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Company Information

Board of Directors

Khalid Bashir (Chairman)

Adil Bashir

Ahsan Bashir

Amjad Mahmood

Humayun Magbool

Mohammad Igbal

Sharik Bashir

Chief Executive

Nadeem Magbool

Chief Financial Officer

Faroog Ahmad

Audit Committee

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

HR & R Committee

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

Share Registrar

Corptec Associates (Pvt.) Ltd. 503-E, Johar Town, Lahore

Auditors

EY Ford Rhodes
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 Ph: +92-423-576 0379, 576 0382

Fax: +92-423-576 0376
Email: infor@suraj.com
Web: www.suraj.com

Project Locations

Nooriabad, District Dadu, Sindh.

Kotla Kahloon, District Nankana Sahib, Punjab. Bhaikot, Rawind, District Lahore, Punjab.

Directors' Report

We are pleased to present the six-month financial statements for the period up to 31 December 2017 which have been reviewed by the auditors.

The period under review has been difficult as is evident from the financial statements. Although operating income was better than the corresponding period, the company had to provide for impairment in its equity investments. Profit for the period is at Rs. 121.004 million with earnings per share at Rs. 3.79 (HY2016: Rs. 6.30). Net sales of the company were Rs. 4.881 billion as compared to Rs. 4.229 billion for the corresponding period, an increase of approximately 15%. The increase was mainly due to higher selling prices as well as an increase in volume due to sales from the new unit at Raiwind and increased off take from existing units. Distribution and administration costs increased due to increased sales volume and normal inflationary pressures. Financial charges increased by Rs. 28.514 million largely due to accruals of mark up as a result of commercial operations of the new spinning plant. Due to erosion in the capital markets, the company was not able to maintain its earnings from market operations on the same level as the corresponding period.

During the early part of the season, cotton prices remained lower in anticipation of a bumper crop as well as higher than expected world supply. The prices started to rise as the crop estimates started to firm up. The demand for yarn and fabric has remained very volatile with prices showing significant movement on both sides. The textile industry is still facing a severe problem due to rising costs of doing business as compared to regional countries. Due to this, the import of cotton yarn into Pakistan has shown an increasing trend which does not bode well for the local industry. Due to imposition of import duty and sales tax on imported cotton, the local prices started to move up during the second quarter. Unless we are able to improve our cotton crop to fulfill the industry's needs such steps only serve to exacerbate the precarious situation facing our industry. The government announced a continuation of the duty drawback scheme which will help the industry and boost the country's exports. Our results for this period are lower than the corresponding period and we hope that we will be able to improve on these for the second half of the current year.

The energy situation in Punjab has been considerably better compared to the previous year. This is directly a result of import of RLNG and also better operations of the power plants. However, the cost of energy for Punjab mills has increased due to higher oil prices which has a direct effect on the pricing of the RLNG being used by them.

Future Prospects

Considerable volatility remains in all segments of textiles and the next six months will prove to be a challenge. We hope that with the raw cotton prices stabilizing, demand for yarn and fabrics will also remain steady which will help post similar results for the remainder of the year. Although demand from China is picking up, a lot will depend on the level of competition that India and Vietnam will pose in our export markets. Additionally, India is also maintaining its market share in Pakistan with many weaving mills opting to purchase yarn from there.

The domestic cotton harvest has once again fallen short of the local industry's requirements and by the end of the season raw cotton exports are expected to touch almost 2 million bales. The import duty and sales tax on import of cotton has been abolished but again after considerable delays and the mills have been unable to take advantage of lower international prices at the beginning of the season. We have been advocating every year about the need for the government to seriously consider failure of the crop. Urgent action is required to improve our cotton yields and quality so that the textile industry can remain competitive.

Our new state of the art spinning unit has become operational and we expect that this will contribute positively to the company's profitability. We are also examining other avenues of diversification and will keep our stakeholders apprised of developments.

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 Chief Executive

Newwell,

Hamayun Maqbool Director

February 27, 2018 Lahore

ڈائر بکٹرزر پورٹ

ہم بخو ٹی 31 دیمبر2017 کےششاہی مالیاتی گوشوارے جو کے آڈیٹرزنے دیکھے ہوئے ہیں پیش کرتے ہیں۔

جیبا کہ الیانی گوشواروں نے فاہر بے کہ بیششائ کافی مشکل تھی۔ اگرچ آپریفنگ منافع بچھلے ششاہی منافع ہے بہتر ہے۔اس عرصد کا فالص منافع 1.004 کا ملین رو پے اورا کیک شیر برمنافع 7.50 و پیدہا (30. 6.7 و پے: 2016) اس عرصد کی خالص سل 4.88 بلین رو پے بجکہ بچھلے عرصہ میں 4.22 بلین رو پے تی جو کے 15 فیصد زیادہ ہے۔ بیل میں اضافہ کی دور تھی ہیں اضافہ ہے۔ بھی اضافہ ہے۔ بھی کی اضافہ ہے۔ بھی کی اضافہ ہے۔ بھی کی دور کے بیان میں کی دور کے بیان کے منابطہ میں برقر ارئیس رکھ کی ہے۔

کیاں کے پیداواری موسم کے آغاز میں رونی کی قیت کم رہیں۔اور میا مید کی جارئ تھی کہ کیاں کی عالمی پیداوار زیادہ ہوگ۔ قیت میں اضافہ کیاں کے پیداواری تخینہ میں اضافہ کی جیہ ہے ہوا۔ دھا گے اور کپڑے کی طلب غیر شخام رہی اور قیت نے دونوں طرف اہم کرواراوا کیا۔ علام انکی مما لک کے مقابلے میں کا دوبارک نے کردھتے ہوئے افراجات کی وجہ کے کپڑے کی صنعت مشکل میں ہے۔ اس وجہ کیا گئی منات میں دھا گے کہ درآ مدات سے پاکستان میں دھا گے کہ دونوں طرف انہوں کے دوبر کی سمانی میں کہاں دوراً مدی ڈیٹی اور کپڑے کی کہ وجہ سامک میں جب تک ہم ملکی صنعت کی ضروریات پوری کرنے میں خوافیس نے دوراً مدی ڈیٹی میں جو کی کا اعلان کیا تھا اُس کوای طرح کے اعداد میں اضافہ وہ گا۔ جمارے حال کومز پر بگاڑ دیے گا۔ جماسا منا ہماری صنعت کو ہے۔ حکومت نے درآ مدی ڈیٹی میں جو کی کا اعلان کیا تھا اُس کوای طرح جماری کہتر ہوجا کہن گ

پچھلسال کے مقالبے میں آدانائی کی صورت حال جنجاب میں بہتر ہوئی ہے بیآرایل این جی کی مدداور پاوٹر بلائش کے بہتر کا م کا نتیجہ ہے۔ تا ہم جنجاب میں آدانائی کی قیت بڑھ پچک ہے جو بلاواسط آرایل این جی کی قیت پر اثر انداز ہوتا ہے۔

منتقبل کےامکانات

نیکشائیل صنعت کے تمام حصوں میں کافی عدم استخام پایاجاتا ہے اورا گلے چھ ماہ نیکشائیل کے لیے چیلتی ہوں گے ہم أميد كرتے ہیں كہ كہا ہى گیت دھاگے اور كیئرے كے ساتھ حتم میں گا جس كی وجہ سے مالياتی سن گا أگلے چھاہ میں تھی الدوا ہوں ہارك مقابلے ہر ۔ مزید برآل اللہ بانے اپنا مالیاتی سنگا أگلے چھاہ میں تھی الدوا ہوں ہوں ہے۔ اس مقابلے ہے۔ مزید برآل اللہ بانے اپنا مارك خصر ہے انٹریا اور ویت نام كے ساتھ بين الاقوا كی مارك مقابلے ہر برآل اللہ بانے اپنا مارك کی فروخت كے ذریع برقر اردکھا ہے۔

علاقائی کیاس کی پیداوار ملکی ضرورت کوایک بار پھر پورا ندگر کی اور پیداواری موسم کے آخرتک پاکستان تقریباً کی لین گاخیس بر آمد کرچکا ہے. کیاس کی درآمد پر درآمد کی ڈیرٹی اور پیٹر کی کی ختم کیا گیا جس کی اور موسائی اور پہٹر کی نے اور کوائی کی مجرکر کے کے دجہ ہے پاکستان ملز اعزیشن طور پر قبیت میں کی کا خاطر خواہ فاکدہ نہیں اٹھا تیس ہم ہرسال ہید بات اُٹھاتے ہیں گورنمنٹ کواس پر جیدرگی ہے فور کر راجا ہے بھورنمنٹ کو کیاس کی پیداوار بہتر بریانے اور کوائی کو بہتر کرنے کے لیے فوراً اقد امات کرنے جا ہیں۔

ہمارانیاجد پر سپینگ بینٹ پیداواری حالت میں آ چکا ہےاورہم اُمیدکرتے ہیں ہیکپنی کے منافع کو بڑھائے گا۔ہم مختلف قیم کی کا روباری سرگرمیوں کا مواز نہ کررہے ہیں اورا پنے اسٹاک ہولڈرز کوان منصوبوں ہے آگاہ دکھیں گے۔

أظهار تشكر

ہم اس موقع پراپے تمام مصص داروں, شراکت داروں کے تعاون اورا پے ملاز مین کے کام کرنے کوسرھاتے ہیں. ہم بورڈ آف ڈائیر یکٹر کا اُن کی رہنمائی اوراُن کےمشوروں پرشکر بیا داکرتے ہیں.

جاپوں مقبول ڈائر یکٹر ڈائر یکٹر ک محبول ندیم مقبول چیف ایگزیکو فروری 27, 2018

Independent Auditors' Report to the Members on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim balance sheet of Suraj Cotton Mills Limited as at 31 December 2017 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 statements"). Management is responsible for the preparation and presentation of this interim financial statements 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 statements 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 statements 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 statements are 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

V, R~

Lahore February 27, 2018



Condensed Interim Balance Sheet

As At December 31, 2017

	-	Un-Audited Dec 31,	Audited June 30,
		2017	2017
	Note	(Rupees i	n thousand)
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
50,000,000 (30 June 2016: 50,000,000) ordinary			
shares of Rupees 10/- each		500,000	500,000
Issued, subscribed and paid up share capital	5	318,881	289,892
Share premium	Ü	29.000	29.000
Revenue reserves		4,785,885	4,780,838
Available for sale reserve		(12,698)	180,506
Total equity	l	5,121,068	5,280,236
Total equity		3,121,000	3,200,230
Non-current liabilities	Γ		
Long term financing	6	2,337,994	2,307,475
Liabilities against assets subject to finance lease		260	1,198
Deferred tax		195,817	195,817
		2,534,071	2,504,490
Current liabilities			
Trade and other payables		1,634,310	1,304,379
Accrued interest on financing		26,873	35,084
Short term borrowings		672,017	379,394
Current portion of non current liabilities		40,992	64,112
		2,374,192	1,782,969
Total Liabilities		4,908,263	4,287,459
TOTAL EQUITY AND LIABILITIES		10,029,331	9,567,695

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

		Un-Audited	Audited
		Dec 31,	June 30,
		2017	2017
	Note	(Rupees in	thousand)
ASSETS			
Non-current assets	0	E 400 044	4.050.500
Property, plant and equipment	8	5,186,614	4,952,530
nvestment properties		100,000	100,000
Investment in joint venture		50,000	50,000
Long term deposits		19,879	19,879
O		5,356,493	5,122,409
Current assets		07.555	1 10 005
Stores, spares and loose tools		97,555	149,265
Stock-in-trade		1,840,736	1,407,007
Trade debts		517,801	371,238
Loans and advances	9	126,952	116,749
Trade deposits and short term prepayments		34,128	17,540
Balances with statutory authorities		1,225	2,239
Tax refunds due from the government	•	466,129	375,157
Other receivables		5,634	10,414
Short term investments	10	1,443,380	1,909,120
Cash and bank balances	•	80,801	41,676
		4,614,341	4,400,405
Assets held for sale		58,497	44,881
		4,672,838	4,445,286
FOTAL ASSETS		10,029,331	9,567,695

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

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Condensed Interim Profit And Loss Account (Un-Audited) For the half year ended 31 December 2017

		Half yea	r ended	Quarter	ended
	-	Dec 31,	Dec 31,	Dec 31,	Dec 31,
		2017	2016	2017	2016
	Note	(Rupees in	thousand)	(Rupees in	thousand)
Sales - net	11	4,881,451	4,229,201	2,724,163	2,185,609
Cost of sales	12	4,508,469	3,970,349	2,480,954	2,050,034
Gross profit		372,982	258,852	243,209	135,575
Distribution expenses		70,794	65,650	41,872	31,754
Administrative expenses		70,817	65,453	35,475	31,581
Other operating expenses	13	96,816	25,551	80,200	14,932
		238,427	156,654	157,547	78,267
		134,555	102,198	85,662	57,308
Other income	14	44,568	201,354	40,131	134,183
Operating profit		179,123	303,552	125,793	191,491
Finance cost		54,318	25,804	24,265	13,338
Profit before taxation		124,805	277,748	101,528	178,153
Taxation	15	3,801	76,960	3,088	44,157
Profit for the period		121,004	200,788	98,440	133,996
					-
			Restated		Restated
Earnings per share					
- Basic and diluted (Rupees)		3.79	6.30	3.09	4.20

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the half year ended 31 December 2017

_	Half year ended		Quarter ended		
· · · · · · · · · · · · · · · · · · ·	Dec 31,	Dec 31,	Dec 31,	Dec 31,	
	2017	2016	2017	2016	
_	(Rupees in	thousand)	(Rupees in t	housand)	
Profit for the period	121,004	200,788	98,440	133,996	
Other comprehensive (loss) / income:					
Items not to be reclassified to profit and					
loss in subsequent periods					
Net unrealized (loss)/gain on available for					
sale investments	(193,204)	82,566	(43,857)	(2,884)	
Total comprehensive (loss) /					
income for the period	(72,200)	283,354	54,583	131,112	

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

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Condensed Interim Cash Flow Statement (Un-Audited) For the half year ended 31 December 2017

	Half yea	ar ended	
	Dec 31,	Dec 31,	
	2017	2016	
	(Rupees in	thousand)	
OAGUED ONG FROM ORFO ATIMO ACTIVITIES			
CASH FLOWS FROM OPERATING ACTIVITIES	104.005	077.740	
Profit before taxation	124,805	277,748	
Adjustment for non-cash and other related items:	100.057	00.000	
Depreciation	160,657	96,600	
Gain on disposal of operating fixed assets	(3,627)	(1,969)	
Unrealized gain on revaluation of held for trading investments	70.005	(60,975)	
Impairment loss on available for sale investments	72,865	(00,000)	
Dividend income	(31,318)	(28,028)	
Exchange (gain) / loss	(62)	176	
Finance cost	54,318	25,804	
Cash flow generated from operating activities before working capital changes	377,638	309,356	
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets:			
Stores, spares and loose tools	51,710	(460)	
Stock in trade	(433,729)	(469,474)	
Trade debts	(146,501)	58,505	
Loans and advances	(10,203)	38,744	
Trade deposits and short term prepayments	(16,588)	(7,550)	
Balances with statutory authorities	1,014	791	
Other receivables	4,780	1,518	
Increase in current liabilities:			
Trade and other payables	329,931	210,462	
Net cash used in working capital	(219,586)	(167,464)	
Cash generated from / (used in) operations	158,052	141,892	
Finance cost paid	(62,529)	(26,195)	
Income tax paid	(94,773)	(52,220)	
Dividend paid	(86,968)	(131,769)	
Net cash used in operating activities	(86,218)	(68,292)	
CASH FLOWS FROM INVESTING ACTIVITIES	(2.2.2.2.2)	(222 22)	
Capital expenditure incurred	(396,653)	(277,274)	
Proceeds from disposal of operating fixed assets	(8,077)	4,200	
Decrease in short term investments - net	199,671	30,259	
Dividend received	31,318	28,028	
Net cash used in investing activities	(173,741)	(214,787)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase / (decrease) in long term financing - net	7,631	(21,774)	
Decrease in finance lease liabilities - net	(1,170)	(799)	
Increase in short term borrowings - net	292,623	130,272	
Net cash generated from financing activities	299,084	107,699	
Net increase/ (decrease) in cash and cash equivalents	39,125	(175,380)	
Cash and cash equivalents at the beginning of the period	41,676	222,084	
Cash and cash equivalents at the end of the period	80,801	46,704	

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Changes in Equity (Un-Audited) For the half year ended 31 December 2017

	Share	Share	R	Revenue Reser	ves	 Available for 	Total	
	capital	premium	General	Unapprop- riated profit	Sub total	sale reserve		
•			(Ri	upees in thous	sand)			
	•							
Balance as on 01 July 2016	263,538	29,000	3,714,000	719,155	4,433,155	129,129	4,854,822	
Net profit for the period from 01 July 2016 to 31 December 2016	=	-		200,788	200,788		200,788	
Other comprehensive income	-	-	-	-	-	82,566	82,566	
Total comprehensive income for the period	_	-	9	200,788	200,788	82,566	283,354	
Issue of bonus shares for the year ended 30 June 2016 at the rate of 10%	26,354	-		(26,354)	(26,354)			
Final dividend for the year ended 30 June 2016 at the rate of Rs. 5 per share				(131,769)	(131,769)		(131,769)	
Balance as on 31 December 2016	289,892	29,000	3,714,000	761,820	4,475,820	211,695	5,006,407	
•								
Balance as on 01 July 2017	289,892	29,000	3,714,000	1,066,838	4,780,838	180,506	5,280,236	
Net profit for the period from 01 July 2017 to 31 December 2017	-	-	_	121,004	121,004	-	121,004	
Other comprehensive loss	-	-	-	-	-	(193,204)	(193,204)	
Total comprehensive income for the period	-	-	-	121,004	121,004	(193,204)	(72,200)	
ssue of bonus shares for the year ended 30 June 2017 at the rate of 10%	28,989	-	-	(28,989)	(28,989)	-	-	
Final dividend for the year ended 30 June 2017 at the rate of Rs. 3 per share	-	-	-	(86,968)	(86,968)	-	(86,968)	
Balance as on 31 December 2017	318,881	29,000	3,714,000	1,071,885	4,785,885	(12,698)	5,121,068	

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER



For the half year ended 31 December 2017

THE COMPANY AND ITS ACTIVITIES

The Company was incorporated in Pakistan as a public limited company under the Companies Act, 1913 (now the repealed Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited (formerly known as Karachi Stock Exchange in which Lahore and Islamabad stock exchanges have merged). The Company is engaged in the manufacturing, sale and trading of yam, cloth and processing of cloth. Registered Office of the Company is situated at 7-B-III, Aziz Avenue, Gulberg-V, Lahore.

2. STATEMENT OF COMPLIANCE

2.1 During the last year, the Companies Act 2017 (the Act) was promulgated, however, Securities and Exchange Commission of Pakistan vide its Circular No. 23 of 2017 dated 04 October 2017 and subsequent clarification by Institute of Chartered Accounts of Pakistan (ICAP) through its Circular No. 17 of 2017 communicated that interim financial statements of the companies whose interim financial period ended on or before 31 December 2017 shall prepare their interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984

Hence, this interim financial information of the Company for the six month period ended 31 December 2017 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 repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

2.2 These condensed interim financial statements are unaudited and are being submitted to shareholders, as required by section 237 of the Companies Act. 2017.

3. BASIS OF PREPARATION

- 3.1 The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at 30 June 2017.
- 3.2 The accounting policies and computation methods adopted for the preparation of this condensed interim financial statements 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 2017 except the following standards and amendment to IFRSs which became effective have been adopted by the Company for the current period.

Standard or Interpretation

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

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

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

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

For the half year ended 31 December 2017

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 2017.

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	Un-Audited	Audited		Un-Audited	Audited
	31 Dec	30 June		31 Dec	30 June
	2017	2017		2017	2017
	(No. o	of Shares)	Note	(Rupees in	n thousand)
			Ordinary shares of Rupees 10 each fully		
	17,400,000	17,400,000	paid up in cash	174,000	174,000
	14,488,100	11,589,200	Ordinary shares of Rupees 10 each issued	144,881	115,892
		•	as fully paid bonus shares		
	31,888,100	28,989,200		318,881	289,892
		•			
6.	LONG TERM F	INANCING - secu	ured		
	Opening baland	ce		2,370,242	287,773
	Obtained during	g the period / year		7,632	2,082,469
				2,377,874	2,370,242
	Less: Current p	portion		39,880	62,767
	•	•		2,337,994	2,307,475

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

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

7.2 Commitments

 As at the balance sheet date, the commitments in respect of capital expenditure amounted to Rs. 364,098 thousand (30 June 2017: Rs. 280,710 thousand).

8.	PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets - tangible	(8.1)	4,669,390	2,441,092
	Assets subject to finance lease	(8.2)	2,427	3,290
	Capital work-in-progress		514,797	2,508,148
			5,186,614	4,952,530



Selected Notes To The Interim Financial Information (Un-Audited) For the half year ended 31 December 2017

			Un-Audited	Audited
			Dec 31, 2017	June 30, 2017
	1	Note	(Rupees i	n thousand)
8.1	Operating fixed assets - tangible			
	Opening book value		2,441,092	2,291,827
	Add: Additions during the period / year -cost (8	3.1.1)	2,403,620	390,489
) 1.0)	4,844,712	2,682,316
		3.1.2)	1,912	7,034
	Less: Transferred to assets held for sale		13,616	35,935
			15,528	42,969
	Local depreciation during the period / year		4,829,184	2,639,347
	Less: depreciation during the period / year Book value at the end of the period / year		159,794 4,669,390	198,255
	Book value at the end of the period 7 year		4,009,390	2,441,092
8.1.1	Additions during the period / year - cost			
0.1.1	Land		_	13,510
	Building - Factory		389,490	-
	- Residential		65,123	-
	Plant and machinery		1,867,858	325,985
	Electric installations		60,532	1,461
	Office equipment		-	20,712
	Factory equipment		2,190	-
	Vehicles		18,427	28,821
			2,403,620	390,489
8.1.2	Book value of assets disposed during the period / year			
	Plant and machinery		13,616	35,935
	Vehicles		1,912	7,034
			15,528	42,969
8.2	Assets subject to finance lease		0.000	
	Opening book value		3,290	4,113
	Less: depreciation during the period / year		863	823
	Book value at the end of the period / year		2,427	3,290
9.	LOANS AND ADVANCES			
٥.	Loans to employees - considered good		6,361	5,406
	Advances - considered good:		0,001	0,400
	To suppliers		79,030	78,666
	Due from associated companies		27,910	16,368
	Against letter of credit		13,651	16,309
	, igain ict rotter. Of Grount		120,591	111,343
			126,952	116,749
			120,002	110,140

Selected Notes To The Interim Financial Information (Un-Audited) For the half year ended 31 December 2017

Un-Audited

Dec 31, 2017

Audited

June 30, 2017

	•			(Rupees in	thousand)
10.	SHORT TERM INVESTMENTS				
	Available for sale			1,129,575	1,326,457
	Held for trading			313,805	582,663
				1,443,380	1,909,120
			Un-Au	ditad	
		Half ve	ar ended		r ended
		Dec 31,	June 30,	Dec 31,	June 30,
		2017	2017	2017	2017
		(Rupees i	n thousand)	(Rupees ir	thousand)
11.	SALES - net				
	Export	328,282	514,821	201,629	234,262
	Local	4,364,505	3,590,977	2,405,498	1,889,117
	Waste	188,664	123,403	117,036	62,230
		4,881,451	4,229,201	2,724,163	2,185,609
			•		
12.	COST OF SALES				
	Raw material consumed	3,176,169	2,824,166	1,703,038	1,381,695
	Sizing expenses	27,527	27,631	13,777	13,377
	Stores, spares and loose tools				
	consumed	102,933	59,874	44,777	29,629
	Packing materials	53,119	47,016	31,681	23,003
	Salaries, wages and other benefits	373,446	336,804	182,642	165,780
	Fuel and power	579,343	482,677	327,174	244,375
	Repair and maintenance	18,462	22,942	7,026	11,682
	Insurance	13,241	12,051	6,727	5,374
	Other factory overheads	8,486	6,592	3,517	3,266
	Depreciation	152,040	89,992	104,586	45,127
		4,504,766	3,909,745	2,424,945	1,923,308
	Work-in-process:				
	Opening stock	104,445	106,511	119,297	113,261
	Closing stock	(121,214)	(101,979)	(121,214)	(101,979)
		(16,769)	4,532	(1,917)	11,282
	Cost of goods manufactured	4,487,997	3,914,277	2,423,028	1,934,590
	Finished goods:				
	Opening stock	715,798	574,949	753,252	634,321
	Closing stock	(695,326)	(518,877)	(695,326)	(518,877)
		20,472	56,072	57,926	115,444
		4,508,469	3,970,349	2,480,954	2,050,034



For the half year ended 31 December 2017

			Un-Audited					
		Half ye	ar ended	Quarte	er ended			
		Dec 31, 2017	June 30, 2017	Dec 31, 2017	June 30, 2017			
	Note	(Rupees i	n thousand)	(Rupees i	n thousand)			
13.	OTHER OPERATING EXPENSES							
	Workers' profit participation fund	6,569	16,337	5,499	9,540			
	Workers' welfare fund	-	6,208	-	3,625			
	Impairment loss on investments	72,865	-	72,865				
	Loss on short term investments	14,666	-	663	2			
	Others	2,716	3,006	1,173	1,767			
		96,816	25,551	80,200	14,932			
14.	OTHER INCOME							
	Income from financial assets (14.1)	36,669	197,681	35,599	131,496			
	Income from assets other than							
	financial assets (14.2)	7,899	3,673	4,532	2,687			
		44,568	201,354	40,131	134,183			
14.1	INCOME FROM FINANCIAL ASSETS							
	Exchange gain - net	62	-	62	-			
	Profit on bank deposits	831	1,526	461	252			
	Dividend income	31,318	28,028	30,618	27,528			
	Gain on short term investments	4,458	168,127	4,458	103,716			
		36,669	197,681	35,599	131,496			
14.2	INCOME FROM ASSETS OTHER THAN FINANCIAL ASSETS							
	Sale of scrap	4,272	1,704	2,892	948			
	Gain on disposal of operating	.,	.,	2,002	0 10			
	fixed assets	3,627	1,969	1,640	1,738			
		7,899	3,673	4,532	2,687			
15.	TAXATION							
10.	Current income tax (15.1)	3,801	76,960	3,088	44,157			
	Current income tax (15.1)	3,801	76,960	3,088	44,157			
		0,001	10,000	0,000	44,107			

^{15.1} This is net off income tax credit under Section 65B of the Income Tax Ordinance, 2001 amounting to Rs. 52,667 thousand (30 June 2017: Rs. Nii).

For the half year ended 31 December 2017

Business segments

16.1

OPERATING SEGMENT INFORMATION

16.

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

The textile sector comprises of spirning, combing, weaving, dyeing, bleaching, printing, stitching, buying, selling and dealing in yam, 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.

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

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

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.

Total			Dec 31, 2016				4,229,201		4,229,201		3,970,349		3,970,349	258,852	029'59	65,453	131,103		127,749
F			Dec 31, 2017				4,881,451	•	4,881,451		4,508,469	1	4,508,469	372,982	70,794	70,817	141,611		231,371
Elimination of Inter-segment transactions	Un-Audited	Half year ended	Dec 31, 2016	(Rupees in thousand)	•			990'299	557,068			557,068	990',299						-
Elimina Inter-se transa	dited	ended	Dec 31, 2017	housand)			1	665,551	665,551		1	665,551	665,551	1	1				1
Weaving	Un-Au	Half year	Dec 31, 2016	(Rupees in t			1,665,685		1,665,685		1,039,603	557,068	1,596,671	69,014	38,757	13,836	52,593		16,421
Wea			Dec 31, 2017				1,828,031		1,828,031		1,095,998	665,551	1,761,549	66,482	34,466	14,933	49,399		17,083
Spinning			Dec 31, 2016				2,563,516	990'299	3,120,584		2,930,746	1	2,930,746	189,838	26,893	51,617	78,510		111,328
Spin			Dec 31, 2017				3,053,420	665,551	3,718,971		3,412,471		3,412,471	306,500	36,328	55,884	92,212		214,288
						Sales	External	Inter-segment		Cost of sales	External	Inter-segment		Gross profit	Distribution cost	Administrative expenses		Profit before taxation and unallocated	income and expenses



Selected Notes To The Interim Financial Information (Un-Audited) For the half year ended 31 December 2017

							Dec 31, Dec 3: 2017 2016 (Rupees in thousand)	Dec 31, 2016 thousand)
Unallocated income and expenses: Other operating expenses Other operating income Finance costs							(96,816) 44,568 (54,318)	(25,551) 201,354 (25,804)
Profit before taxation Taxation							124,805	277,748
Profit for the year							121,004	200,788
Inter segment sales and purchases have been eliminated on consolidation Other disclosures Capital expenditure A94,942	ninated on consolidat	lion. 274,540	5,327	2,734		,	410,269	277,274
	Spinning	guir	Weaving	ving	Elimination of Inter-segment transactions	Elimination of Inter-segment transactions	Total	<u></u>
				Un-A	Un-Audited			
	Un-audited Dec 31,	Audited June 30,	d Audited Un-audited Audited Un-audited Audited Un-audited Audited Aud	Audited June 30,	Un-audited Dec 31,	Audited June 30,	Un-audited Dec 31,	Audited June 30,
	2017	2017	2017	2017	2017	2017	2017	2017
Segment operating assets	6,229,822	3,423,919	1,165,477	1,154,231	•	•	7,395,299	4,578,150
Capital work in progress Investment properties							514,797	2,508,148
Investment in joint venture							50,000	50,000
Balances with statutory authorities							1,225	2,239
Short term investments							1,443,380	1,909,120
Non current assets held for sale							58,497	44,881
lotal operating assets							10,029,327	080',700',8
Consolidated total assets Segment operating liabilities	4,096,806	3,501,661	536,798	491,758	• '	•	4,633,604	3,993,419
Deferred taxation							195,817	195,817
Workers' profit participation fund							6,569	25,951
Total operating liabilities					0		4.908.263	4.287.459
0	•	٠						

16.2 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 11.

For the half year ended 31 December 2017

17. 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-Au	udited
		Half yea	r ended
		Dec 31, 2017	Dec 31, 2016
		(Rupees in	thousand)
Associated companies	Sale of goods and services	56,272	785
	Purchase of goods and services	207,055	285,413
	Dividend paid	41,334	62,627
Employees Provident Fund Trust	Amount contributed	8,594	7,859
Director and Chief Executive	Remuneration	13,377	11,526

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

		Un-Audited Dec 31, 2017	Audited June 30, 2017
Relationship with the Company	Nature of balance	(Rupees in	thousand)
The outstanding balances of such p	arties are as under:		
Associated companies	Creditors Trade debt Loans & advances	22,734 19,057	39,693 39,219 9,501
Employees provident fund trust	Provident fund payable	81	426
Director and chief executive	Remuneration payable	2,229	891

18. FINANCIAL RISK MANAGEMENT

18.1 Financial risk factors

Financial instruments comprise long term financing, liabilities against assets subject to finance lease, short term borrowings, trade and other payables, trade debts, loans to employees, other receivables, cash and bank balances, short term and long term deposits, available for investments and held for trading investments.

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk



For the half year ended 31 December 2017

The Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

There is no change in the company's objectives, policies, procedures for measuring and managing the above risks including capital management risk, since the preceding annual financial year ended as at 30th June 2017.

18.2 Fair values of financial assets and liabilities

Fair value of financial assets classified as available-for-sale is derived from quoted market prices in active markets, if available. Fair value of unquoted available-for-sale financial assets is estimated using appropriate valuation techniques. The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2017, the Company hold the following financial instruments carried at fair value on the statement of financial position:

	Dec 31,			
	2017	Level 1	Level 2	Level 3
		(Rupees in t	housand)	
Assets measured at fair value				
Held for trading				
Mutual fund units	313,805	313,805	-	
Available for sale financial assets				
Equity share	1,129,575	1,129,575	-	

There were no financial liabilities measured at fair value as at 31 December 2017.

During the six month period ended 27 February 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

For the half year ended 31 December 2017

As at 30 June 2017, the Company held the following financial instruments measured at fair value:

	June 30, 2017	Level 1	Level 2	Level 3
		(Rupees in	thousand)	
Assets measured at fair value Held for trading Mutual fund units	582,663	582.663		
Available for sale financial assets				
Equity share	1,326,457	1,326,457		-

There were no financial liabilities measured at fair value as at 30 June 2017.

During the reporting year the equity shares GlaxoSmithKline Consumer Healthcare Pakistan Limited has been listed on Pakistan stock exchange and these are reclassified from level 3 investments to level 1 investments.

18.3 Financial instruments by categories

	Cash and cash equivalents	Loans and advances	Available for sale	Held for trading	Total
		(Rı	upees in thous	and)	
Financial assets as per balance sheet					
Long term deposits	-	19,879	-	-	19,879
Trade debts	-	517,801	-	-	517,801
Loans to employees	-	6,361	-	-	6,361
Trade deposits	-	6,218	-	-	6,218
Short term investments	-	-	1,129,575	313,805	1,443,380
Other receivables	-	5,634	-	-	5,634
Cash and bank balances	80,801	-	-	-	80,801
Total	80,801	555,893	1,129,575	313,805	2,080,074
Total current					2,060,195
Total non current					19,879
Total					2,080,074

^{*} The Company carries unquoted equity shares in Crescent Spinning Mills Limited, Premier Financial Services (Private) Limited as available-for-sale financial instruments classified as Level 2 within the fair value hierarchy. The investment in Crescent Spinning Mills Limited, Premier Financial Services (Private) Limited have been fully impaired and are carried at nil value.

^{*} The Company carries unquoted equity shares in Crescent Spinning Mills Limited and Premier Financial Services (Private) classified as Level 3 within the fair value hierarchy. The investment in Crescent Spinning Mills Limited and Premier Financial Services (Private) Limited have been fully impaired and are carried at nil value. The Company did not incur any gain or loss recorded in the profit & loss account and statement of comprehensive income as the impairment had been recorded prior to 01 July 2011.



Selected Notes To The Interim Financial Information (Un-Audited) For the half year ended 31 December 2017

	31 Decen	nber 2017
	Financial	Liabilities
	at amort	ized cost
	(Rupees in	thousand)
Financial liabilities as per balance sheet		
Long term financing		2,377,874
Liabilities against assets subject to finance lease		1,372
Trade and other payables		1,540,386
Accrued interest on financing		26,873
Short term borrowings		672,017
Total	•	4,618,522
	•	
Total current		2,240,388
Total non current		2,378,134
Total	• .	4,618,522

			30 June 2017		
	Cash and cash equivalents	Loans and advances	Available for sale	Held for trading	Total
		(Rupees in thou	isand)	
Financial assets as per balance sheet					
Long term deposits	=	19,879	-	=	19,879
Trade debts	=	371,238	-	_	371,238
Loans to employees	=	5,406	=	-	5,406
Trade deposits	-	6,218	-	_	6,218
Short term investments	-	-	1,326,457	582,663	1,909,120
Other receivables	-	10,414	=	•	10,414
Cash and bank balances	41,676	-	-	-	41,676
Total	41,676	413,155	1,326,457	582,663	2,363,951
-					0.044.070
Total current					2,344,072
Total non current					19,879
Total					2.363.951

Selected Notes To The Interim Financial Information (Un-Audited) For the half year ended 31 December 2017

	30 June 2017 Financial Liabilities at amortized cost
	(Rupees in thousand)
E	
Financial liabilities as per balance sheet Long term financing	2,370,242
Liabilities against assets subject to finance lease	2,543
Trade and other payables	1,190,463
Accrued interest on financing	35,084
Short term borrowings	379,394
Total	3,977,726
Total current	1,606,286
Total non current	2,371,440
Total	3,977,726

18.4 Fair values

Set out below is a comparison of the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2017 and 30 June 2017.

	Dec 31	Dec 31	June 30	June 30
	2017	2017	2017	2017
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
-				
Financial Assets				
Long term deposits	19,879	19,879	19,879	19,879
Trade debts	517,801	517,801	371,238	371,238
Loans to employees	6,361	6,361	5,406	5,406
Trade deposits	6,218	6,218	6,218	6,218
Short term investments	1,443,380	1,443,380	1,909,120	1,909,120
Other receivables	5,634	5,634	10,414	10,414
Cash and bank balances	80,801	80,801	41,676	41,676
Total	2,080,074	2,080,074	2,363,951	2,363,951

There were no financial liabilities measured at fair value as at 31 December 2017 and 30 June 2017.



For the half year ended 31 December 2017

19. DATE OF AUTHORIZATION

This condensed interim financial statements was authorized for issue by the Board of Directors of the Company on February 27, 2018.

20. GENERAL

- 20.1 The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2017 and 2016 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.
- 20.2 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.
- 20.3 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER







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