



ELAHI COTTON MILLS LIMITED
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
DECEMBER 31, 2019

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

DIRECTORS' REVIEW TO THE MEMBERS

The Directors of the Company are pleased to present financial information for the half year ended December 31, 2019 duly reviewed by the external auditors.

The principal business activity of the Company is to manufacture and sale of Pure Polyester Yarn. Aggregate sales revenue of the Company increased from Rs. 244.317 million to Rs. 256.799 million showing increase of Rs. 12.482 million (5.11%) whereas cost of sales increased from Rs. 238.781 million to Rs. 248.236 million showing increase of Rs. 9.455 million (3.96%). The Company earned profit before taxation of Rs. 4.156 million for the six months from July 01, 2019 to December 31, 2019 as compared to profit of Rs. 2.100 million for the corresponding period of last six months and profit after taxation of Rs. 0.708 million as compared to loss of Rs. 0.298 million. The net profit earned by the Company is mainly due to increase in the rates of finished goods. The future outlook seems to be favourable due to increase in the prices of finished goods.

The earning per share for the half year ended December 31, 2019 is Rs. 0.54 and for the quarter ended December 31, 2019 is Rs. 0.49. The Directors of the Company do not recommend payment of any dividend to shareholders of the Company.

Islamabad
February 27, 2020

Mahmood Elahi
(Mahmood Elahi)
Director

On behalf of Board of Directors

Mahfooz Elahi
(Mahfooz Elahi)
Chief Executive

الہی کاٹن ملز لمیٹڈ

ممبرز کو ڈائریکٹرز کی ششماہی جائزہ رپورٹ

کمپنی کے ڈائریکٹرز ششماہی مالیاتی رپورٹ ختمہ ۳۱ دسمبر ۲۰۱۹ء کو کہ بیرونی محاسب سے جائزہ شدہ ہے، پیش کرتے ہیں۔ کمپنی کا بنیادی کام خالص پولیسٹر وھاگہ بنانا اور فروخت کرنا ہے۔ کمپنی کی مجموعی فروخت - 244.317 ملین روپے سے بڑھ کر - 256.799 ملین روپے ہو گئی ہے جو کہ - 12.482 ملین روپے (5.11%) اضافہ ظاہر کر رہی ہے جبکہ فروخت کے اخراجات - 238.781 ملین روپے سے بڑھ کر - 248.236 ملین روپے ہو گئے ہیں جو کہ - 9.455 ملین روپے (3.96%) اضافہ ظاہر کر رہے ہیں۔ اس ششماہی ختمہ ۳۱ دسمبر ۲۰۱۹ء میں کمپنی نے قبل از ٹیکس - 4.156 ملین روپے کا منافع کمایا ہے جبکہ گزشتہ سال اسی دورانیہ میں یہ منافع - 2.100 ملین روپے تھا اور بعد از ٹیکس - 0.708 ملین روپے کا منافع ہوا جبکہ گزشتہ سال اسی دورانیہ میں - 0.298 ملین روپے کا نقصان ہوا تھا۔ کمپنی کے خالص منافع کمانے کی وجہ تیار شدہ مال کی قیمتوں میں اضافہ ہے۔ کمپنی توقع کرتی ہے کہ تیار شدہ مال کی قیمتوں میں اضافہ کی وجہ سے مستقبل بہتر ہوگا۔ اس ششماہی ختمہ ۳۱ دسمبر ۲۰۱۹ء میں کمپنی کا منافع - 0.54 روپے فی حصص ہوا جبکہ دوسری ششماہی ختمہ ۳۱ دسمبر ۲۰۱۹ء کو فی حصص - 0.49 روپے کا منافع ہوا۔ کمپنی کے ڈائریکٹرز حصص داران کے لئے کسی حصص پر منافع دینے کی سفارش نہیں کرتے۔

اسلام آباد
۲۷ فروری ۲۰۲۰

Mahmood Elahi

محمود الہی
ڈائریکٹر

بورڈ آف ڈائریکٹرز کی جانب سے
Mahfooz Elahi

محفوظ الہی
چیف ایگزیکٹو

INDEPENDENT AUDITORS REVIEW REPORT TO THE MEMBERS OF ELAHI COTTON MILLS LIMITED**Report on review of Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Elahi Cotton Mills Limited ("the Company") as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the interim financial statements for the six months period then ended (herein after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

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

The figures for the quarter ended December 31, 2019 and December 31, 2018 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review audit resulting in this independent auditors review report is Iffat Hussain.

ISLAMABAD**DATED: 27 FEB 2020**

Bdo ebrahim & Co.
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
ffat Hussain

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT DECEMBER 31, 2019

		December 31, 2019	June 30, 2019
	Note	Rupees Unaudited	Rupees Audited
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	4	127,399,908	129,465,424
Long term security deposits		918,810	918,810
Loan to employees		2,562,258	2,368,508
		<u>130,880,976</u>	<u>132,752,742</u>
CURRENT ASSETS			
Stores, spares and loose tools		2,335,044	1,195,411
Stock in trade	5	19,243,002	13,474,254
Trade debts	6	10,497,716	3,737,029
Loans and advances		374,166	404,621
Short terms prepayments		250,050	295,012
Tax refund due from government		244,395	794,397
Cash and bank balances	7	15,418,363	18,152,507
		<u>48,362,736</u>	<u>38,053,231</u>
		<u>179,243,712</u>	<u>170,805,973</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	8	13,000,000	13,000,000
Revaluation surplus on property, plant and equipment		107,282,035	108,328,237
Accumulated loss		<u>(65,187,811)</u>	<u>(66,292,141)</u>
		55,094,224	55,036,096
NON-CURRENT LIABILITIES			
Deferred liabilities		22,642,516	21,820,602
CURRENT LIABILITIES			
Taxation - net		475,557	1,064,926
Loan from directors	9	75,882,547	74,382,547
Due to associated undertaking	10	5,566,077	5,566,077
Trade and other payables	11	19,334,626	12,687,560
Unclaimed dividend		248,165	248,165
		<u>101,506,972</u>	<u>93,949,275</u>
CONTINGENCIES AND COMMITMENTS			
	12	-	-
TOTAL EQUITY AND LIABILITIES		<u>179,243,712</u>	<u>170,805,973</u>

The annexed notes from 1 to 23 form an integral part of these interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

	Note	Six months ended December 31,		Three months ended December 31,	
		2019	2018	2019	2018
		-----Rupees-----			
Sales	13	256,799,452	244,316,740	142,147,691	131,890,285
Cost of sales	14	(248,236,304)	(238,781,164)	(136,981,901)	(129,682,856)
Gross profit		8,563,148	5,535,576	5,165,790	2,207,429
Operating expenses					
Administrative expenses		(3,861,475)	(3,128,679)	(2,069,661)	(1,440,265)
Other operating charges		(502,230)	(308,158)	(461,498)	(185,108)
Operating profit		4,199,443	2,098,739	2,634,631	582,056
Other income		7,419	1,569	3,663	1,188
Financial charges		(50,383)	(733)	(50,000)	(733)
Profit before taxation		4,156,479	2,099,575	2,588,294	582,511
Taxation:					
Current		(3,852,103)	(3,053,979)	(2,132,327)	(1,648,648)
Prior		(47,825)	161,179	(47,825)	161,179
Deferred		451,577	495,445	225,739	244,584
		(3,448,351)	(2,397,355)	(1,954,413)	(1,242,885)
Profit / (loss) after taxation		708,128	(297,780)	633,881	(660,374)
Profit / (Loss) earnings per shares (Rupees) - Basic and diluted	15	0.54	(0.23)	0.49	(0.51)

The annexed notes from 1 to 23 form an integral part of these interim financial statements.

plcw.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

Six months ended December 31,		Three months ended December 31,	
2019	2018	2019	2018
-----Rupees-----			

Profit / (loss) for the period 708,128 (297,780) 633,881 (660,374)

Other comprehensive income - - - -

Total comprehensive income / (loss) for
the period 708,128 (297,780) 633,881 (660,374)

The annexed notes from 1 to 23 form an integral part of these interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

		Six months ended December 31,	
		2019	2018
	Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	16	2,220,480	4,196,639
Financial charges paid		(50,383)	(733)
Income tax paid		(4,489,297)	(2,766,360)
Gratuity paid		(1,090,700)	(3,002,950)
Net cash used in operating activities		(3,409,900)	(1,573,404)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in loan to employees		(193,750)	338,920
Net cash (used in) / generated from investing activities		(193,750)	338,920
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loan to directors		-	(550,000)
Loan received from directors		1,500,000	-
Dividend paid		(630,494)	-
Repayment of loan to associated undertaking		-	(1,150,000)
Net cash generated from / (used in) financing activities		869,506	(1,700,000)
Net decrease in cash and cash equivalents		(2,734,144)	(2,934,484)
Cash and cash equivalents at the beginning of the period		18,152,507	9,694,345
Cash and cash equivalents at the end of the period		15,418,363	6,759,861

The annexed notes from 1 to 23 form an integral part of these interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019**

	Share capital	Reserves		Total
		Capital	Revenue	
	Issued, subscribed and paid-up capital	Revaluation surplus on property, plant and equipment	Accumulated loss	
	Rupees			
Balance as at July 01, 2018	13,000,000	110,644,660	(69,462,716)	54,181,944
Total comprehensive loss for the period	-	-	(297,780)	(297,780)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of deferred tax	-	(1,158,212)	1,158,212	-
Balance as at December 31, 2018	13,000,000	109,486,448	(68,602,284)	53,884,164
Balance as at July 01, 2019	13,000,000	108,328,237	(66,292,141)	55,036,096
Final cash dividend for the year ended June 30, 2019	-	-	(650,000)	(650,000)
Total comprehensive income for the period	-	-	708,128	708,128
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation-net of deferred tax	-	(1,046,202)	1,046,202	-
Balance as at December 31, 2019	13,000,000	107,282,035	(65,187,811)	55,094,224

The annexed notes from 1 to 23 form an integral part of these interim financial statements. *Shero.*

Mahmud Elahi

CHIEF EXECUTIVE

Mahmud Elahi

DIRECTOR

Chief Financial Officer

CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

1 STATUS AND NATURE OF BUSINESS

- 1.1 The Company was incorporated as a public limited company on June 22, 1970 under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited in which Lahore and Islamabad stock exchanges have merged). The principal business of the Company is manufacture and sale of yarn.
- 1.2 The registered office of the Company is situated at 270, sector I-9, Industrial Area, Islamabad. The mill (plant) of the Company is located at Mandra - Chakwal road, Tehsil Gujar Khan, District Rawalpindi, Pakistan.
- 1.3 The Company's current liabilities exceeded its current assets by Rs. 53.144 million. The Company has accumulated loss of Rs. 65.187 million (June 30, 2019: Rs. 66.292 million). The Company's accumulated losses exceeded the issued, subscribed and paid up capital by Rs. 52.187 million. These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern.

These interim financial statements have been prepared on going concern basis without any adjustment to assets and liabilities in view of profitable future projections and financial support from associated undertaking and sponsors. The management is confident of improving profitability through streamlining the operations of the Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim financial statements of the Company for the six months ended December 31, 2019 have been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions or directives issued under the Companies Act, 2017 have been followed.

These interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2019 and comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un audited condensed interim financial statements for the six months ended December 31, 2019.

Amir

These interim financial statements are unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

2.2 Basis of measurement

These interim financial statements have been prepared under the historical cost convention except for some operating fixed assets which have been stated at revalued amount, investment property at fair value, investments classified as fair value through other comprehensive income (FVTOCI) and employee benefits at present value.

These interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3 ACCOUNTING POLICIES

- 3.1 The accounting policies adopted and methods of computation followed in the preparation of these interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2019.
- 3.2 The preparation of these interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2019.
- 3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2019. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on these interim financial

3.5 TAXATION

The provision for taxation for the half year and quarter ended December 31, 2019 has been made using the estimated effective tax rate applicable to expected total annual earnings.

Advised.

	Note	December 31, 2019 Rupees Unaudited	June 30, 2019 Rupees Audited
4 OPERATING FIXED ASSETS			
Opening written down value		129,465,424	133,020,393
Add:			
Additions during the period / year		-	956,500
Less:			
Depreciation charged during the period / year		2,065,516	4,511,469
Closing written down value		<u>127,399,908</u>	<u>129,465,424</u>
5 STOCK IN TRADE			
Raw material		8,534,369	7,557,976
Work in progress		2,827,445	2,666,743
Finished goods		7,837,973	3,236,425
Waste		43,215	13,110
		<u>19,243,002</u>	<u>13,474,254</u>
6 TRADE DEBTS			
Unsecured - considered good		<u>10,497,716</u>	<u>3,737,029</u>
7 CASH AND BANK BALANCES			
Cash in hand		88,388	33,565
Cash at banks:			
Current accounts		4,304,041	4,491,893
Saving account	7.1	<u>11,025,934</u>	<u>13,627,049</u>
		<u>15,418,363</u>	<u>18,152,507</u>

7.1 Saving account carries mark up at the rates ranging from 0.03% to 0.05% (June 30, 2019: 0.02% to 0.06%) per annum.

8 SHARE CAPITAL

8.1 Issued, subscribed and paid up capital

Number of ordinary shares of Rs. 10/- each			
December 31, 2019	June 30, 2019		
<u>1,300,000</u>	<u>1,300,000</u>	Fully paid in cash	<u>13,000,000</u>
			<u>13,000,000</u>

Baltes.

8.2 Authorized share capital

This represents 5,000,000 (June 30, 2019: 5,000,000) ordinary shares of Rs. 10 each amounting to Rs. 50,000,000 (June 30, 2019: Rs. 50,000,000).

	December 31, 2019 Rupees Unaudited	June 30, 2019 Rupees Audited
Note		

9 LOAN FROM DIRECTORS

Unsecured

Balance brought forward	74,382,547	72,432,547
Additions during the period / year	1,500,000	2,500,000
Payments during the period / year	-	(550,000)
9.1	<u>75,882,547</u>	<u>74,382,547</u>

9.1 This represents unsecured interest free loan from two directors and Chief Executive of the Company to meet the working capital requirements. These are payable on demand.

9.2 The maximum aggregate amount due to directors at the end of any month during the period was Rs. 75,882,547 (June 30, 2019: Rs. 74,932,547).

	December 31, 2019 Rupees Unaudited	June 30, 2019 Rupees Audited
Note		

10 DUE TO ASSOCIATED UNDERTAKING

Unsecured

International Beverages (Private) Limited

Opening balance	5,566,077	9,416,077
Paid during the period / year	-	(3,850,000)
10.1	<u>5,566,077</u>	<u>5,566,077</u>
Less: Current portion shown under current liabilities	<u>(5,566,077)</u>	<u>(5,566,077)</u>
	<u>-</u>	<u>-</u>

10.1 This represents the amount payable to International Beverages (Private) Limited (IBL) against MCB Bank Limited long term facility restructured during the year ended June 30, 2008, as per settlement agreement dated May 29, 2008 signed between the Company, IBL and MCB Bank Limited. As per above agreement, this facility now stands transferred in the name of IBL.

10.2 The maximum aggregate amount due to associated undertaking at the end of any month during the period was Rs. 5,566,077 (June 30, 2019: Rs. 9,416,077).

	December 31, 2019 Rupees Unaudited	June 30, 2019 Rupees Audited
11 TRADE AND OTHER PAYABLES		
Creditors	1,232,421	129,368
Accrued expenses	12,982,494	8,730,751
Advances from customers	3,815,538	2,593,674
Government dues	513,395	462,048
Workers' Profit Participation Fund	579,633	346,940
Workers' Welfare Fund	135,224	199,244
Zakat payable	3,791	-
Dividend payable	19,506	-
Income tax payable	29,299	39,446
Sales tax due to government	23,325	186,089
	<u>19,334,626</u>	<u>12,687,560</u>

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There was no contingent liability of the Company as at December 31, 2019 (June 30, 2019: Nil).

12.2 Commitments

There were no commitment for capital expenditures as at the balance sheet date (June 30, 2019: Nil).
Advised.

13 SALES

Note	Six months ended December 31,		Three months ended December 31,	
	2019	2018	2019	2018
	Rupees Unaudited	Rupees Unaudited	Rupees Unaudited	Rupees Unaudited
Yarn	300,121,614	244,081,722	166,125,865	131,758,525
Waste	333,743	235,018	186,931	131,760
	300,455,357	244,316,740	166,312,796	131,890,285
Less: sales tax	13.1 (43,655,905)	-	(24,165,105)	-
	256,799,452	244,316,740	142,147,691	131,890,285

13.1 The textile industry sales have become taxable with effect from July 01, 2019 at the rate of 17% as per the provisions of Finance Act 2020.

14 COST OF SALES

Note	Six months ended December 31,		Three months ended December 31,	
	2019	2018	2019	2018
	Rupees Unaudited	Rupees Unaudited	Rupees Unaudited	Rupees Unaudited
Raw material consumed	14.1 184,381,881	182,114,945	96,665,972	97,947,151
Salaries, wages and other	32,877,248	29,712,869	17,559,244	15,115,329
Electricity	29,036,092	21,503,234	15,798,903	10,847,678
Insurance	53,434	125,831	40,819	124,132
Repair and maintenance	27,130	58,120	11,030	47,640
Stores and spares consumed	14.2 4,729,025	5,264,654	2,520,279	2,943,169
Depreciation	1,923,849	2,086,103	961,925	1,034,120
	253,028,659	240,865,756	133,558,172	128,059,219
Opening work in process	2,666,743	2,195,025	3,141,290	3,166,181
Closing work in process	(2,827,445)	(2,855,296)	(2,827,445)	(2,855,296)
	(160,702)	(660,271)	313,845	310,885
Cost of goods manufactured	252,867,957	240,205,485	133,872,017	128,370,104
Opening stock of finished goods	3,236,425	6,640,691	10,974,238	9,367,566
Closing stock of finished goods	(7,837,973)	(8,033,813)	(7,837,973)	(8,033,813)
	(4,601,548)	(1,393,122)	3,136,265	1,333,753
Opening stock of waste material	13,110	6,636	16,834	16,834
Closing stock of waste material	(43,215)	(37,835)	(43,215)	(37,835)
	(30,105)	(31,199)	(26,381)	(21,001)
	248,236,304	238,781,164	136,981,901	129,682,856

Advised.

	Six months ended December 31,		Three months ended December 31,	
	2019	2018	2019	2018
	Rupees	Rupees	Rupees	Rupees
	Unaudited	Unaudited	Unaudited	Unaudited
14.1 Raw material consumed				
Opening stock	7,557,976	9,089,438	6,387,560	5,330,997
Purchases	185,358,274	178,226,525	98,812,781	97,817,172
	192,916,250	187,315,963	105,200,341	103,148,169
Closing stock	(8,534,369)	(5,201,018)	(8,534,369)	(5,201,018)
	184,381,881	182,114,945	96,665,972	97,947,151

14.2 Stores and spares consumed

Opening stock	1,195,411	1,142,442	1,629,021	1,321,779
Purchases	5,868,658	5,908,758	3,226,302	3,407,936
	7,064,069	7,051,200	4,855,323	4,729,715
Closing stock	(2,335,044)	(1,786,546)	(2,335,044)	(1,786,546)
	4,729,025	5,264,654	2,520,279	2,943,169

15 PROFIT / (LOSS) EARNINGS PER SHARE - BASIC AND DILUTED

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

	Six months ended December 31,		Three months ended December 31,	
	2019	2018	2019	2018
	Unaudited	Unaudited	Unaudited	Unaudited
Profit / (Loss) after taxation (Rupees)	708,128	(297,780)	633,881	(660,374)
Weighted average number of ordinary shares at the end of the period (Number of shares)	1,300,000	1,300,000	1,300,000	1,300,000
Profit / (Loss) earnings per shares (Rupees) - Basic and diluted	0.54	(0.23)	0.49	(0.51)

Balance

16 CASH GENERATED FROM OPERATIONS

		December 31, 2019 Rupees Unaudited	December 31, 2018 Rupees Unaudited
Profit before taxation		4,156,479	2,099,575
Adjustment for non-cash charges and other items:			
Depreciation		2,065,516	2,241,042
Financial charges		50,383	733
Provision for gratuity		2,364,191	2,100,902
Changes in working capital	16.1	(6,416,089)	(2,245,613)
		(1,935,999)	2,097,064
		<u>2,220,480</u>	<u>4,196,639</u>

16.1 Changes in working capital

(Increase) / decrease in current assets

Stock in trade	(5,768,748)	1,803,828
Stores, spares and loose tools	(1,139,633)	(644,104)
Trade debts	(6,760,687)	(6,211,644)
Loans and advances	30,455	(394,335)
Short term prepayments	44,962	(197,251)
Tax refunds due from government	550,002	(861,287)

Increase / (decrease) in current liabilities

Trade and other payables	<u>6,627,560</u>	<u>4,259,180</u>
	<u>(6,416,089)</u>	<u>(2,245,613)</u>

17 TRANSACTIONS WITH RELATED PARTIES

- 17.1 The related parties and associated undertakings of the Company comprise of associated companies, directors and key management personnel. Transactions with related parties during the period are as follows:

advised.

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	Half year ended December 31,		Quarter ended December 31,	
			2019	2018	2019	2018
			Rupees	Rupees	Rupees	Rupees
International Beverages (Private) Limited	Associated company by virtue of common directorship	Payment made against balance due to associated undertaking	-	1,150,000	-	-
		Amount payable at period end	5,566,077	8,266,077	5,566,077	9,416,077
Taj Mills Limited	Associated company by virtue of common directorship	Office rent paid / payable	300,000	150,000	150,000	75,000
		Amount payable at period end	300,000	150,000	150,000	150,000
Mahfooz Elahi	Chief Executive	Adjustment / repayment of loan	-	550,000	-	100,000
		Loan obtained during the year	1,500,000	-	-	-
		Amount payable at period end (Loan obtained previously)	16,932,000	15,432,000	16,932,000	15,432,000
Mahboob Elahi	Director	Amount payable at period end (Loan obtained previously)	53,775,546	51,275,546	53,775,546	51,275,546
Mahmood Elahi	Director	Amount payable at period end (Loan obtained previously)	5,175,000	5,175,000	5,175,000	5,175,000

As per

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

	Six months ended December 31,		Three months ended December 31,	
	2019	2018	2019	2018
	Rupees	Rupees	Rupees	Rupees
Short term employment benefits	830,000	652,500	412,000	383,250
Provision towards retirement benefits	70,000	49,750	70,000	49,750
	<u>900,000</u>	<u>702,250</u>	<u>482,000</u>	<u>433,000</u>

18 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2019.

19 FAIR VALUE MEASUREMENT

The carrying values of all financial assets and liabilities reflected in the interim financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The management assessed that the carrying value of cash and short term deposits, trade debts, other receivables trade and other payables and other current liabilities approximate their fair values largely due to the short term maturities of these instruments. Fair value is determined on the basis of objective evidence at each reporting date.

Transfers during the period

During the six month period ended December 31, 2019, there were no transfers into or out of Level 3 fair value measurements.

As at December 31, 2019 and June 30, 2019 the Company did not hold any financial instruments carried at fair value except free hold land, buildings and plant and machinery.
Photos.

The Company has revalued its freehold land, buildings and plant and machinery on December 31, 2018 by independent valuer M/s Asrem (Private) Limited on the basis of market values of similar properties. The fair value of plant and machinery is a level 3 recurring fair value measurement.

Fair value of land and building are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation, while fair value of plant and machinery are considered to be level 3 in the fair value hierarchy due to significant unobservable inputs used in the

Valuation techniques used to derive level 2 fair values - Land and Building

Fair value of land and building has been derived using a sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. Moreover value of building also depends upon the type of construction, age and quality. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

Valuation techniques used to derive level 3 fair values - Plant and Machinery

In the absence of current prices in an active market, the fair value is determined by taking into account the following factors:

- Make, model, country of origin and etc.;
- Operational capacity;
- Present physical condition;
- Resale prospects; and
- Obsolescence.

The valuation is considered to be level 3 in the fair value hierarchy due to the above unobservable inputs used in the valuation. Most significant input in this valuation is the current replacement cost which is adjusted for factors above.

A reconciliation from opening balances to closing balances of fair value measurements categorised in level 3 is provided below:

	December 31, 2019 Rupees Unaudited	June 30, 2019 Rupees Audited
Opening balance (level 3 recurring fair values)	24,996,536	26,743,799
Additions - Cost	-	956,500
Depreciation charge	(1,249,827)	(2,703,763)
Closing balance (level 3 recurring fair values)	<u>23,746,709</u>	<u>24,996,536</u>
		<i>Asrem</i>

There were no transfers between levels 2 and 3 for recurring fair value measurements during the period.

Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

	December 31, 2019 Rupees Unaudited	June 30, 2019 Rupees Audited
Freehold land	299,995	299,995
Buildings on freehold land	1,020,715	1,046,888
Plant and machinery	6,725,212	7,079,171

20 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with reference to disclosure requirements of fourth schedule of the Companies Act, 2017 relating to "All Shares Islamic Index".

Description	Explanation	December 31, 2019 Rupees Unaudited	June 30, 2019 Rupees Audited
Bank balances as at December 31, 2019	Placed under interest arrangement Placed under Shariah permissible arrangements	- 11,025,934	- 13,627,049
Income on bank deposits	Placed under interest arrangement Placed under Shariah permissible arrangements	- -	- -
All sources of other income	Other income	7,419	752,358

There is no other bank balance / investments which carry any interest or mark-up arrangements.

21 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the period.

Advised.

22 DATE OF AUTHORIZATION

These interim financial statements were authorised for issue on 27 FEB 2020 by the Board of Directors of the Company.

23 GENERAL

Figures have been rounded off to the nearest rupee.

pkw.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER