



Half Yearly Accounts December 31, 2015  
(Un-Audited)



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## COMPANY INFORMATION

### CHAIRMAN

Mr. Muhammad Umar Virk

### CHIEF EXECUTIVE

Mr. Nadeem Aslam Butt

### BOARD OF DIRECTORS

Mr. Muhammad Umar Virk

Mr. Nadeem Aslam Butt

Mr. Umair Umar

Mrs. Shahnaz Umar

Mrs. Fatima Nadeem

Mrs. Sadiya Umair

Mr. Shaukat Nazir Malik ( Independent Director )

### AUDIT COMMITTEE

Mr. Shaukat Nazir Malik

Chairman

Mr. Umair Umar

Member

Mrs. Shahnaz Umar

Member

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mrs. Sadiya Umair

Chairperson

Mr. Nadeem Aslam Butt

Member

Mrs. Fatima Nadeem

Member

### COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr.Saeed Ahmad Khan

### AUDITORS

M/s Rahman Sarfaraz Rahim Iqbal Rafiq. (Chartered Accountant).

Member of Russell Bedford International.

House # 72-A , Faisal Town, Lahore

### LEGAL ADVISER

Salman Akram Raja.

Raja Mohammad Akram & Co., Advocates &

Legal Consultants , 33-C Main Gulberg Lahore.

### REGISTRAR OF THE COMPANY

Vision Consulting Ltd.

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### REGISTERED OFFICE

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### MILLS

8 KM Manga Raiwind Road Raiwind District Kasur



## *Director's Report*

We hereby present the reviewed financial statements of the Company for the half-year ended 31 December 2015. The Company's sales are Rs. 1,744.205 million as compared to Rs. 1,996.270 million during the corresponding period of last year showing a decrease of 12.62%. Gross Profit for the period is Rs.176.115 million showing an decrease of 31.02 % over the gross profit of Rs. 255.349 million in the corresponding period. The decrease in GP is mainly due to decrease in cotton yarn prices.

Profit from operations is Rs. 16.440 million as compared to Rs. 39.951 million in the corresponding period. Decrease in profit is attributed to decrease in G.P. Profit after tax is Rs. 43.540 million as compared to profit of Rs. 54.374 million in the corresponding period. M/s Hira Terry Mills Limited has contributed profit of Rs. 42.226 million showing an increase of Rs. 18.106 million over the last corresponding period. The profit of Hira Terry has increased due to increase in margins for value added products. Earning per share for the six month period is Rs.0.50 as compared to Rs. 0.63 during the corresponding period of last year.

The company could not attain its required profitability levels because of severe recession in spinning segment of textile sector during first and second quarters of the year. However the management of the company is putting its best efforts to improve the situation through better production and marketing strategies and hope better profit margin in the remaining six months of the year.

The Directors wish to express their appreciation to the staff & workers of the Company for their dedication & devotion displayed in the growth of the Company.

On behalf of the Board

**Nadeem Aslam Butt**  
(Chief Executive Officer)

Lahore  
February 25, 2016



## Auditors' report to the Members on Review of Interim Financial Information

### Introduction

We have reviewed the accompanying condensed interim balance sheet of Hira Textile Mills Limited ("the Company") as at December 31, 2015 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 three months ended December 31, 2015 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 RAHIMI QBAL RAFIQ

Chartered Accountants

Engagement Partner: ZUBAIR IRFAN MALIK

Date: FEBRUARY 25, 2016

Place: LAHORE





## Condensed Interim Balance Sheet

as at December 31, 2015

	Note	December 31, 2015	June 30, 2015
		Rupees (Un-Audited)	Rupees (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
87,000,000 (June 30, 2015: 80,000,000) ordinary shares of Rs. 10 each	6	<u>870,000,000</u>	<u>800,000,000</u>
Issued, subscribed and paid-up capital	7	865,779,200	787,072,000
Capital reserve		82,500,000	82,500,000
Accumulated profit		<u>948,083,307</u>	<u>983,250,076</u>
<b>TOTAL EQUITY</b>		<u>1,896,362,507</u>	<u>1,852,822,076</u>
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		65,892,542	65,892,542
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	8	484,364,899	542,166,123
Liabilities against assets subject to finance lease	9	40,127,669	47,535,287
Deferred liabilities	10	<u>78,037,491</u>	<u>84,022,100</u>
		<u>602,530,059</u>	<u>673,723,510</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		600,367,100	612,596,835
Accrued interest/mark-up		48,893,087	56,141,653
Short term borrowings	11	1,747,778,373	1,606,582,666
Current portion of non-current liabilities	12	<u>146,452,965</u>	<u>153,520,173</u>
		<u>2,543,491,525</u>	<u>2,428,841,327</u>
<b>TOTAL LIABILITIES</b>		<u>3,146,021,584</u>	<u>3,102,564,837</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>5,108,276,633</u>	<u>5,021,279,455</u>

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

Lahore  
Date : February 25, 2016

  
 Chief Executive

  
 Director



## Condensed Interim Balance Sheet

as at December 31, 2015

	Note	December 31, 2015	June 30, 2015
		<i>Rupees</i> (Un-Audited)	<i>Rupees</i> (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	14	2,072,503,144	2,083,750,163
Long term investments	15	613,124,727	570,897,959
Long term deposits -Unsecured, considered good		30,929,007	26,534,648
		<b>2,716,556,878</b>	<b>2,681,182,770</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		195,166,388	177,042,638
Stock in trade		1,657,988,314	1,714,457,816
Trade debts		113,768,294	125,829,226
Advances, deposits, prepayments and other receivables		236,885,296	119,265,469
Advance income tax/income tax refundable		111,004,671	130,090,886
Sales tax refundable		46,468,687	52,042,321
Cash and bank balances		30,438,105	21,368,329
		<b>2,391,719,755</b>	<b>2,340,096,685</b>
<b>TOTAL ASSETS</b>		<b>5,108,276,633</b>	<b>5,021,279,455</b>

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

Lahore  
Date : February 25, 2016

  
 Chief Executive

  
 Director



## Condensed Interim Profit and Loss Account/Statement of Other Comprehensive Income (*Un-audited*)

For the Half Year Ended December 31, 2015

Note	Half year ended		Quarter ended		
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	
	Rupees	Rupees	Rupees	Rupees	
<b>Turnover - net</b>	16	1,744,205,357	1,996,270,054	805,675,585	1,045,536,933
Cost of sales	17	(1,568,089,765)	(1,740,920,128)	(685,232,298)	(904,963,663)
<b>Gross profit</b>		176,115,592	255,349,926	120,443,287	140,573,270
Distribution cost		(16,417,191)	(28,183,001)	(8,966,849)	(15,096,510)
Administrative expenses		(36,887,374)	(41,028,382)	(16,802,965)	(20,395,718)
Other income		(53,304,565)	(69,211,383)	(25,769,814)	(35,492,228)
		-	553,504	-	553,504
<b>Operating profit</b>		122,811,027	186,692,047	94,673,473	105,634,546
Other charges		(1,560,306)	(5,207,284)	(1,560,306)	(3,662,813)
Finance cost		(104,810,353)	(141,533,602)	(51,136,406)	(82,859,737)
		16,440,368	39,951,161	41,976,761	19,111,996
Share of profit of jointly controlled entity <i>Unrealized</i>	15.1.1	42,226,768	24,120,733	23,382,585	13,487,513
<b>Profit before taxation</b>		58,667,136	64,071,894	65,359,346	32,599,509
Provision for taxation	18	(15,126,705)	(9,697,850)	(6,492,231)	(3,993,451)
<b>Profit after taxation</b>		43,540,431	54,374,044	58,867,115	28,606,058
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income</b>		43,540,431	54,374,044	58,867,115	28,606,058
<b>Earnings per share - basic and diluted</b>	19	0.50	0.63	0.68	0.33

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.





## Condensed Interim Cash Flow Statement (Un-audited)

For the Half Year Ended December 31, 2015

	December 31, 2015	December 31, 2014
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	58,667,136	64,071,894
<b>Adjustments for non-cash and other items</b>		
Depreciation	57,750,316	53,367,033
Provision for employees retirement benefits	4,000,000	5,600,000
Gain on disposal of property, plant and equipment	-	(553,504)
Foreign exchange loss	672,861	2,176,349
Share of profit of jointly controlled entity	(42,226,768)	(24,120,733)
Interest/mark-up on borrowings	104,810,353	141,533,602
	125,006,762	178,002,747
<b>Operating profit before changes in working capital</b>	183,673,898	242,074,641
<b>Changes in working capital</b>		
Stores, spares and loose tools	(18,123,750)	(7,630,927)
Stock in trade	56,469,502	(867,905,836)
Trade debts	11,388,071	69,578,714
Sales tax refundable	5,573,634	(245,611)
Advances, deposits, prepayments and other receivables	(117,619,827)	(172,529,275)
Trade and other payables	(12,229,735)	610,817,321
	(74,542,105)	(367,915,614)
<b>Net cash generated from/(used in) operations</b>	109,131,793	(125,840,973)
<b>(Payments)/receipts for:</b>		
Interest/mark-up on borrowings	(112,058,919)	(133,472,398)
Income tax	3,959,510	(9,649,797)
Employees retirement benefits	(9,984,609)	(4,164,865)
<b>Net cash used in operating activities</b>	(8,952,225)	(273,128,033)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(46,503,297)	(107,881,420)
Proceeds from disposal of property, plant and equipment	-	610,000
Long term deposits	(4,394,359)	-
<b>Net cash used in investing activities</b>	(50,897,656)	(107,271,420)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	-	34,919,190
Repayment of long term finances	(62,244,303)	(44,889,048)
Repayment of liabilities against assets subject to finance lease	(10,031,747)	(1,777,313)
Dividend paid	-	(4,500)
Net increase in short term borrowings	141,195,707	450,342,468
<b>Net cash generated from financing activities</b>	68,919,657	438,590,797
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	9,069,776	58,191,344
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	21,368,329	15,933,539
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	30,438,105	74,124,883

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

Lahore  
Date : February 25, 2016

  
Chief Executive

  
Director



## Condensed Interim Statement of Changes in Equity (Un-audited)

For the Half Year Ended December 31, 2015

	Share Capital	Capital reserve	Revenue reserve	
	Issued subscribed and paid-up capital	Share Premium	Accumulated profit	Total equity
	Rupees	Rupees	Rupees	Rupees
<b>Balance as at June 30, 2014 - Audited</b>	787,072,000	82,500,000	892,612,468	1,762,184,468
<b>Comprehensive income</b>				
Profit after taxation	-	-	54,374,044	54,374,044
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	54,374,044	54,374,044
<b>Balance as at December 31, 2014 - Un-audited</b>	<u>787,072,000</u>	<u>82,500,000</u>	<u>946,986,512</u>	<u>1,816,558,512</u>
<b>Balance as at January 01, 2015 - Un-audited</b>	787,072,000	82,500,000	946,986,512	1,816,558,512
<b>Comprehensive income</b>				
Profit after taxation	-	-	37,969,072	37,969,072
Other comprehensive loss	-	-	(1,705,508)	(1,705,508)
<b>Total comprehensive income</b>	-	-	36,263,564	36,263,564
<b>Transaction with owners</b>	-	-	-	-
<b>Balance as at June 30, 2015 - Audited</b>	<u>787,072,000</u>	<u>82,500,000</u>	<u>983,250,076</u>	<u>1,852,822,076</u>
<b>Balance as at July 01, 2015 - Audited</b>	787,072,000	82,500,000	983,250,076	1,852,822,076
<b>Comprehensive income</b>				
Profit after taxation	-	-	43,540,431	43,540,431
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	43,540,431	43,540,431
<b>Transaction with owners</b>				
Issue of bonus shares at @ 1 bonus share for ten ordinary shares held	78,707,200	-	(78,707,200)	-
<b>Balance as at December 31, 2015 - Un-audited</b>	<u>865,779,200</u>	<u>82,500,000</u>	<u>948,083,307</u>	<u>1,896,362,507</u>

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

Lahore  
Date : February 25, 2016

  
Chief Executive

  
Director



## Notes to the Condensed Interim Financial Information (*Un-audited*) For the Half Year Ended December 31, 2015

### 1 REPORTING ENTITY

Hira Textile Mills Limited ("the Company") was incorporated in Pakistan on January 31, 1991 as a public limited company under the Companies Ordinance, 1984. The Company was listed on Pakistan Stock Exchange. The registered office of the Company is situated at 44-E/1, Gulberg III, Lahore. The principal activity of the Company is manufacturing and sale of yarn. The project is located at Manga Raiwind Road, Tehsil and District Kasur 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, 2015.

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, 2015 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 half year ended December 31, 2014 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 quarters ended December 31, 2015 and December 31, 2014 are neither audited nor reviewed.

#### 2.1 Statement of compliance

This interim financial report 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 report has been prepared under the historical cost convention except for certain financial instruments at fair value/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 Judgements, estimates and assumptions

The preparation of financial information requires management to make judgements, 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 judgements 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 judgements 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/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 interim financial information of the Company other than presentation and disclosures.

#### *IFRS 10 - Consolidated Financial Statements (2011)*

The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities.

#### *IFRS 11 - Joint Arrangements (2011)*

The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers.

#### *IFRS 12 - Disclosure of Interests in Other Entities (2011)*

The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.



## Notes to the Condensed Interim Financial Information (*Un-audited*) For the Half Year Ended December 31, 2015

### *IFRS 13 - Fair Value Measurement (2011)*

The standard establishes a single framework for measuring fair value where that is required by other standards.

### *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements and IFRS 12 - Disclosure of Interests in Other Entities)*

The amendments provide transitional relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

### *Investment Entities (Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statement)*

The amendments provide exemption from consolidation of particular subsidiaries by certain entities defined as "Investment Entities" and require additional disclosures where such subsidiaries are excluded from consolidation pursuant to exemption.

#### 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.

	<b>Effective date (annual periods beginning on or after)</b>
Equity method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)	January 01, 2016
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 - Joint Arrangements)	January 01, 2016
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
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets)	January 01, 2016
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)	January 01, 2016
Agriculture: Bearer Plants (Amendments to IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture)	January 01, 2016
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)	January 01, 2017
Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)	January 01, 2016
Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)	January 01, 2017
Annual Improvements 2012-2014 cycle	January 01, 2016
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 - Regulatory Deferral Accounts	January 01, 2016
IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
IFRS 16 - Leases	January 01, 2019

The management anticipates that 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.

#### 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, 2015.



## Notes to the Condensed Interim Financial Information (*Un-audited*) For the Half Year Ended December 31, 2015

		December 31, 2015	June 30, 2015
		<i>Rupees</i> ( <i>Un-Audited</i> )	<i>Rupees</i> ( <i>Audited</i> )
<b>6 AUTHORIZED CAPITAL</b>			
Ordinary shares of Rs. 10 each			
87,000,000 (June 30, 2015: 80,000,000) shares issued for cash		<u>870,000,000</u>	<u>800,000,000</u>
<b>6.1</b>	During the period, the Company increased its authorized capital from 80,000,000 ordinary shares of Rs. 10 each to 87,000,000 ordinary shares of Rs. 10 each.		
		December 31, 2015	June 30, 2015
		<i>Rupees</i> ( <i>Un-Audited</i> )	<i>Rupees</i> ( <i>Audited</i> )
<b>7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
Ordinary shares of Rs. 10 each			
48,000,000 (June 30, 2015: 48,000,000) shares issued for cash		480,000,000	480,000,000
38,577,920 (June 30, 2015: 30,707,200) issued as bonus shares		385,779,200	307,072,000
		<u>865,779,200</u>	<u>787,072,000</u>
<b>7.1</b>	Reconciliation between ordinary shares in issue as at the beginning and end of the period/year is as follows:		
		December 31, 2015	June 30, 2015
		<i>No. of shares</i>	<i>No. of shares</i>
	As at beginning of the period/year	78,707,200	78,707,200
	Issue of bonus shares during the period/year	7,870,720	-
	As at end of the period/year	<u>86,577,920</u>	<u>78,707,200</u>
<b>7.1.1</b>	During the year, the Company issued 7,870,720 fully paid bonus ordinary shares at 10 ordinary shares for every 100 ordinary shares already held. The issue was made entirely out of revenue reserve.		
		December 31, 2015	June 30, 2015
		<i>Rupees</i> ( <i>Un-Audited</i> )	<i>Rupees</i> ( <i>Audited</i> )
<b>8 LONG TERM FINANCES</b>			
From banking companies - <i>secured</i>		448,795,701	511,040,004
From related parties - <i>unsecured</i>		165,000,000	165,000,000
		613,795,701	676,040,004
Current maturity presented under current liabilities	12	(129,430,802)	(133,873,881)
		<u>484,364,899</u>	<u>542,166,123</u>
<b>9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED</b>			
Present value of minimum lease payments		57,149,832	67,181,579
Current maturity presented under current liabilities	12	(17,022,163)	(19,646,292)
		<u>40,127,669</u>	<u>47,535,287</u>
<b>10 DEFERRED LIABILITIES</b>			
Employees retirement benefits		12,337,627	18,322,236
Deferred taxation	18.2	65,699,864	65,699,864
		<u>78,037,491</u>	<u>84,022,100</u>



## Notes to the Condensed Interim Financial Information (*Un-audited*) For the Half Year Ended December 31, 2015

### 11 SHORT TERM BORROWINGS

The aggregate available short term funded facilities amounts to Rs. 2,889 million (June 30, 2015: Rs. 2,639 million) out of which Rs. 1,141 million (June 30, 2015: Rs. 1,032 million) remained unveiled as at the reporting date.

	Note	December 31, 2015	June 30, 2015
		Rupees	Rupees
		(Un-Audited)	(Audited)
<b>12 CURRENT MATURITY OF NON-CURRENT LIABILITIES</b>			
Long term finances -Secured	8	129,430,802	133,873,881
Liabilities against assets subject to finance lease Secured	9	17,022,163	19,646,292
		<u>146,452,965</u>	<u>153,520,173</u>

### 13 CONTINGENCIES AND COMMITMENTS

#### 13.1 Contingencies

13.1.1 Guarantees issued by banks on behalf of the Company

27,979,420 27,979,420

#### 13.2 Commitments

13.2.1 Commitments under irrevocable letters of credit for:

- purchase of stores, spare and loose tools
- purchase of raw material

866,696 2,351,071  
181,759,735 16,316,433  
182,626,431 18,667,504

13.2.2 The Company has rented office premises under operating lease arrangement with directors. Commitments for payments in future periods under the lease agreement are as follows:

	December 31, 2015	June 30, 2015
	Rupees	Rupees
	(Un-Audited)	(Audited)
- payments not later than one year	4,200,000	4,200,000
- payments later than one year but not later than five years	-	2,100,000
	<u>4,200,000</u>	<u>6,300,000</u>

13.2.3 Commitments under ijarah financing

The aggregate amount of ujarah payments for ijarah financing and the period in which these payments will become due are as follows:

	Note	December 31, 2015	June 30, 2015
		Rupees	Rupees
		(Un-Audited)	(Audited)
- payments not later than one year		6,319,994	14,398,057
- payments later than one year but not later than five years		1,510,288	3,821,002
		<u>7,830,282</u>	<u>18,219,059</u>

### 14 FIXED ASSETS

- Operating fixed assets
- Capital work in progress

14.1 2,008,407,790 2,032,876,176  
64,095,354 50,873,987  
2,072,503,144 2,083,750,163



## Notes to the Condensed Interim Financial Information (*Un-audited*)

### For the Half Year Ended December 31, 2015

	Note	December 31, 2015	June 30, 2015
		Rupees	Rupees
		( <i>Un-Audited</i> )	( <i>Audited</i> )
<b>14.1 Operating fixed assets</b>			
Net book value at the beginning of the period/year		2,032,876,176	1,948,545,364
Additions during the period/year			
Building on freehold land		-	12,484,507
Plant and machinery		28,291,378	67,140,529
Electric installation		4,113,977	7,044,134
Generator		-	40,837,121
Power house		505,075	1,070,247
Telephone Installations		-	179,302
Computers		339,500	50,500
Furniture and fixture		-	259,527
Vehicles - Owned		32,000	641,090
Plant and machinery - Leased		-	64,302,110
Vehicles - Leased		-	935,100
		<b>33,281,930</b>	194,944,167
Net book value of assets disposed during the period/year		-	(2,623,737)
Depreciation for the period/year		(57,750,316)	(107,989,618)
Net book value at the end of the period/year		<b><u>2,008,407,790</u></b>	<b><u>2,032,876,176</u></b>

## 15 LONG TERM INVESTMENTS

This represents investment in ordinary shares of jointly controlled entity. This investments has been accounted for by using equity method. Particulars of investment are as follows:

	December 31, 2015	June 30, 2015
	Rupees	Rupees
	( <i>Un-Audited</i> )	( <i>Audited</i> )
<b>15.1 Hira Terry Mills Limited</b>		
Percentage of ownership interest	<b><u>46.90%</u></b>	<u>46.90%</u>
Cost of investment		
18,450,000 (June 30, 2015: 18,450,000) fully paid ordinary shares of Rs. 10 each	<b>184,500,000</b>	184,500,000
Share of post acquisition profits	<b>428,624,727</b>	386,397,959
	<b><u>613,124,727</u></b>	<u>570,897,959</u>

### 15.1.1 Extracts of financial statements of jointly controlled entity

The assets and liabilities of Hira Terry Mills Limited as at the reporting date and related revenue and profit for the period/year then ended based on the audited financial statements are as follows:

	December 31, 2015	June 30, 2015
	Rupees	Rupees
Assets	3,522,165,936	3,547,570,825
Liabilities	2,214,263,665	2,329,704,307
Revenue	1,576,841,285	3,789,645,023
Profit for the period/year	90,035,753	166,972,608
Other comprehensive loss	-	(1,677,131)
Break-up value per share	33.25	30.96
Share of profit- <i>Unrealized</i>	42,226,768	78,310,153
Share of other comprehensive loss- <i>Unrealized</i>	-	(786,574)



## Notes to the Condensed Interim Financial Information (*Un-audited*)

### For the Half Year Ended December 31, 2015

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Rupees	Rupees	Rupees	Rupees
<b>16 TURNOVER - NET</b>				
Local				
Yarn	430,605,371	355,709,459	191,469,312	199,807,709
Waste	48,999,680	56,003,649	23,035,211	27,770,727
	479,605,051	411,713,108	214,504,523	227,578,436
Sales return	(25,022,408)	(31,751,371)	(10,470,032)	(30,486,182)
	454,582,643	379,961,737	204,034,491	197,092,254
Export				
Yarn - direct	284,876,844	794,118,752	154,879,361	415,464,376
Yarn - indirect	1,004,745,870	822,189,565	446,761,733	432,980,303
	1,289,622,714	1,616,308,317	601,641,094	848,444,679
	1,744,205,357	1,996,270,054	805,675,585	1,045,536,933
	Half year ended	Quarter ended	Quarter ended	Quarter ended
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Rupees	Rupees	Rupees	Rupees
<b>17 COST OF SALES</b>				
Raw material consumed	1,061,125,720	1,352,842,902	548,600,006	689,298,019
Packing material consumed	32,703,558	31,009,755	15,921,881	17,782,211
Salaries, wages and benefits	142,209,690	134,338,386	67,958,663	65,994,439
Fuel and power	192,300,412	193,512,916	57,996,377	82,851,325
Stores, spares and loose tools consumed	19,859,313	20,868,406	5,447,790	10,517,157
Insurance	6,193,736	7,634,563	3,572,708	3,817,063
Dyes and chemicals	17,126,620	11,998,809	6,592,742	6,129,049
Depreciation	56,595,310	52,299,692	30,150,552	27,384,148
Other	10,250,261	10,014,784	964,902	3,721,324
	1,538,364,620	1,814,520,213	737,205,621	907,494,735
Work in process				
- at the beginning of the period	51,749,875	38,533,960	47,445,367	44,178,541
- at the end of the period	(59,167,400)	(39,667,007)	(59,167,400)	(39,667,007)
	(7,417,525)	(1,133,047)	(11,722,033)	4,511,534
	1,530,947,095	1,813,387,166	725,483,588	912,006,269
Finished goods				
- at the beginning of the period	444,313,193	337,411,890	369,102,863	407,579,380
- purchases during the period	27,129,267	54,412,533	24,945,637	49,763,055
- at the end of the period	(434,299,790)	(464,291,461)	(434,299,790)	(464,291,461)
	37,142,670	(72,467,038)	(40,251,290)	(6,949,026)
	1,568,089,765	1,740,920,128	685,232,298	905,057,243





## Notes to the Condensed Interim Financial Information (*Un-audited*) For the Half Year Ended December 31, 2015

		Half year ended	
		December 31, 2015	December 31, 2014
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
<b>18</b>	<b>PROVISION FOR TAXATION</b>		
	Current taxation	18.1	15,126,705
	Deferred taxation	18.2	9,697,850
		<u>-</u>	<u>-</u>
		<u>15,126,705</u>	<u>9,697,850</u>

18.1 Provision for current tax has been in accordance with the requirements of section 113 and section 154 of the Income Tax Ordinance, 2001.

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

		Half year ended	
		December 31, 2015	December 31, 2014
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
<b>19</b>	<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>		
	Profit attributable to ordinary shareholders	<i>Rupees</i>	43,540,431
		<u>54,374,044</u>	<u>54,374,044</u>
	Weighted average number of ordinary shares outstanding during the period	<i>No. of shares</i>	86,577,920
		<u>86,577,920</u>	<u>86,577,920</u>
	Earnings per share - <i>basic</i>	<i>Rupees</i>	0.50
		<u>0.63</u>	<u>0.63</u>

Weighted average number of ordinary shares outstanding during the period has been adjusted for bonus element during the period for all periods presented in this financial information.

There is no diluting effect on the basic earnings per share of the Company.

### 20 TRANSACTIONS WITH RELATED PARTIES

Related parties from the Company's perspective comprise jointly controlled entity, directors, provident fund trust 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 remuneration and other benefits only. Transactions with directors are limited to interest bearing borrowings obtained, payment of interest thereon, payment of rent, payment of dividend on ordinary shares. Transactions with provident fund trust are limited to the Company's contribution to the fund. The Company in the normal course of business carries out various transactions with jointly controlled entity 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 arm's length transaction.

Details of transactions with related parties is as follows:

		Half year ended	
		December 31, 2015	December 31, 2014
		<i>Rupees</i>	<i>Rupees</i>
<b>20.1</b>	<b>Nature of relationship</b>		
	<b>Nature of transaction</b>		
	Jointly controlled entity		
	Sales of yarn, dyes and chemicals	576,803,866	591,548,058
	Purchase of towels, dyes, chemicals and stores	9,528,757	33,713,634
	Expenses charged	9,900,000	10,028,456
	Interest on balance due	1,350,321	3,545,387
	Other transactions - <i>net</i>	-	31,228,000
	Sponsors		
	Interest on borrowings charged	7,279,005	9,923,145
	Interest on borrowings waived	7,279,005	9,923,145
	Interest on borrowings paid	1,927,431	-
	Office rent	21,000,000	21,000,000
	Issue of bonus shares	38,685,230	-



## Notes to the Condensed Interim Financial Information (*Un-audited*) For the Half Year Ended December 31, 2015

		Half year ended	
		December 31, 2015	December 31, 2014
		<i>Rupees</i>	<i>Rupees</i>
Nature of relationship	Nature of transaction		
Provident fund trust	Contribution for the period	1,293,001	1,013,378
Key management personnel	Remuneration and other benefits	3,135,000	3,252,066
		December 31, 2015	June 30, 2015
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>20.2</b>	<b>Balances with related parties</b>		
Jointly controlled entity	Current account	89,164,363	136,304,464
Sponsors	Borrowings	165,000,000	163,381,965
	Accrued markup on borrowings	-	3,745,949
Key management personnel	Short term employee benefits payable	522,500	542,011
Provident Fund Trust	Payable to provident fund	570,387	425,924
<b>21</b>	<b>FINANCIAL INSTRUMENTS</b>		
<b>21.1</b>	<b>Financial instruments by class and category</b>		
<b>21.1.1</b>	<b>Financial assets</b>		
	<i>Loans and receivables</i>		
	Long term deposits	30,929,007	26,534,648
	Trade debts	113,768,294	125,829,226
	Margin deposits	9,328,834	8,733,834
	Cash and bank balances	30,438,105	21,368,329
		<u>184,464,240</u>	<u>182,466,037</u>
<b>21.1.2</b>	<b>Financial liabilities</b>		
	<i>Financial liabilities at amortized cost</i>		
	Long term finances	613,795,701	676,040,004
	Liabilities against assets subject to finance lease	57,149,832	67,181,579
	Short term borrowings	1,747,778,373	1,606,582,666
	Accrued interest/mark-up	48,893,087	56,141,653
	Trade creditors	244,166,144	283,583,749
	Due to jointly controlled entity	89,164,363	41,978,394
	Accrued liabilities	246,980,816	265,870,479
		<u>3,047,928,316</u>	<u>2,997,378,524</u>
<b>21.2</b>	<b>Fair value measurements</b>		
	Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.		
<b>21.2.1</b>	<b>Financial instruments measured at fair value</b>		
	None of the financial instruments are measured at fair value on recurring or non-recurring basis as at the reporting date.		



## Notes to the Condensed Interim Financial Information (*Un-audited*) For the Half Year Ended December 31, 2015

### 21.2.2 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.

### 22 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require any adjustment or disclosure in this condensed interim financial report.

### 23 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.

### 24 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 February 25, 2016.

### 25 GENERAL

25.1 There are no other significant activities since June 30, 2015 affecting the interim financial information.

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

25.3 Figures have been rounded off to the nearest rupee.



## Notes

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