8.1*	**39,541,691**	33,780,038	**20,363,930**	17,873,562
Deferred taxation	*8.2*	**-**	-	**-**	-
		39,541,691	33,780,038	**20,363,930**	17,873,562

8.1 Provision for current tax has been in accordance with the requiements of section 18 and section 154 of the Income Tax Ordinance, 2001.

8.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.

9 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company.

Transactions with key management personnel are limited to payment of short term employee benefits and dividend on ordinary shares. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an orderly transaction between market participants.

Details of transactions and balances with related parties is as follows:

		Half year ended	
		December 31, 2016	December 31, 2015
		Rupees (Un-Audited)	*Rupees (Un-Audited)*
9.1 Transactions with related parties			
Nature of relationship	**Nature of transaction**		
Associated companies	Purchases	**150,205,460**	94,749,730
	Sales	**446,442,594**	365,677,442
	Service rendered	**67,411,533**	74,124,130
	Service received	**162,000**	159,000
	Purchase of electricity	**310,461,874**	309,226,976
	Dividend paid	**5,945,800**	-
Key management personnel	Short term employee benefits	**8,700,000**	7,200,000

Notes to the Condensed Interim Financial Information (Un-audited) for the half year ended December 31, 2016

9.2 Balances with related parties
There are no balances due to/from related parties as at the reporting date.

10 FINANCIAL INSTRUMENTS
The carrying amounts of the Company's financial instruments by class and category are as follows:

	December 31, 2016 Rupees (Un-Audited)	June 30, 2016 Rupees (Audited)
10.1 Financial assets		
Cash in hand	**1,529,234**	-
Loans and receivables		
Long term deposits	**14,154,095**	14,154,095
Trade debts	**386,851,582**	302,464,788
Security deposits	**40,029,935**	39,070,113
Bank balances	**159,748,245**	65,245,024
	602,313,091	420,934,020
10.2 Financial liabilities		
Financial liabilities at amortized cost		
Long term finances	**1,317,964,992**	1,630,325,679
Short term borrowings	**1,098,311,974**	1,153,711,954
Accrued interest/markup	**29,576,189**	27,158,358
Trade creditors	**332,262,775**	153,857,383
Accrued liabilities	**147,118,482**	147,866,945
Unclaimed dividend	**5,320,332**	2,755,727
	2,930,554,744	3,115,676,046

11 FAIR VALUE MEASUREMENTS
The Company measures some of it financial instruments at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

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 (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

11.1 Financial instruments measured at fair value

11.1.1 Recurring fair value measurements
There are no recurring fair value measurements as at the reporting date.

11.1.2 Non-recurring fair value measurements
There are no non-recurring fair value measurements as at the reporting date.

Notes to the Condensed Interim Financial Information (Un-audited) for the half year ended December 31, 2016

11.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

11.3 Assets and liabilities other than financial instruments.

None of the assets and liabilities other than financial instruments are measured at fair value.

12 SEGMENT REPORTING

The Company has three reportable segments, which offer different products and are managed separately. The following summary describes the operations in each of the company's reportable segments.

Reportable segment	**Principal activity**
Spinning	Manufactures and sale of yarn
Weaving	Manufactures and sale of woven fabric
Power	Generation and sale of electricity

Information about operating segments as at December 31, 2016 and for the half year then ended is as follows:

	Half year ended December 31, 2016			
	Spinning	**Weaving**	**Power**	**Total**
	Rupees (Un-audited)	***Rupees (Un-audited)***	***Rupees (Un-audited)***	***Rupees (Un-audited)***
Revenue from external customers	**2,731,239,040**	**1,224,158,086**	**-**	**3,955,397,126**
Inter-segment revenues	**169,983,450**	**-**	**24,498,865**	**194,482,315**
Segment results	**175,536,459**	**107,168,110**	**(12,477,511)**	**270,227,058**

	Half year ended December 31, 2015			
	Spinning	Weaving	Power	Total
	Rupees (Un-audited)	*Rupees (Un-audited)*	*Rupees (Un-audited)*	*Rupees (Un-audited)*
Revenue from external customers	2,398,519,621	957,145,843	-	3,355,665,464
Inter-segment revenues	-	-	34,940,835	34,940,835
Segment results	91,049,220	54,652,187	(12,271,127)	133,430,280

	As at December 31, 2016				
	Spinning	**Weaving**	**Power**	**Un-allocated**	**Total**
	Rupees (Un-audited)	***Rupees (Un-audited)***	***Rupees (Un-audited)***	***Rupees (Un-audited)***	***Rupees (Un-audited)***
Segment assets	4306045305	**1,621,947,090**	**62,367,600**	**281,025,901**	**6,271,385,896**

	As at June 30, 2016				
	Spinning	Weaving	Power	Un-allocated	Total
	Rupees *(Audited)*	Rupees *(Audited)*	Rupees *(Audited)*	Rupees *(Audited)*	Rupees *(Audited)*
Segment assets	4151888656	1,615,117,072	67,214,850	286,154,484	6,120,375,062

Notes to the Condensed Interim Financial Information (Un-audited) for the half year ended December 31, 2016

	As at December 31, 2016				
	Spinning	**Weaving**	**Power**	**Un-allocated**	**Total**
	Rupees	***Rupees***	***Rupees***	***Rupees***	***Rupees***
	(Un-audited)	***(Un-audited)***	***(Un-audited)***	***(Un-audited)***	***(Un-audited)***
Segment liabilities	354108378	**216,834,007**	**47,421,455**	**2,786,556,859**	**3,404,920,699**

	As at June 30, 2016				
	Spinning	Weaving	Power	Un-allocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
	(Audited)	*(Audited)*	*(Audited)*	*(Audited)*	*(Audited)*
Segment liabilities	250895217	148,795,100	46,116,385	2,915,517,687	3,361,324,389

13 EVENTS AFTER THE REPORTING PERIOD
There are no significant events after the reporting period that may require adjustment of and/or disclosure in this condensed interim financial report.

14 RECOVERABLE AMOUNTS AND IMPAIRMENT
As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

15 DATE OF AUTHORIZATION FOR ISSUE
This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on 23rd February, 2017.

16 GENERAL

16.1 There are no other significant activities since June 30, 2016 affecting the interim financial information.

16.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

16.3 Figures have been rounded off to the nearest Rupee.

MOHAMMAD AMIN
Chief Executive

MOHAMMAD SALIM
Director

Karachi: 23rd February , 2017

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