



31 December 2015

HALF YEARLY REPORT

(Un-audited)



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Company Information

Board of Directors

Khalid Bashir	(Chairman)
Nadeem Maqbool	(Chief Executive)
Ahsan Bashir	
Amjad Mahmood	
Asif Bashir	
Humayun Maqbool	
Mohammad Iqbal	

Chief Financial Officer

Farooq Ahmad

Company Secretary

Gulraiz Ali

Audit Committee

Humayun Maqbool	(Chairman)
Ahsan Bashir	(Member)
Asif Bashir	(Member)

Head of Internal Audit

Muhammad Mubasshar Sarwar

HR & R Committee

Ahsan Bashir	(Chairman)
Asif Bashir	(Member)
Humayun Maqbool	(Member)

Legal Advisor

Muhammad Iqbal Khawaja

Share Registrar

Corptech Associates (Pvt.) Ltd.
503-A, Johar town, Lahore

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Bankers

Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited
Dubai Islamic Bank Limited
Habib Metropolitan Bank Limited

Registered Office

7-B-III, Aziz Avenue, Gulberg-V, Lahore.

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Fax: +92-423-576 0376

Email: info@suraj.com

Web: www.suraj.com

Project Locations

Nooriabad, Sindh.

Shahkot, District Nankana Sahib, Punjab.

Rawind, District Lahore, Punjab.

Directors' Report

We are pleased to present the six-month financial statements for the period up to 31 December 2015, which have been reviewed by the auditors.

The period under review has seen rapidly declining operating margins especially with the decline being more evident in the second quarter. The results reflect the decline in profitability but the Company managed earnings after tax of Rs. 192.582 million with earnings per share of Rs. 7.31 (2014: Rs. 11.20). Net sales of the company were Rs. 3.867 billion as compared to Rs. 4.838 billion for the corresponding period, a decrease of approximately 20%. This was both due to lower sales as well as reduced selling prices. Distribution costs decreased by 21% because of lower exports and administrative costs rose by 17% due to normal inflationary pressures. Financial charges were Rs. 26.705 million as compared to Rs. 36.474 million which is about 26% lower than the corresponding.

The current period started with lower cotton prices and demand for end products remained stable. However, towards the end of the first quarter, demand started to slow down with severe pressure on selling prices especially in China. Domestic cotton prices also started to rise due to reduced arrivals pointing to a short crop. Our results for this period are not as strong as the corresponding period but we have managed to maintain a reasonable return. The downward pressure on prices exacerbated at the start of the second quarter and we witnessed poor offtake in both yarn and fabrics. Our export sales during this period reduced by about 43.6% and local sales remained steady in terms of volume. The latest crop figures are very disappointing and the crop will be lower than 10 million bales. However, prices which rose due to this shortage have remained in control due to the lower international prices.

The energy situation in Punjab was better than last year but gas shortages persist. However, the government has started limited supplies of RLNG to Punjab mills and coupled with lower oil prices, the electricity cost has also reduced. Lower oil prices have also resulted in many mills switching over to furnace generation leading to lower costs of electricity.

Future Prospects

In view of slack demand for yarn and fabrics, we expect the second half of FY2016 to remain sluggish in terms of profitability. Both domestic and international demand for our products has become very weak especially China which is depicting a sharp downturn. Pakistan textile products are also facing severe competition from India which is eroding our market share in China. The high cost of doing business is endangering the survival of the textile industry. International and local cotton prices remain firm and in view of weakening end product prices, we expect the next six months will place further pressure on the industry's profitability.

The Government has signed a long term RLNG purchase agreement and this gas will be inducted into the system. We hope that the energy situation will largely improve. Oil prices are also expected to remain low and this will reduce the cost of power from the national grid.

The domestic cotton crop has been disastrous and it is expected to fall short by about 40% from the target. This has created manifold problems for our spinning industry as they are forced to import their requirements. Due to imposition of import duty and other import charges, the industry has become uncompetitive and is continuously losing market share to regional countries. It has become imperative that the authorities should move quickly to ascertain the reasons and take immediate measures to avoid such a situation next year. The Government should take any and all measures to introduce better seeds and take advantage of scientific research to achieve cotton output which serves to meet the needs of the local spinning industry. Higher output leading to stable prices will also help in maintaining our margins for better profitability.

In our earlier reports we had indicated that the company was seeking new avenues of investment with an emphasis on diversification. As a result of these efforts, the company has been successful in obtaining a letter of intent (LOI) as part of a consortium, to set up a 220MW coal fired power plant in Gujranwala, Punjab. This is only the first step and we expect to develop this further. We shall keep the stakeholders apprised of developments as and when they take place.

Acknowledgements

We would take this opportunity to thank all our shareholders and partners for their valued support and our employees for their dedication. We would also like to thank the Board of Directors for their guidance and advice at all times.

Nadeem Maqbool

26 February 2016

Lahore

Auditor Report to the Members On Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Suraj Cotton Mills Limited as at 31 December 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts, for the six-month period then ended (herein-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this 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 interim financial information based on our review.

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 consists 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner: Naseem Akbar

Lahore:

Condensed Interim Balance Sheet

As At December 31, 2015

	Un-Audited	Audited
	31 December 2015	30 June 2015
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized share capital		
50,000,000 (30 June 2015: 50,000,000) ordinary shares of Rupees 10 each		
	500,000	500,000
<hr/>		
Issued, subscribed and paid up share capital	263,538	239,580
Capital reserves	85,220	111,785
Revenue reserves	4,200,519	4,151,685
Total equity	4,549,277	4,503,050
Non-current liabilities		
Long term financing	309,547	90,263
Liabilities against assets subject to finance lease	369	399
Deferred tax	213,970	213,970
	523,886	304,632
Current liabilities		
Trade and other payables	1,137,685	987,599
Accrued interest on financing	17,506	12,425
Short term borrowings	462,902	149,857
Current portion of non current liabilities		
Liabilities	43,830	54,827
	1,661,923	1,204,708
Total liabilities	2,185,809	1,509,340
Total equity and liabilities	6,735,086	6,012,390
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CONTINGENCIES AND COMMITMENTS	6	

The annexed notes from 1 to 17 form an integral part of this interim financial information.

CHIEF EXECUTIVE OFFICER

Condensed Interim Balance Sheet

As At December 31, 2015

		Un-Audited	Audited
		31 December 2015	30 June 2015
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	7	2,103,996	1,970,611
Investment Properties		100,480	100,000
Long term deposits		19,531	19,531
		2,224,007	2,090,142
Current assets			
Stores, spares and loose tools		96,422	83,027
Stock in trade		1,433,921	933,159
Trade debts		469,850	230,127
Loans and advances	8	67,829	43,482
Trade deposits and short term prepayments		20,707	4,105
Balances with statutory authorities		76,582	57,710
Taxation- net		22,393	12,131
Other receivables		3,609	2,916
Short term investments	9	2,296,933	2,448,452
Cash and bank balances		11,442	95,556
Assets held for sale		11,391	11,583
		4,511,079	3,922,248
TOTAL ASSETS		6,735,086	6,012,390

DIRECTOR

Condensed Interim Profit and Loss Account (Un-Audited)

For The Half Year Ended 31 December 2015

	Note	Half year ended		Quarter ended	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
(Rupees in thousand)					
Sales	10	3,867,106	4,838,912	2,175,259	2,328,691
Cost of sales	11	3,513,772	4,358,121	1,975,441	2,054,914
Gross profit		353,334	480,791	199,818	273,777
Distribution cost		70,572	89,680	35,125	45,974
Administrative expenses		67,547	57,360	34,936	30,243
Other operating expenses	12	54,465	29,219	43,363	18,034
		192,584	176,259	113,424	94,251
		160,750	304,532	86,394	179,526
Other operating income		113,550	88,931	52,708	68,267
		274,300	393,463	139,102	247,793
Finance cost		26,705	36,474	15,180	18,960
Profit before taxation		247,595	356,989	123,922	228,833
Taxation	13	55,013	61,777	28,196	30,652
Profit after taxation		192,582	295,212	95,726	198,181
Earnings per share			Restated		Restated
- basic and diluted (Rupees)		7.31	11.20	3.63	7.52

The annexed notes from 1 to 17 form an integral part of this interim financial information.

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For The Half Year Ended 31 December 2015

	Half year ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(Rupees in thousand)			
Profit for the period	192,582	295,212	95,726	198,181
Other comprehensive income / (loss):				
Items not to be reclassified to profit and loss in subsequent periods				
Net unrealized (Loss)/ gain on available for sale investments	(26,565)	39,083	48,640	38,921
Total comprehensive income for the period	166,017	334,295	144,366	237,102

The annexed notes from 1 to 17 form an integral part of this interim financial information.

Condensed Interim Cash Flow Statement (Un-Audited)

For The Half Year Ended 31 December 2015

	Half year ended	Half year ended
	31 December 2015	31 December 2014
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	247,595	356,989
Adjustment for non-cash and other items:		
Depreciation	99,736	97,071
Gain on disposal of property, plant and equipment	(11,935)	(236)
Unrealized (gain)/loss on revaluation of held for trading investments	(32,082)	4,976
Impairment loss on available for sale investment	29,923	-
Dividend income	(17,326)	(13,637)
Exchange gain	(921)	(3,052)
Finance cost	26,705	36,474
Cash flows from operating activities before working capital changes	341,695	478,585
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(13,395)	(5,895)
Stock in trade	(500,762)	(138,136)
Trade debts	(238,802)	144,980
Loans and advances	(24,347)	(32,727)
Trade deposits and short term prepayments	(16,602)	(20,563)
Balances with statutory authorities	(18,872)	20,307
Other receivables	(693)	267
Increase in trade and other payables:	150,086	218,710
Net cash (used in) / generated from working capital	(663,387)	186,943
Cash (used in) generated from operations	(321,692)	665,528
Finance cost paid	(21,624)	(37,658)
Income tax paid	(65,275)	(57,815)
Dividend paid	(119,790)	(108,900)
Net cash from operating activities	(528,381)	461,155
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(246,227)	(135,210)
Proceeds from disposal of property, plant and equipment	25,233	750
Investments redeemed / (made) - net	126,633	(440,010)
Dividend received	17,326	13,637
Net cash used in investing activities	(77,035)	(560,833)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from/(repayment of) long term financing - net	208,257	(168,689)
Repayment of finance lease liabilities	-	(109)
Increase in short term borrowings - net	313,045	160,363
Net cash generated from / (used in) financing activities	521,302	(8,435)
Net decrease in cash and cash equivalents	(84,114)	(108,113)
Cash and cash equivalents at the beginning of the period	95,556	190,673
Cash and cash equivalents at the end of the period	11,442	82,560

The annexed notes from 1 to 17 form an integral part of this interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Condensed Interim Statement of Changes in Equity (Un-Audited) For The Half Year Ended 31 December 2015

	Share capital	Capital Reserves			Revenue Reserves			Total
		Premium on issue of shares	Unrealized gain / (loss) on available-for-sale investments	Sub total	General	Unappropriated profit	Sub total	
------(Rupees in thousand)-----								
Balance as on 01 July 2014	217,800	29,000	9,667	38,667	2,964,000	726,874	3,690,874	3,947,341
Net profit for the period from 01 July 2014 to 31 December 2014	-	-	-	-	-	295,212	295,212	295,212
Other comprehensive income	-	-	39,083	39,083	-	-	-	39,083
Total comprehensive income for the period	-	-	39,083	39,083	-	295,212	295,212	334,295
Transfer to general reserve	-	-	-	-	500,000	(500,000)	-	-
Issue of bonus shares for the year ended 30 June 2014 at the rate of 10%	21,780	-	-	-	-	(21,780)	(21,780)	-
Final dividend for the year ended 30 June 2014 at the rate of Rs. 5 per share	-	-	-	-	-	(108,900)	(108,900)	(108,900)
Balance as on 31 December 2014	239,580	29,000	48,750	77,750	3,464,000	391,406	3,855,406	4,172,736
Balance as on 01 July 2015	239,580	29,000	82,785	111,785	3,714,000	437,685	4,151,685	4,503,050
Net profit for the period from 01 July 2015 to 31 December 2015	-	-	-	-	-	192,582	192,582	192,582
Other comprehensive income	-	-	(26,565)	(26,565)	-	-	-	(26,565)
Total comprehensive income for the period	-	-	(26,565)	(26,565)	-	192,582	192,582	166,017
Issue of bonus shares for the year ended 30 June 2015 at the rate of 10%	23,958	-	-	-	-	(23,958)	(23,958)	-
Final dividend for the year ended 30 June 2015 at the rate of Rs. 5 per share	-	-	-	-	-	(119,790)	(119,790)	(119,790)
Balance as on 31 December 2015	263,538	29,000	56,220	85,220	3,714,000	486,519	4,200,519	4,549,277

The annexed notes from 1 to 17 form an integral part of this interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Selected Notes to the Interim Financial Information (Un-Audited) For The Half Year Ended 31 December 2015

1. THE COMPANY AND ITS ACTIVITIES

'Suraj Cotton Mills Limited (the Company) is a public limited company incorporated in Pakistan on 18 December 1984 under the Companies Act, 1913 (Now Companies Ordinance, 1984). The registered office of the Company is located at 7-B-III, Aziz Avenue, Gulberg-V, Lahore. Its shares are quoted on Pakistan Stock Exchange. The Company is engaged in the manufacturing, sale and trading of yarn, cloth and processing of cloth.

2. BASIS OF PREPARATION

2.1 This interim financial information is unaudited and is being submitted to shareholders, as required by section 245 of Companies Ordinance, 1984.

2.2 This interim financial information of the Company for the six month period ended 31 December 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.3 The accounting policies and computation methods adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2015 except for as disclosed in note 2.4 below.

2.4 The Company has adopted the following amended International Financial Reporting Standards (IFRSs) which became effective during the period:

IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint Arrangements
IFRS 12 – Disclosure of Interests in Other Entities
IFRS 13 – Fair Value Measurement

The adoption of the above amendments and interpretation did not have any significant impact on this condensed interim financial information.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in the preparation of this interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2015.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of the estimation are the same as those that applied to the financial statements for the year ended 30 June 2015.

	Un-Audited 31 December 2015	Audited 30 June 2015
	(Rupees in thousand)	
5. LONG TERM FINANCING - secured		
Opening balance	144,838	367,010
Obtained / (repaid) during the period / year	208,257	(222,172)
	353,095	144,838
Less: Current portion	43,548	54,575
	309,547	90,263

Selected Notes to the Interim Financial Information (Un-Audited) For The Half Year Ended 31 December 2015

6. CONTINGENCIES AND COMMITMENTS

Contingencies

- There has been no significant change in the contingencies since the date of preceding published annual financial statements.

Commitments

- Commitments as at 31 December 2015 amounts to Rs. Nil (30 June 2015: Rs. 266,658 thousand).

	Note	Un-Audited 31 December 2015 (Rupees in thousand)	Audited 30 June 2015
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	(7.1)	2,019,778	1,921,544
Assets subject to finance lease	(7.2)	835	928
Capital work-in-progress		83,383	48,139
		2,103,996	1,970,611
7.1 Operating fixed assets - tangible			
Opening book value		1,921,544	1,935,757
Add: Additions during the period / year -cost	(7.1.1)	210,983	192,358
		2,132,527	2,128,115
Less: Deletions during the period / year	(7.1.2)	13,106	4,844
		2,119,421	2,123,271
Less: Depreciation during the period / year		99,643	201,727
Book value at the end of the period / year		2,019,778	1,921,544
7.1.1 Additions during the period / year - cost			
Land		-	18,831
Plant and machinery		208,398	147,514
Vehicles		2,585	26,013
		210,983	192,358
7.1.2 Book value of assets disposed during the period / year			
Plant and machinery		13,106	-
Vehicles		-	4,844
		13,106	4,844
7.2 Assets subject to finance lease			
Opening book value		928	1,160
Less: Depreciation during the period / year		93	232
Book value at the end of the period / year		835	928

Selected Notes to the Interim Financial Information (Un-Audited)

For The Half Year Ended 31 December 2015

	Note	Un-Audited	Audited
		31 December 2015	30 June 2015
		(Rupees in thousand)	
8. LOANS AND ADVANCES			
Loans to employees		5,637	4,156
Advances - considered good:			
To suppliers		49,784	33,092
Against letter of credit		12,408	6,234
		62,192	39,326
		67,829	43,482
9. SHORT TERM INVESTMENTS			
Available for sale		863,369	698,207
Held for trading		1,433,564	1,750,245
		2,296,933	2,448,452

	Un-Audited			
	Half year ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
(Rupees in thousand)				
10. SALES				
Export	726,807	1,289,775	302,426	614,710
Local	3,058,008	3,463,127	1,830,239	1,670,365
Waste	82,291	86,011	42,594	43,617
	3,867,106	4,838,913	2,175,259	2,328,692
11. COST OF SALES				
Raw material consumed	2,476,215	2,876,833	1,326,988	1,401,054
Sizing expenses	30,236	29,347	15,436	14,919
Stores, spares and loose tools consumed	91,114	81,035	62,936	39,443
Packing materials	49,475	51,142	25,706	24,681
Salaries, wages and other benefits	324,826	291,428	159,763	148,443
Fuel and power	479,024	602,681	240,207	311,051
Repairs and maintenance	27,129	23,457	12,391	12,457
Insurance	12,726	12,079	6,484	5,924
Other factory overheads	8,725	8,771	4,997	4,145
Depreciation	93,606	91,881	48,846	46,372
	3,593,076	4,068,654	1,903,754	2,008,489

Selected Notes to the Interim Financial Information (Un-Audited)

For The Half Year Ended 31 December 2015

	Un-Audited			
	Half year ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(Rupees in thousand)			
Work-in-process:				
Opening stock	103,093	113,163	103,519	118,901
Closing stock	(113,938)	(124,674)	(113,938)	(124,674)
	(10,845)	(11,511)	(10,419)	(5,773)
Cost of goods manufactured	3,582,231	4,057,143	1,893,335	2,002,716
Finished goods:				
Opening stock	583,138	673,903	733,703	424,942
Closing stock	(651,597)	(372,926)	(651,597)	(372,926)
	(68,459)	300,977	82,106	52,016
	3,513,772	4,358,120	1,975,441	2,054,732
Less: Export rebate	-	-	-	(182)
	3,513,772	4,358,120	1,975,441	2,054,914
12. OTHER OPERATING EXPENSES				
Workers profit participation fund	15,541	19,051	8,443	11,862
Workers welfare fund	6,343	7,776	3,446	4,842
Impairment loss on investment	29,923	-	29,923	-
Others	2,658	2,392	1,551	1,330
	54,465	29,219	43,363	18,034
13. TAXATION				
Charge for the period:				
Current	55,013	61,777	28,196	30,652
	55,013	61,777	28,196	30,652
14. OPERATING SEGMENT INFORMATION				

The textile sector comprises of spinning, combing, weaving, dyeing, bleaching, printing, stitching, buying, selling and dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber(s). This sector also includes power generation facilities which provide electricity for internal consumption purposes.

14.1 Business segments

For management purposes, the Suraj Cotton Mills is organized into business units based on their products and services and has two reportable operating segments as follows:

Spinning: Production of different quality of yarn using natural and artificial fibers.

Weaving: Production of different quality of greige fabric using yarn.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

	Spinning		Weaving		Elimination of inter-segment transactions		Total	
	Un-Audited							
	Half year ended							
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
(Rupees in thousand)								
Sales								
External	2,093,780	2,948,454	1,773,326	1,890,458	-	-	3,867,106	4,838,912
Inter-segment	552,018	654,772	-	-	552,018	654,772	-	-
	2,645,798	3,603,226	1,773,326	1,890,458	552,018	654,772	3,867,106	4,838,912
Cost of sales								
External	2,368,793	3,207,662	1,144,979	1,150,459	-	-	3,513,772	4,358,121
Inter-segment	2,368,793	3,207,662	552,018	654,772	552,018	654,772	-	-
	277,005	395,564	1,696,997	1,805,231	552,018	654,772	3,513,772	4,358,121
Gross profit	26,714	39,134	76,329	85,227	-	-	353,334	480,791
Distribution cost	54,293	46,471	43,858	50,546	-	-	70,572	89,680
Administrative expenses	81,007	85,605	57,112	61,435	-	-	67,547	57,360
Profit before taxation and unallocated income and expenses	195,998	309,959	19,217	23,792	-	-	215,215	333,751

Selected Notes to the Interim Financial Information (Un-Audited)

For The Half Year Ended 31 December 2015

	Un-Audited							
	Half year ended							
	Spinning		Weaving		Elimination of Inter-segment transactions		Consolidated	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(Rupees in thousand)							
Unallocated income and expenses:								
Other operating expenses							(54,465)	(29,219)
Other operating income							113,550	88,931
Finance cost							(26,705)	(36,474)
							32,380	23,238
Profit before taxation							247,595	356,989
Taxation							55,013	61,777
Profit for the year							192,582	295,212
Inter segment sales and purchases have been eliminated on consolidation.								
Other disclosures								
Capital expenditure	198,374	115,369	47,853	19,841	-	-	246,227	135,210
	Un-audited 31 December 2015	Audited 30 June 2015	Un-audited 31 December 2015	Audited 30 June 2015	Un-audited 31 December 2015	Audited 30 June 2015	Un-audited 31 December 2015	Audited 30 June 2015
	(Rupees in thousand)							
Segment assets	3,301,245	2,563,657	842,681	770,518	-	-	4,143,926	3,334,375
Unallocated assets							2,591,160	2,678,015
Consolidated total assets							6,735,086	6,012,390
Segment liabilities	1,622,825	990,393	274,761	215,481	-	-	1,897,586	1,205,674
Unallocated liabilities							288,223	303,466
Consolidated total liabilities							2,185,809	1,509,340
14.2 Geographical segments								
Secondary information is reported geographically.								
The Company operates in three major geographical segments i.e. Pakistan, Europe and Far East. The cumulative revenue attributable to foreign countries is disclosed in note 10.								

Selected Notes to the Interim Financial Information (Un-Audited)

For The Half Year Ended 31 December 2015

15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, companies in which directors are interested, staff retirement funds, directors and key management personnel. Significant transactions with related parties and associated undertakings are as under:

Relationship with the Company	Nature of transactions	Un-Audited	
		Half year ended 31 December 2015	Half year ended 31 December 2014
		(Rupees in thousand)	
Associated companies	Sale of goods	11,179	50,426
	Purchase of goods and services	218,959	374,148
	Dividend paid	56,933	40,966
Employees Provident Fund Trust	Amount contributed	7,621	6,847
Director and Chief Executive	Remuneration	11,670	10,507

Transactions entered into with the key management personnel as per their terms of employment are excluded from related party transactions.

Relationship with the Company	Nature of transactions	Un-Audited	Audited
		31 December 2015	30 June 2015
		(Rupees in thousand)	
The outstanding balances of such parties are as under:			
Associated companies	Creditors	39,693	22,246
	Trade debts	39,219	225
Employees Provident Fund Trust	Provident fund payable	426	2
Director and Chief Executive	Remuneration payable	891	655

16. DATE OF AUTHORIZATION

This interim financial information was authorized for issue by the Board of Directors of the Company on February 26, 2016.

17. GENERAL

- 17.1 The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2015 and 2014 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.
- 17.2 Provisions in respect of Worker's Welfare Fund (WWF), Worker's Profit Participation Fund (WPPF) and taxation are estimated and these are subject to final adjustment in the annual financial statements.
- 17.3 Figures have been rounded off to the nearest thousand rupees.



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