



**SHAHZAD
TEXTILE**

FORM-8

Date: 25-02-2019

THE GENERAL MANAGER
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
KARACHI

SUBJECT: TRANSMISSION OF QUARTERLY REPORT FOR
THE PERIOD ENDED DECEMBER 31, 2018

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended December 31, 2018 has been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Thanking you.

Yours Sincerely,
For SHAHZAD TEXTILE MILLS LIMITED


COMPANY SECRETARY

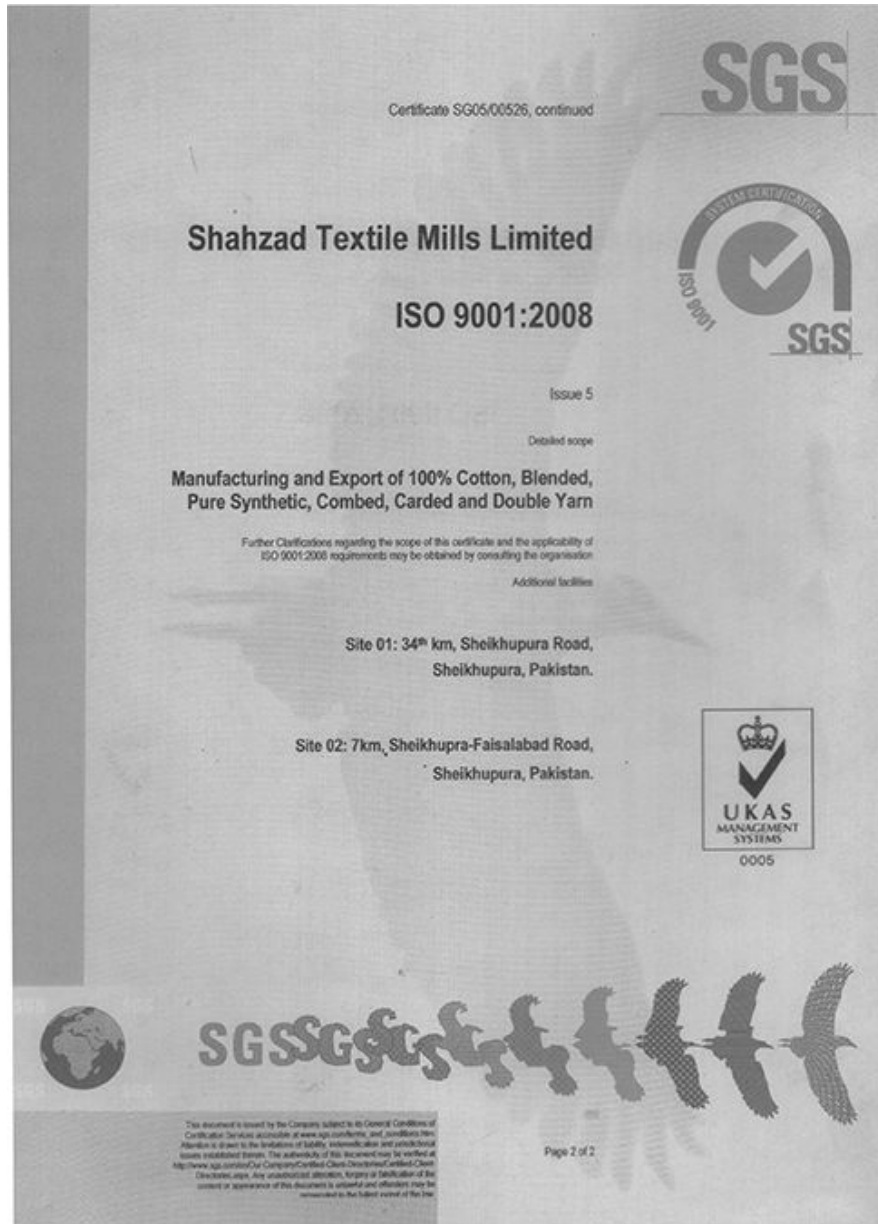
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Half Yearly Report
DECEMBER 31st, 2018



SHAHZAD TEXTILE MILLS LIMITED





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Company's Information

Board of Directors

Mian Parvez Aslam	Chairman
Mr. Imran Aslam	Chief Executive
Mr. Irfan Aslam	
Syed Raza Ali Bokhari	
Mr. Danish Aslam	
Mr. Ahsan Ahmad Khan	
Mr. Maqsood Shahid Najmi	

Chief Financial Officer

Mr. Humayun Bakht

Company Secretary

Mr. Hassan-ud-Din Ansari

Auditors

Horwath Hussain Chaudhry & Co.
Chartered Accountants

Audit Committee

Syed Raza Ali Bokhari	Chairman
Mr. Irfan Aslam	Member
Mr. Maqsood Shahid Najmi	Member

Human Resources &

Remuneration Committee

Syed Raza Ali Bokhari	Chairman
Mr. Imran Aslam	Member
Mr. Ahsan Ahmad Khan	Member

Bankers

Habib Metropolitan Bank Ltd.
J S Bank Ltd.
National Bank of Pakistan.
Meezan Bank Limited.

Share Registrar

Hameed Majeed Associates (Pvt) Ltd.
H.M House, 7-Bank Square Lahore

Registered Office

19-A Off. Zafar Ali Road,
Gulberg-V, Lahore.
Ph: + 92 (42) 35754024-27
Fax: +92 (42) 35712313
E-mail: info@shahzadtex.com
Web: www.shahzadtex.com

Mills

Unit # 1, 3 & 4
34th KM Lahore Sheikhpura
Road, Sheikhpura.

Unit # 2

7th KM Sheikhpura Faisalabad
Road, Sheikhpura.

Directors' Report

On behalf of the directors I am pleased to present the un-audited financial condensed interim financial information (reviewed by the statutory auditors) for second quarter and half year ended December 31, 2018.

The company's pretax profit in the current quarter is 17.863/- million as compared to Profit of Rs.25.209/- million in corresponding period of previous year. In six monthly results pre-tax profit is Rs. 117.895/- million as compared to profit of Rs. 43.086/- million in the previous corresponding period. Company's six months' sales of yarn are also recorded Rs.3,326.189/-million which show an increase of 30.96% over Sales of Rs.2,539.893/-million in corresponding period of previous year. This enormous increase in sales of yarn and profit of the company can be fairly attributed to the untiring efforts of the management for the betterment of the company.

Raw material have not demonstrated any major change in the price and are rotating around Cotton Rs.8400 per maund, Viscose Rs.256 per kg and Polyester Rs.190 per kg. Due to 22% depreciation of local currency against the greenback also helped to export yarn on profitable margin which portrayed increase in exports of yarn too in spite of tough competition in the international market. It fetched attractive profit in the current period as exhibited by the financial data narrated above. The Local market of yarn also showed improvement in local yarn rates and brought an affirmative changes in current financial data.

FUTURE OUTLOOK

As it was extensively discussed in the First Quarterly report that company is going to shutdown its Unit No.3 which was continuously running in loss due to obsolete machinery and planned to establish a socks manufacturing unit at the place of spinning unit No.3. The Market Search report shows that socks manufactured by Pakistani industries have lucrative demand in the global market therefore, the management decided to replace the unit by socks industry.

The organizational structure of the project is completed in all respect and work on the plan has been practically initiated including construction work. L.Cs with the bank for import of socks machines from Italy have been already established and all machines shall hopefully reach in Pakistan till June 2019. We fervently hope that project shall be fully in operation till September 2019.

Earning per share is Rs. 4.76 in half year ended as compared Rs.0.74/- per share in corresponding period of previous year.

We are exceedingly thankful to our valued customers, bankers, share holders and staff members who have sincerely participated in all business activities of the company.

For and on behalf of the board

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the Country. Therefore Director's report have been signed by the chairman and a Director as required under section 232(1) of the Companies Act, 2017.

Irfan Aslam
Director


Chairman

Lahore.
Dated : February 21, 2019

ڈائریکٹرز رپورٹ

میں تمام ڈائریکٹرز کی طرف سے 31 دسمبر 2018 کے اختتام پر کمپنی کا چھ ماہ کا مالیاتی خلاصہ بشمول آڈیٹرز کا محدود جائزہ پیش کرنے میں انتہائی مسرت محسوس کر رہا ہوں۔

موجودہ سہ ماہی میں کمپنی کا قبل از ٹیکس منافع 17.863 ملین ہے جو کہ گذشتہ سال اسی مدت میں 25.209 ملین تھا۔ موجودہ ششماہی کے نتائج میں قبل از ٹیکس منافع 117.895 ملین ہے جو کہ گذشتہ سال اسی مدت میں یہ منافع 43.086 ملین تھا۔ رواں مالی سال کی اس ششماہی میں دھماگے کی فروخت میں 30.96 فیصد اضافہ ہوا ہے جو موجودہ مدت میں 3,326.189 ملین ہے جبکہ گذشتہ برس اسی مدت میں یہ فروخت 2,539.893 ملین تھا۔

موجودہ ششماہی میں کمپنی کے مالی منافع میں بڑھوتری اور دھماگے کی فروخت میں خطیر اضافہ دراصل پختہ کار انتظامیہ کی انتھک محنتوں اور ہمہ تن کاوشوں کا قابل ستائش حاصل ہے۔ جس میں وہ شب و روز کمپنی کی فلاح کے لئے مشغول رہتے ہیں۔

خام مال کی قیمتیں

موجودہ ششماہی میں خام مال کی قیمتوں میں کوئی غیر معمولی تغیر و تبدیلی وقوع پذیر نہیں ہوئی جن میں کائین کی قیمت 8400 روپے فی من، پولیسٹر 190 روپے فی کلو اور ولسکس 256 روپے فی کلو پر گردش کر رہی ہیں۔

ملکی کرنسی میں ڈالر کے مقابلے میں تقریباً 22 فیصد گراؤت کے تحت دھماگے کی برآمدی فروخت میں اضافے کا سبب بنی ہے۔ نتیجہ برآمدی فروخت کے حجم میں خاطر خواہ اضافہ ہوا ہے۔ جو منافع میں اضافے کا سبب بنی ہے۔

دھماگے کی مقامی منڈی میں بھی بہتری مشاہدے میں آئی ہے اور دھماگہ بہتر قیمت پر فروخت ہوا جو منافع میں اضافے کا سبب بنی ہے

جیسا کہ ہم پہلی سہ ماہی میں اس بات کا تفصیلاً ذکر کیا تھا کہ انتظامیہ نے یونٹ نمبر 3 کی جگہ جرائیں بنانے کا یونٹ لگانے کا فیصلہ کیا ہے۔ کیونکہ یونٹ نمبر 3 متروک استعمال مشینری کی وجہ سے مسلسل خسارے میں چل رہا تھا۔

مارکیٹ رپورٹ کے مطابق پاکستان میں نئی جرائیں کا بین الاقوامی منڈیوں میں بڑی مانگ ہے جس کی بنیاد پر انتظامیہ نے یہ دانشمندانہ فیصلہ کیا ہے۔

اس منصوبے کا انتظامی دھماچہ تشکیل پا چکا ہے اور تمام پہلوؤں پر عملاً کام شروع ہو چکا ہے جس میں عمارت کی تعمیر کا کام، مشینری کی درآمد کے لئے بینکوں کے ساتھ LC کا کھولنا وغیرہ شامل ہے۔ امید و اسق ہے اس منصوبے کی تمام مشینری ماہ جون 2019 کے آخر تک پاکستان میں پہنچ جائے گی اور اللہ کے فضل و کرم سے ماہ ستمبر کے آخر تک یونٹ ہر لحاظ سے پیداواری عمل میں جاری و ساری ہوگا۔

اس ششماہی میں فی ٹیئر منافع 4.76 روپے ہے جبکہ گذشتہ ششماہی میں یہ منافع 0.74 روپے فی ٹیئر تھا۔

ہم اپنے قابل قدر صارفین، بینکاروں، مالی اداروں، شیئر ہولڈرز اور عملے کا جو کمپنی کی تمام کاروباری سرگرمیوں میں مخلصانہ حصہ لے رہے ہیں بے حد مشکور ہیں۔

فی الوقت کمپنی کے چیف ایگزیکٹو آفیسر ملک سے باہر ہیں۔ اس لئے یہ مالیاتی گوشوارے پر دو ڈائریکٹرز اور چیف فنانس آفیسر کے دستخط موجود ہیں جیسا کہ بین الاقوامی ایکٹ کے بحوالہ (i) Sec 232 تحت مطلوب ہیں۔

برائے اور بحکم بورڈ

— سہ ماہی
عرفان اسلم
ڈائریکٹر

—
پرویز اسلم
چئیرمین

لاہور: مورخہ 21 فروری 2019ء

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF
INTERIM FINANCIAL STATEMENTS****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of SHAHZAD TEXTILE MILLS LIMITED ("the Company") as at December 31, 2018, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the quarter ended December 31, 2018 and December 31, 2017 in the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Nasir Muneer.



LAHORE
Dated: February 21, 2019

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT DECEMBER 31, 2018

	December 31, 2018 (Un-Audited)	June 30, 2018 (Audited)
Note	----(Rupees in thousand)----	
EQUITY AND LIABILITIES		
Share Capital and Reserves		
Authorized capital:		
40,000,000 (June 30, 2018: 40,000,000)		
ordinary shares of Rs. 10 each	400,000	400,000
Issued, subscribed and paid up capital		
17,971,372 (June 30, 2018: 17,971,372)		
ordinary shares of Rs. 10 each	179,714	179,714
Reserves	1,225,649	1,149,805
Surplus on revaluation of property, plant and equipment	778,826	783,790
	2,184,189	2,113,309
Non Current Liabilities		
Long term financing	37,666	58,036
Staff retirement benefits	123,342	117,208
Deferred tax liability - net	171,868	172,822
	332,876	348,066
Current Liabilities		
Trade and other payables	448,257	359,214
Unclaimed dividends	163	163
Unpaid dividends	199	199
Accrued mark up	10,336	12,450
Current portion of long term financing	40,740	40,740
Short term borrowings	567,619	488,605
Provision for taxation - net	42,547	67,774
	1,109,861	969,145
Contingencies and Commitments	6	-
	3,626,926	3,430,520
ASSETS		
Non Current Assets		
Property, plant and equipment	7	1,863,449
Long term investment in associate		401,679
Long term deposits		14,277
	2,279,405	2,311,795
Current Assets		
Stores and spares	64,002	59,294
Stock in trade	892,680	656,653
Trade debts	88,108	103,126
Advances, trade deposits, prepayments and other receivables	115,533	122,365
Short term investments	18,596	8,440
Tax refunds due from the Government	57,447	64,053
Cash and bank balances	111,155	104,794
	1,347,521	1,118,725
	3,626,926	3,430,520

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements (un-audited).

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the Country. Therefore these financial statements have been signed by two Directors and the Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

	Note	Half Year Ended		Quarter Ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		----(Rupees in thousand)----		----(Rupees in thousand)----	
Sales		3,326,189	2,539,893	1,641,299	1,312,337
Cost of sales	8	(3,091,837)	(2,455,050)	(1,570,093)	(1,284,592)
Gross Profit		234,352	84,843	71,206	27,745
Operating expenses:					
- Selling and distribution		(10,873)	(12,413)	(2,532)	(5,770)
- Administrative expenses		(70,803)	(62,847)	(38,545)	(33,329)
		(81,676)	(75,260)	(41,077)	(39,099)
Operating Profit / (Loss)		152,676	9,583	30,129	(11,354)
Finance cost		(25,457)	(17,057)	(16,384)	(9,713)
Other operating expenses		(24,471)	(11,591)	(8,807)	(9,240)
Other income		5,177	43,227	4,347	42,904
Share of net profit of associate		9,970	18,924	8,578	12,612
		(34,781)	33,503	(12,266)	36,563
Profit before Taxation		117,895	43,086	17,863	25,209
Taxation		(32,338)	(36,584)	(4,530)	(23,745)
Net Profit for the Period		85,557	6,502	13,333	1,464
Earnings per Share - Basic and Diluted		4.76	0.36	0.74	0.08

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements (un-audited).

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the Country. Therefore these financial statements have been signed by two Directors and the Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.


 DIRECTOR


 DIRECTOR


 CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	----(Rupees in thousand)----		----(Rupees in thousand)----	
Net Profit for the Period	85,557	6,502	13,333	1,464
Other Comprehensive Income for the Period				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Total Comprehensive Income for the Period	85,557	6,502	13,333	1,464

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements (un-audited).

Statement under section 232(1) of the Companies Act, 2017:
The Chief Executive Officer of the Company is presently out of the Country. Therefore these financial statements have been signed by two Directors and the Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Particulars	Share Capital	R e s e r v e			Surplus on Revaluation of Property, Plant and Equipment	Total Equity
		Share Premium	Un appropriated Profit	Sub-Total		
----(Rupees in thousand)----						
Balance as at June 30, 2017 as previously reported	179,714	5,796	1,082,991	1,088,787	-	1,268,501
Impact of restatement	-	-	-	-	483,511	483,511
Balance as at June 30, 2017 as restated	179,714	5,796	1,082,991	1,088,787	483,511	1,752,012
Total comprehensive income for the half year ended December 31, 2017	-	-	6,502	6,502	-	6,502
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	6,642	6,642	(6,642)	-
Surplus realized on disposal of revalued property, plant and equipment - net of deferred tax	-	-	2,904	2,904	(2,904)	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	-	(2,560)	(2,560)
Share in realized surplus on revaluation of property, plant and equipment of associate - net of deferred tax	-	-	1,471	1,471	-	1,471
Final dividend for the year ended June 30, 2017	-	-	(17,971)	(17,971)	-	(17,971)
Balance as at December 31, 2017 as restated	179,714	5,796	1,082,539	1,088,335	471,405	1,739,454
Balance as at June 30, 2018	179,714	5,796	1,144,009	1,149,805	783,790	2,113,309
Total comprehensive income for the half year ended December 31, 2018	-	-	85,557	85,557	-	85,557
Incremental depreciation for the period on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	6,494	6,494	(6,494)	-
Surplus realized on disposal of revalued property, plant and equipment - net of deferred tax	-	-	297	297	(297)	-
Surplus on revaluation of property, plant and equipment related to export	-	-	-	-	(530)	(530)
Surplus on revaluation of property, plant and equipment related to rate change	-	-	-	-	2,357	2,357
Share in realized surplus on revaluation of property, plant and equipment of associate - net of deferred tax	-	-	1,467	1,467	-	1,467
Final dividend for the year ended June 30, 2018	-	-	(17,971)	(17,971)	-	(17,971)
Balance as at December 31, 2018	179,714	5,796	1,219,853	1,225,649	778,826	2,184,189

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements (un-audited).

Statement under section 232(1) of the Companies Act, 2017:
The Chief Executive Officer of the Company is presently out of the Country. Therefore these financial statements have been signed by two Directors and the Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.



DIRECTOR



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	December 31, 2018	December 31, 2017
	----(Rupees in thousand)----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	117,895	43,086
Adjustments for:		
- Depreciation	53,043	50,688
- Share of net profit of associate	(9,970)	(18,924)
- Loss on disposal of property, plant and equipment - net	14	2,454
- Gain on investment at fair value through profit or loss	-	(487)
- Provision for gratuity related to statement of profit or loss	23,004	17,377
- Exchange (gain) / loss	(1,565)	21
- Provision for Workers' (Profit) Participation Fund	7,113	2,315
- Provision for Workers' Welfare Fund	2,374	908
- Interest on Workers' (Profit) Participation Fund	200	-
- Provision for further sales tax	14,871	5,792
- Reversal of provision for further sales tax	-	(42,168)
- Finance cost	19,451	12,658
	108,535	30,634
Operating Profit before Working Capital Changes	226,430	73,720
Decrease / (increase) in current assets:		
- Stores and spares	(4,707)	16,432
- Stock in trade	(236,027)	(405,053)
- Trade debts	16,583	(6,529)
- Advances, trade deposits, prepayments and other receivables	7,019	(54,597)
- Tax refunds due from the Government	(18,137)	(3,002)
Increase in current liabilities:		
- Trade and other payables	71,064	289,241
	(164,205)	(163,508)
Cash Generated From / (Used In) Operations	62,225	(89,788)
Income tax paid	(32,394)	(37,657)
Gratuity paid	(16,869)	(10,818)
Finance cost paid	(21,568)	(14,556)
Workers' (Profit) Participation Fund paid	(6,578)	(3,521)
	(77,409)	(66,552)
Net Cash Used in Operating Activities	(15,184)	(156,340)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(12,903)	(3,586)
Capital work in progress	-	(23,405)
Proceeds from disposal of property, plant and equipment	4,139	14,359
Short term investments - net	(10,156)	-
Long term deposits	(207)	-
Net Cash Used in Investing Activities	(19,127)	(12,632)
CASH FLOW FROM FINANCING ACTIVITIES		
Loan repaid to directors	-	(40,000)
Dividends received from associated company	-	16,240
Dividends paid to shareholders	(17,971)	(17,977)
Repayment of long term loan	(20,370)	(20,370)
Short term borrowings acquired	79,013	201,927
Net Cash Generated from Financing Activities	40,672	139,820
Net Increase / (Decrease) in Cash and Cash Equivalents	6,361	(29,152)
Cash and cash equivalents at the beginning of the period	104,794	60,340
Cash and Cash Equivalents at the End of the period	111,155	31,188

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements (un-audited).

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the Country. Therefore these financial statements have been signed by two Directors and the Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.


 DIRECTOR


 DIRECTOR


 CHIEF FINANCIAL OFFICER

**NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL
STATEMENTS (UN-AUDITED)**

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Note 1

The Company and its Operations

Shahzad Textile Mills Limited (the Company) was incorporated in Pakistan on October 24, 1978 as a Public Limited Company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange. The Company is domiciled in Pakistan and principle business of the Company is to manufacture and deal in all types of yarn.

The information on geographical location and addresses of the Company's business units including plants is as under:

- Company's registered office is situated at 19-A, Off Zafar Ali Road, Gulberg - V, Lahore.
- Units 1, 3 & 4 are situated at 34th Km, Lahore Sheikhupura Road, Sheikhupura.
- Unit 2 is situated at 7th Km, Sheikhupura Faisalabad Road, Sheikhupura.

Note 2

Basis of Preparation

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements are unaudited and have been subjected to limited scope review by the auditors as required by Section 237 of the Companies Act, 2017. The figures for the quarters ended on December 31, 2017 and 2018 presented in the condensed financial statements have not been reviewed by the external auditors.

2.3 These condensed interim financial statements are presented in Pak rupees, which is the Company's functional and presentation currency. Figures have been rounded off to nearest thousand rupees, unless stated otherwise. These condensed financial statements do not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018.

Note 3

Significant Accounting Policies

The accounting policies and methods of computation of this condensed interim financial statements are the same as those followed in the preparation of annual financial statements for the preceding financial year ended on June 30, 2018.

Note 4

Accounting Estimates and Judgment

The accounting estimates and associated assumptions used in the preparation of these interim financial statements are consistent with those applied in the preparation of annual financial statements of the Company for the year ended June 30, 2018.

Note 5		
Short Term Borrowings	December 31, 2018	June 30, 2018
	(Un-audited)	(Audited)
	----(Rupees in thousand)----	
From banking companies - Secured		
Cash / packing finances	567,619	488,605
	<u>567,619</u>	<u>488,605</u>
5.1 The Company has obtained various funded and unfunded financial facilities from various banks for a total sanctioned limit of Rs. 2,194 million (June 30, 2018: Rs. 2,194 million) towards working capital requirements, retirement of local and foreign LCs, discounting local bills / receivables. These facilities shall expire on various dates latest by January 31, 2019. Mark up on these facilities is charged from 1 to 3 month KIBOR plus a spread of 1% to 1.25% (June 30, 2018: 1 to 3 month KIBOR plus a spread of 1% to 1.25%) payable quarterly. The aggregate short term finances are secured by ranking and hypothecation charge on property, plant and equipment, stocks and receivables of the Company; lien over export and import documents and personal guarantees of sponsoring directors of the Company.		
Note 6		
Contingencies and Commitments	December 31, 2018	June 30, 2018
	(Un-audited)	(Audited)
	----(Rupees in thousand)----	
Contingencies		
- The Company has provided bank guarantees / post dated cheques in the favour of following party:		
Sui Northern Gas Pipeline Limited	74.90	72.64
- The Company is contingently liable for Rs. 21.692 million (June 30, 2018: Rs. 19.983 million) on account of electricity duty on self generation. However the company has not admitted the levy of said duty and case is pending before the Supreme Court of Pakistan.		
Commitments		
- The Company's outstanding commitments/contracts as at the reporting date are as under:	December 31, 2018	June 30, 2018
	(Un-audited)	(Audited)
	----(Rupees in thousand)----	
Capital Commitment	13.70	-
Foreign bills of exchange purchased	142.28	50.34
Letters of credit	36.17	4.61
	<u>192.15</u>	<u>54.95</u>
Note 7		
Property, Plant and Equipment	December 31, 2018	June 30, 2018
	(Un-audited)	(Audited)
	----(Rupees in thousand)----	
Opening written down value	1,907,741	1,609,826
Additions during the period / year	12,903	115,819
Surplus on Revaluation of Property, Plant and Equipment	-	327,250
	<u>1,920,644</u>	<u>2,052,895</u>
Disposals during the period / year (at written down value)	(4,152)	(46,667)
	<u>1,916,492</u>	<u>2,006,228</u>
Depreciation charge for the period / year	(53,043)	(98,487)
	<u>1,863,449</u>	<u>1,907,741</u>
7.1 Additions during the period / year in property, plant and equipment is as under:		
Buildings on freehold land	1,983	-
Plant and machinery	7,937	3,506
Power house	-	101,507
Vehicles	2,983	7,579
Electric installation	-	3,227
	<u>12,903</u>	<u>115,819</u>

Note 8 Cost of Sales	Half Year Ended		Quarter Ended	
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
	(Un-audited)			
	(Rupees in thousand)			
Raw materials consumed	2,330,553	1,728,922	1,196,448	912,387
Stores and spares consumed	49,951	41,658	24,816	24,012
Packing materials consumed	60,241	53,197	30,192	26,858
Salaries, wages and other benefits	275,411	248,273	134,766	119,176
Fuel and power	320,053	317,946	157,254	169,815
Insurance	4,665	3,789	2,132	1,913
Repairs and maintenance	7,466	4,312	4,376	2,463
Other manufacturing expenses	5,160	5,119	2,690	2,649
Depreciation	48,299	45,263	24,158	19,725
	3,101,799	2,448,479	1,576,832	1,278,998
Opening work in process	37,451	33,324	43,250	37,170
Closing work in process	(45,038)	(36,166)	(45,038)	(36,166)
	(7,587)	(2,842)	(1,788)	1,004
Cost of goods manufactured	3,094,212	2,445,637	1,575,044	1,280,002
Opening finished goods	65,590	55,108	63,014	50,285
Closing finished goods	(67,965)	(45,695)	(67,965)	(45,695)
	(2,375)	9,413	(4,951)	4,590
	3,091,837	2,455,050	1,570,093	1,284,592

Note 9

Transactions with Related Parties

Related parties comprise related group companies, associated companies, directors and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

Transaction during the period				December 31, 2018	December 31, 2017
				(Un-audited)	(Un-audited)
				(Rupees in thousand)	
Related party	Relationship	Aggregate shareholding	Nature of Transaction		
Sargodha Jute Mills Limited	Associate	24.94%	Dividends income received	-	16,240
			Rent received against lease of building	240	240
			Purchase of materials, goods and services	326	216
			Sale of materials, goods and services	158	156
Directors	Associate Person		Short term loan from directors repaid	-	(40,000)
Balances outstanding as at				December 31, 2018	June 30, 2018
				(Un-audited)	(Audited)
				(Rupees in thousand)	
Sargodha Jute Mills Limited		24.94%	Trade debts	46	135

Note 10

Segment Information

For management purposes, the activities of the Company are recognized into one operating segment, i.e. manufacturing and sales of yarn. The Company operates in the said reportable operating segment based on the nature of the product, risk and return, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements related to the Company's only reportable segment. Entity-wide disclosures regarding reportable segment are as follows:

	December 31, 2018	June 30, 2018
	(Un-audited) Percentage	(Audited) Percentage
10.1 Information about products:		
Yarn	99.28%	99.10%
10.2 Major customers:		
5 customers (June 30, 2018: 4 customers)	53.09%	53.78%

10.3 Geographical Information:

Company's revenue from external customers on the basis of geographical location is given as under:

	December 31, 2018	June 30, 2018
	(Un-audited)	(Un-audited)
	----(Rupees in thousand)----	
Pakistan	2,528,879	4,341,568
Asia	689,650	997,260
Europe	122,757	116,634
	<u>3,341,286</u>	<u>5,455,462</u>

- 10.4 All non-current assets of the Company are located and operated in Pakistan as at the reporting date.

Note 11

Authorization of Condensed Interim Financial Statements

These condensed interim financial statements (un-audited) were authorized for issue on February 21, 2019 by the Board of Directors of the Company.

Note 12

General

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material reclassifications have been made in these condensed interim financial statements (un-audited), except that the surplus on revaluation of property, plant and equipment has been included in the equity and comparative information for the six months period ended December 31, 2017 has been restated in statement of changes in equity. The basis of such restatement has been explained in Note 5 of annual financial statements for the year ended June 30, 2018.

Statement under section 232(1) of the Companies Act, 2017:
The Chief Executive Officer of the Company is presently out of the Country. Therefore these financial statements have been signed by two Directors and the Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER



19-A, OFF, ZAFAR ALI ROAD
GULBERG-V, LAHORE - PAKISTAN