



SALFI TEXTILE MILLS LIMITED

**Condensed Interim Financial Information
For The Half Year Ended December 31, 2017**

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COMPANY INFORMATION**BOARD OF DIRECTORS****CHAIRMAN:** Mr. Anwar Ahmed Tata**CHIEF EXECUTIVE:** Mr. Adeel Shahid Tata**DIRECTORS:** Mr. Shahid Anwar Tata
Mr. Ajjaz Ahmed Tariq
Mr. Bilal Shahid Tata
Mr. Muhammad Naseem
Sheikh Kausar Ejaz**AUDIT COMMITTEE****CHAIRMAN:** Mr. Muhammad Naseem**MEMBERS:** Mr. Bilal Shahid Tata
Sheikh Kausar Ejaz**SECRETARY** Mr. Owais Ahmed Abbasi**HUMAN RESOURCE &
REMUNERATION COMMITTEE****CHAIRMAN:** Mr. Muhammad Naseem**MEMBERS:** Mr. Adeel Shahid Tata
Mr. Bilal Shahid Tata**SECRETARY** Mr. Aadil Riaz**COMPANY SECRETARY &
CHIEF FINANCIAL OFFICER:**

Mr. Farooq Advani

BANKERS: Dubai Islamic Bank (Pakistan) Limited
Bank Alfalah Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited
The Bank of Punjab
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Allied Bank Limited
Bank Islami Pakistan Limited
JS Bank Limited
Askari Bank Limited**AUDITORS:** M/s. Deloitte Yousuf Adil
Chartered Accountants**LEGAL ADVISOR:** Ameen Bandukda & Co. Advocates**SHARE REGISTRAR:** Central Depository Company of Pakistan Limited
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shakra-e-Faisal
Tel# (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053**REGISTERED OFFICE:** 6th Floor Textile Plaza,
M.A Jinnah Road Karachi.
Tel# 32412955-3 Lines 32426761-2-4
Fax# 32417710**WEB SITE ADDRESS:** www.tatapakistan.com**E- MAIL ADDRESS:** stm.corporate@tatapakistan.com

Directors' Report

Assalam-o-Alaikum

The Financial Statements (Un-audited) of the Company for the Half Year ended, December 31, 2017 is being presented to you.

Alhamdulillah, the financial statement of the Company for the 2nd quarter ended December 31, 2017 is encouraging and has shown a good improvement. During the period under review, the Company incurred a pre-tax profit of Rs.49.251 million as compared to a pre-tax loss of Rs.7.708 million during the corresponding period of last year.

Textile Industry

Alhamdulillah, there has been some positive developments in the Textile Industry. The activities and exports of downstream Industries have picked up which have resulted in the increased demand of yarn as well. Another encouraging aspect is the Government's continuation of Export Rebate, though only 50%. The escalation in Cotton Prices and the devaluation of Rupee has also played a positive role in the Textile sector and improvement have been witnessed in the six segments of the Textile Industries, major being Yarn and Grey Fabric, Finished Fabric, Home Textile, Denim, Towel and Knitted Garments. Moreover, to a great extent the rise in Cotton Prices has been absorbed mainly due to two factors, depreciation of Rupee and growth in the demand of Yarn.

Cotton Crop

This has been the third consecutive year of Cotton Crop failure particularly in Punjab, whereas, the Crop in Sindh has improved resulting in high yield of cotton this year. The crop in Punjab has performed poorly both quality wise and quantity wise and I have never seen such inferior quality of Cotton in my 35 years in textile business. The Punjab Government seems clueless about its remedial measures or research for development. Agriculture being a subject of the Provisional Government, we feel Punjab Government needs to work on both quality and quantity as Cotton is our most important Cash Crop and the production of Cotton is integral to the economic development of the Country. At present, your Company has enough Cotton Stock to last till June 2018; though, critical would be the next Cotton year, whereby, we will have to wait and watch for the outcome of the future Cotton yield.

Future Outlook

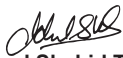
Going forward, the Management is taking initiatives in every area to optimize and reduce Cost without compromising on the Mill performance and has also made reduction in the areas of Stores and Spares, Repair & Maintenance, Other Over Head expenses and Power.

To keep up with the market trend and demand, we plan to add Twisting and Doubling machines at Salfi Textile Mills, to produce Plied yarns.

ACKNOWLEDGEMENT

It is most important to mention the untiring efforts of all our team members who are engaged in up-holding their commitment to the Company's success and growth. We also thank our Bankers, Vendors and Customers for their consistent trust and support.

On behalf of the Board of Directors


Adeel Shahid Tata
Chief Executive

Karachi

Dated: February 26, 2018

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan
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AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of SALFI TEXTILE MILLS LIMITED (the Company) as at December 31, 2017, the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as condensed interim financial information). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarter ended December 31, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

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 as of and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for the interim financial reporting.



Chartered Accountants

Engagement Partner
Hena Sadiq

Dated: February 26, 2018
Karachi

Member of

Deloitte Touche Tohmatsu Limited

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2017

		December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
	Note	----- Rupees in '000' -----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,320,154	3,388,008
Intangible assets		79	257
Long-term investments		636	654
Long-term deposits		1,029	1,179
		3,321,898	3,390,098
Current assets			
Stores, spares and loose tools		38,561	37,929
Stock-in-trade		1,801,748	1,375,917
Trade debts		364,314	418,036
Loans and advances		249,365	250,470
Trade deposits and short-term prepayments		1,532	1,781
Other receivables		65,727	49,417
Other financial assets		24,740	24,740
Sales tax refundable		67,574	60,765
Cash and bank balances		13,718	17,412
		2,627,280	2,236,467
TOTAL ASSETS		5,949,178	5,626,565
EQUITY AND LIABILITIES			
Share capital and reserves			
Surplus on revaluation of property, plant and equipment	6	728,614	691,997
		1,471,984	1,492,666
Non-current liabilities			
Long-term finances	7	476,115	587,502
Deferred liabilities		90,147	79,006
		566,261	666,508
Current liabilities			
Trade and other payables		284,993	286,240
Accrued interest / markup on borrowings		48,272	43,207
Short-term borrowings		2,540,453	2,184,746
Current portion of long-term finances	7	222,758	208,658
Provision for income tax		85,843	52,543
		3,182,318	2,775,394
Contingencies and commitments	8		
TOTAL EQUITY AND LIABILITIES		5,949,178	5,626,565

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.



ADEEL SHAHID TATA
CHIEF EXECUTIVE



FAROOQ ADVANI
CHIEF FINANCIAL OFFICER



ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Note	2017	2016	2017	2016
----- Rupees in '000' -----				
Sales - net	2,927,468	2,577,273	1,380,856	1,368,752
Cost of goods sold	(2,700,158)	(2,407,372)	(1,266,743)	(1,261,117)
Gross profit	227,310	169,901	114,113	107,635
Distribution cost	(44,216)	(59,495)	(17,372)	(31,302)
Administrative expenses	(49,388)	(50,305)	(23,496)	(23,727)
Other operating expenses	(4,411)	(1,426)	(2,112)	(740)
Finance cost	(109,194)	(72,954)	(55,593)	(41,498)
	(207,209)	(184,180)	(98,573)	(97,267)
Other income	29,150	6,571	11,605	4,374
Profit / (loss) before taxation	49,251	(7,708)	27,145	14,742
Provision for taxation	(33,301)	(26,385)	(15,644)	(13,982)
Profit / (loss) for the period	15,950	(34,093)	11,501	760
Other comprehensive income				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Unrealised loss on remeasurement of investment - available for sale	(17)	(36)	(3)	(72)
Total comprehensive income for the period	15,933	(34,129)	11,498	688

Earnings per share - basic and diluted (Rupees) 4.77 (10.20) 3.44 0.23

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.



ADEEL SHAHID TATA
CHIEF EXECUTIVE



FAROOQ ADVANI
CHIEF FINANCIAL OFFICER




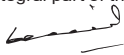
ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended	
	December 31, 2017	December 31, 2016
	----- Rupees in '000' -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	49,251	(7,708)
Adjustments for		
Depreciation	71,759	71,122
Amortization	177	688
Provision for staff gratuity	17,184	15,223
Provision for staff compensated absences	4,471	4,177
Finance cost	109,194	72,954
Loss / (gain) on disposal of property, plant and equipment	46	(1,045)
Provision for bad debts	(576)	-
Operating cash flows before working capital changes	251,506	155,411
(Increase) / decrease in current assets		
Stores, spares and loose tools	(631)	14,336
Stock-in-trade	(425,831)	(1,028,725)
Trade debts	54,299	82,258
Loans and advances	23,963	63,873
Trade deposits and short-term prepayments	249	7,495
Other receivables	(16,311)	(45)
Other financial assets	-	(2,199)
Sales tax refundable	(6,809)	(11,663)
(Decrease) / increase in current liabilities		
Trade and other payables	(1,247)	(163,068)
Cash used in operations	(120,812)	(882,327)
Finance cost paid	(104,129)	(56,572)
Income tax paid	(22,857)	(25,598)
Staff gratuity paid	(7,137)	(7,259)
Compensated absences paid	(3,377)	(3,334)
Net cash used in operating activities	(258,313)	(975,090)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(4,034)	(46,905)
Proceeds from disposal of property, plant and equipment	83	1,302
Long-term deposits received back	150	13
Net cash used in investing activities	(3,801)	(45,590)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finances	(97,288)	(65,781)
Short-term borrowings paid off- net	(238,732)	(21,710)
Net cash used in financing activities	(336,019)	(87,491)
Net decrease in cash and cash equivalents (A+B+C)	(598,133)	(1,108,171)
Cash and cash equivalents at the beginning of the period	(1,771,656)	(318,107)
Cash and cash equivalents at the end of the period	(2,369,789)	(1,426,278)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	13,718	21,399
Short-term running finances	(2,383,507)	(1,447,677)
	(2,369,789)	(1,426,278)

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.


ADEEL SHAHID TATA
 CHIEF EXECUTIVE


FAROOQ ADVANI
 CHIEF FINANCIAL OFFICER


ANWAR AHMED TATA
 CHAIRMAN/DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	Revenue Reserves				Total
	Issued, subscribed and paid up capital	General reserve	Other reserve	Unappropriated profits	
	Rupees in 000				
Balance at June 30, 2016 (Audited)	33,426	500,000	5,996	(108)	610,136
Total comprehensive income for the half year ended December 31, 2016					
Loss for the period	-	-	-	-	(34,093)
Other comprehensive income					
Loss on remeasurement of investment classified available for sale	-	-	-	(36)	(36)
Total comprehensive income for the period	-	-	-	(36)	(34,129)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	-	21,774
Balance at December 31, 2016 (Unaudited)	33,426	500,000	5,996	(144)	597,781
Total comprehensive income for the year ended June 30, 2017					
Profit for the period	-	-	-	-	70,767
Other comprehensive income					
(Loss) / gain on remeasurement of:					
- defined benefit plan	-	-	-	-	502
- investment classified available for sale	-	-	-	(9)	(9)
Total comprehensive income for the period	-	-	-	(9)	493
					71,260

Transferred from surplus on revaluation of property, plant and equipment on account of:
 - incremental depreciation
 - disposal

-	-	-	-	21,702	21,702
-	-	-	-	1,254	1,254
-	-	-	-	22,956	22,956
33,426	500,000	5,996	(153)	152,727	691,997
Balance at June 30, 2017 (Audited)					
Total comprehensive income for the half year ended December 31, 2017					
Profit for the period					
-	-	-	-	15,950	15,950
Other comprehensive income					
Loss on remeasurement of investment classified available for sale					
-	-	-	(17)	-	(17)
Total comprehensive income for the period					
-	-	-	(17)	15,950	15,933
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax					
-	-	-	-	20,684	20,684
33,426	500,000	5,996	(170)	189,361	728,614
Balance at December 31, 2017 (Unaudited)					

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.


ADEEL SHAHID TATA
 CHIEF EXECUTIVE


FAROOQ ADVANI
 CHIEF FINANCIAL OFFICER


ANWAR AHMED TATA
 CHAIRMAN/DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

Salfi Textile Mills Limited (the Company) was incorporated in Pakistan on January 05, 1968 as a public limited company under the Companies Act, 1913 as repealed by the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 6th floor Textile Plaza, M.A. Jinnah Road, Karachi in the province of Sindh. The principal activity of the Company is manufacturing and sale of yarn. The Company's manufacturing facilities are located at Landhi Industrial Estate, Karachi in the province of Sindh.

2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company has been prepared in accordance with the requirements of the International Accounting Standard 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 shall prevail. This condensed interim financial information does not include all the information required for full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2017.

The Companies Act, 2017 has been promulgated in Pakistan on May, 30 2017 but this condensed interim financial information has been prepared in accordance with the provisions of repealed Companies Ordinance, 1984 as instructed by Securities and Exchange Commission of Pakistan under Circular no. 23 of 2017, dated October 04, 2017.

2.2 This condensed interim financial information has been prepared under 'historical cost convention' modified by:

- certain items of property, plant and equipment have been included at the revalued amounts;
- certain financial instruments at fair value; and
- recognition of certain staff retirement benefits at present value.

2.3 This condensed interim financial information are presented in Pakistan Rupees which is the Company's functional and presentation currency and figures presented in this condensed interim financial information has been rounded off to the nearest thousand rupee unless otherwise stated.

2.4 This condensed interim financial information is unaudited. However, a limited scope review of this condensed interim financial information has been performed by the external auditors of the Company in accordance with the requirements of clause (26) of Listed Companies (Code of Corporate Governance) Regulations, 2017. This condensed interim financial information is being submitted to the shareholders as required by section 237 of the Companies Act 2017.

2.5 The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2017, whereas comparative condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from unaudited condensed interim financial information for the half year ended December 31, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, estimates, judgments and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published annual financial statements for the year ended June 30, 2017.

Certain amendments to existing International Financial Reporting Standards are effective for periods beginning on or after July 1, 2017, which do not have any impact on this condensed interim financial information and are therefore not enumerated here.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2017.

December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
----- Rupees in '000' -----	

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets
Capital work-in-progress

3,311,183	3,379,760
8,971	8,248
3,320,154	3,388,008

5.1 Following additions / transfers and disposals in operating assets were made.

	Additions/ transfers from CWIP	Disposals (written down value)	Sale proceeds
	----- Rupees in '000' -----		
During the period ended December 31, 2017 (Unaudited)			
Buildings on lease-hold land	2,106	-	-
Plant and machinery	150	-	-
Factory equipment	340	-	-
Furniture and fixtures	185	3	-
Office equipment	529	-	-
Vehicles	-	126	83
	3,310	129	83

	Additions/ transfers from CWIP	Disposals (written down value) Rupees in '000'	Sale proceeds
During the year ended June 30, 2017 (Audited)			
Buildings on lease-hold land	195,988	-	-
Plant and machinery	3,527	2,758	1,931
Factory equipment	400	-	-
Furniture and fixtures	188	-	-
Office equipment	2,789	30	24
Vehicles	-	945	2,756
	202,892	3,733	4,711
	December 31, 2017 (Unaudited)	June 30, 2017 (Audited)	
	----- Rupees in '000' -----		
6. SHARE CAPITAL AND RESERVES			
Authorized capital			
5,000,000 ordinary shares of Rs.10 each	50,000		50,000
Issued, subscribed and paid-up capital			
3,342,570 ordinary shares of Rs. 10 each fully paid in cash	33,426		33,426
General reserve	500,000		500,000
Other reserve	5,996		5,996
Unrealized loss in value of investments classified as available for sale	(170)		(153)
Unappropriated profits	189,362		152,728
	728,614		691,997
7. LONG-TERM FINANCE			
Banking companies - secured			
Term finance	696,348		793,146
Car finance	2,525		3,013
	698,873		796,159
Less: Current portion shown under current liabilities			
Term finance	(221,727)		(207,662)
Car finance	(1,031)		(995)
	(222,758)		(208,657)
	476,115		587,502
7.1			
These finances are secured against first equitable mortgage on fixed assets and first specific charge over imported machinery of the Company, vehicles acquired from vehicle loans and guarantee of directors of the Company. These finances are subject to mark-up at the rates ranging from 3 - 6 month KIBOR plus 1% to 1.25% per annum (June 30, 2017: 3 - 6 month KIBOR plus 1% to 1.25% per annum).			
	Note	December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
		----- Rupees in '000' -----	
7.2 Long Term Financing			
Balance as on July 01,		796,160	967,341
Additions		-	-
Repayment		(97,287)	(171,182)
Balance as on		698,873	796,159
Less: current portion of long term financing		(222,759)	(208,657)
		476,115	587,502
8. CONTINGENCIES AND COMMITMENTS			
8.1 Contingencies			
There are no contingencies as at December 31, 2017 and June 30, 2017.			
8.2 Commitments			
(i) Civil works and machinery		945	2,405
(ii) Letters of credit for			
- stores and spares		14,041	3,367
- raw material		757,483	215,285
(iii) Bank guarantees issued on behalf of the Company	8.2.1	93,299	93,299
(iv) Bills discounted with recourse			
- local		11,007	34,112
- export		432,064	391,259
(v) Outstanding sales contracts		394,792	207,697
8.2.1			
This includes bank guarantee related to infrastructure cess amounting to Rs. 75.5 million (June 30, 2017: Rs.75.5 million) for which provision amounting to Rs.71.97 million (June 30,2017: Rs.68.39 million) has been made.			

Note	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(Unaudited)			
	Rupees in '000'			
9. COST OF GOODS SOLD				
Opening stock- finished goods	176,102	144,637	111,259	257,492
Cost of goods manufactured	2,528,247	2,525,996	1,260,638	1,267,262
	2,704,350	2,670,633	1,371,897	1,524,754
Purchase of yarn	-	376	-	-
Closing stock- finished goods	(128,443)	(263,637)	(128,443)	(263,637)
Cost of manufactured goods sold	2,575,906	2,407,372	1,243,454	1,261,117
Cost of raw material sold	124,252	-	23,289	-
	2,700,158	2,407,372	1,266,743	1,261,117
9.1 Cost of goods manufactured				
Raw material consumed	2,031,188	1,994,906	1,023,509	1,015,225
Packing material	34,434	36,760	15,854	16,800
Stores and spares	35,235	39,081	16,196	19,307
Salaries, wages and benefits	161,618	173,064	74,335	80,000
Fuel and power	184,739	195,646	92,416	92,332
Insurance	3,842	5,764	2,079	2,852
Repairs and maintenance	1,408	2,882	860	1,968
Depreciation	68,693	67,649	34,371	34,153
Other overheads	8,939	12,252	4,652	6,654
	2,530,097	2,528,004	1,264,272	1,269,291
Work-in-process				
Opening stock	32,073	29,730	30,289	29,708
Closing stock	(33,923)	(31,738)	(33,923)	(31,737)
	(1,850)	(2,008)	(3,634)	(2,029)
	2,528,247	2,525,996	1,260,638	1,267,262
9.1.1 Raw material consumed				
Opening stock	1,167,742	556,362	1,003,999	461,746
Purchases - net	2,502,828	2,902,624	1,658,892	2,017,559
	3,670,570	3,458,986	2,662,891	2,479,305
Closing stock	(1,639,382)	(1,464,080)	(1,639,382)	(1,464,080)
	2,031,188	1,994,906	1,023,509	1,015,225

9.2 Net realisable value of finished goods was lower than its cost, which resulted in write down of Rs. 1 million (Dec.31,2016 Rs.3.19 million) charged to cost of sales.

10. TAXATION

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred tax is provided using the balance sheet liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. After considering, the effects on deferred taxation on the portion of income subject to final tax regime.

11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Significant transactions with related parties are as follows:

		Half year ended	
		December 31, 2017	December 31, 2016
		----- Unaudited -----	----- Audited -----
		----- Rupees in '000' -----	
Relationship with the party	Nature of transactions		
Associated undertakings	Share of expense received	2,207	1,215
	Share of expense paid	219	3,491
	Licensing fee received	1,653	2,124
	Rent income	300	300
	Purchase of machinery	-	60
	Purchase of power	180,978	189,346
	Purchase of yarn	-	375
	Sale of raw material	126,694	-
	Sale of store items	270	-
	Purchase of cotton	20,000	-
Directors	Remuneration	3,315	4,154
	Meetings fee	95	60
	Rent expense	2,045	1,814
Key management personnel	Remuneration	17,473	36,501
		December 31, 2017	June 30, 2017
		Unaudited	Audited
		----- Rupees in '000' -----	
Outstanding balance			
Associated undertakings	Other receivables	141	483
	Trade and other payables	30,842	112,365

12. FAIR VALUE HIERARCHY

The Company's free hold land, building and plant and machinery are stated at revalued amounts, being the fair value at the date of revaluation, less subsequent depreciation and subsequent impairment losses, if any. The fair value measurements of the Company's free hold land, building and plant and machinery as at June 30, 2015 were performed by Iqbal A.Nanjee & Company (Private) Limited (valuer) on the basis of market value or depreciated replacement values as applicable. The valuer is listed on panel of Pakistan Banks Association and has appropriate qualification and experience in the fair value measurement of properties, plant and machinery.

Information about fair value hierarchy and assets classified under the hierarchy are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).


Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

	Level 1	Level 2	Level 3	Total
	----- Rupees '000' -----			
As at December 31, 2017 (unaudited)				
Free hold land	-	666,417	-	666,417
Building on free hold land	-	174,748	-	174,748
Plant and machinery	-	630,820	-	630,820
Long term investment- listed shares	636	-	-	636
Total	636	1,471,984	-	1,472,620
As at June 30, 2017 (audited)				
Free hold land	-	666,417	-	666,417
Building on free hold land	-	179,255	-	179,255
Plant and machinery	-	646,995	-	646,995
Long term investment- listed shares	654	-	-	654
Total	654	1,492,666	-	1,493,320

There were no transfers between levels of fair value hierarchy during the period.

13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved and authorized for issue on February 26, 2018 by the Board of Directors of the Company.


ADEEL SHAHID TATA
 CHIEF EXECUTIVE


FAROOQ ADVANI
 CHIEF FINANCIAL OFFICER


ANWAR AHMED TATA
 CHAIRMAN/DIRECTOR

ڈائریکٹرز رپورٹ
اسلام علیکم!

31 دسمبر 2017 کو ختم ہونے والی ششماہی کیلئے کمپنی کے مالیاتی حسابات (غیر آڈٹ شدہ) آپ کیلئے پیش کئے جا رہے ہیں۔

الحمد للہ، 31 دسمبر 2017 کو ختم ہونے والی دوسری سرمایہ میں کمپنی کے مالیاتی حسابات میں واضح بہتری آئی ہے۔ زیر جائزہ مدت کے دوران کمپنی نے نقل ازنگیس منافع مبلغ 49,251 ملین روپے حاصل کیا جس کا موازنہ گزشتہ سال اسی مدت کے نقل ازنگیس خسارہ 7,708 ملین روپے سے کیا جاسکتا ہے۔

ٹیکسٹائل صنعت:

الحمد للہ، ٹیکسٹائل کی صنعت میں مثبت نتائج حاصل ہوئے ہیں۔ برآمدات کی سرگرمیوں میں اضافہ ہوا جس کے نتیجہ میں پاران کی طلب میں اضافہ ہوا ہے۔ ایک اور حوصلہ افزا امور جو کہ حکومت کی جانب سے برآمدات پر چھوٹ سے متعلق ہے؛ وجود اس کے کہ وہ 50 فیصد تک محدود ہے۔ کپاس کی قیمتوں میں اضافہ اور روپے کی قیمت میں کمی نے بھی ٹیکسٹائل سیکٹر میں مثبت کردار ادا کیا ہے اور ٹیکسٹائل صنعت کے چھ اہم شعبوں میں بہتری حاصل کی ہے جس میں اہم پاران اور گرنے فیکس کس، فیکس کس، ہوم ٹیکسٹائل، ڈنیم، ٹولیا اور چیڑہ گارمنٹس شامل ہیں۔ مزید برآں کپاس کی قیمتوں میں اضافہ کو دو عوامل نے بڑی حد تک جذب کر لیا ہے جو کہ روپے کی قدر میں کمی اور پاران کی طلب میں اضافہ ہے۔

کپاس کی فصل:

مسلسل تین سال سے بالخصوص پنجاب میں کپاس کی فصل کو ناکامی کا سامنا ہے جبکہ اس سال سندھ میں اس کے بہتر نتائج حاصل ہوئے ہیں۔ فصل کے حوالے سے پنجاب میں بے حد خراب معیاری کپاس اور کم مقدار میں حاصل ہوئی ہے۔ میں نے اپنے 35 سالہ تجربہ میں ٹیکسٹائل کے کاروبار میں کپاس کا اہم معیار نہیں دیکھا۔ حکومت پنجاب اس کی بہتری کیلئے اقدامات یا تحقیق کے حوالے سے کوئی دلچسپی نہیں لے رہی۔ زراعت صوبائی حکومت کا شعبہ ہے۔ ہم محسوس کرتے ہیں کہ حکومت پنجاب کو کپاس کے معیار اور تعداد دونوں پر کام کرنے کی ضرورت ہے کیونکہ یہ فصل بے حد اہم ہے اور نقد معاشی و اقتصادی ترقی میں اس کا اہم کردار ہے، اس وقت آپ کی کمپنی کے پاس جون 2018 تک کپاس کا ذخیرہ ہے جبکہ اگلے سال کپاس کے سلسلے میں ہمیں نئی فصل کا انتظار کرنا ہوگا جو کہ کپاس کی پیداوار کا تعین کرے گی۔

مشغلیں پر نظر:

اس سلسلے میں انتظامیہ ہر شعبے میں مثبت اقدامات اٹھانے سے تا کہ مل کی کارکردگی بغیر کسی سمجھوتے کے اخراجات میں کمی کر کے بہتر بنائی جاسکے۔ ہم نے اسٹورز اور اسپیریز، مرمت اور مینٹیننس، دیگر امور اور بجلی کے اخراجات میں کمی کی ہے۔

مارکیٹ ٹریڈ اور طلب کو برقرار رکھنے کیلئے تہ سلفی ٹیکسٹائل ملز میں ٹوٹسنگ اور ڈبلنگ مشینوں کو بحالی شامل کرنے کا فیصلہ کیا ہے تا کہ پلانڈ یاز کو متعارف کرایا جاسکے۔

اعتراف:

ہم اپنی ٹیم کی محنت اور کاوشوں کا اعتراف کرتے ہیں جنہوں نے کمپنی کی کامیابی اور ترقی میں مسلسل اپنا کردار ادا کیا۔ ہم اپنے ٹیکرز، خریداران اور صارفین کا بھی مکمل تعاون پر شکر یہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



عدیل شاہد ناٹا

چیف ایگزیکٹو

کراچی:

تاریخ: فروری 2018ء

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