



SALFI TEXTILE MILLS LIMITED

**Condensed Interim Financial Information
For The Six Month Ended December 31, 2018**

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COMPANY INFORMATION**BOARD OF DIRECTORS**

CHAIRMAN Mr. Anwar Ahmed Tata

CHIEF EXECUTIVE Mr. Adeel Shahid Tata

DIRECTORSMr. Shahid Anwar Tata
Mr. Bilal Shahid Tata
Mr. Muhammad Naseem
Mr. Farooq Advani
Miss Samar Shahid**AUDIT COMMITTEE**

CHAIRMAN Mr. Muhammad Naseem

MEMBERS Mr. Bilal Shahid Tata
Mr. Farooq Advani

SECRETARY Mr. Ghulam Raza Hemani

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN Mr. Muhammad Naseem

MEMBERS Mr. Adeel Shahid Tata
Mr. Bilal Shahid Tata
Mr. Farooq Advani
Miss Samar Shahid

SECRETARY Mr. Muhammed Ali Mirza

CHIEF FINANCIAL OFFICER Mr. Haseeb Hafeezuddeen

COMPANY SECRETARY Mr. Muhammad Hussain

BANKERSDubai Islamic Bank Pakistan Limited
Bank Alfalah Limited
Meezan 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
Samba Bank LimitedAUDITORS 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) 34326053REGISTERED OFFICE 6th Floor Textile Plaza,
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Tel# 32412955-3 Lines 32426761-2-4
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MILLS HX-1, Landhi Industrial Area, Landhi, Karachi

Directors' Report

Assalam-o-Alaikum

The Financial Statements (Un-audited) of the Company for the Half Year ended, December 31, 2018 is being presented to you.

The Company has incurred a pre-tax profit of Rs.35.708 million for the Half Year Ended December 31, 2018 as compared to pre-tax profit of 49.251 million during the corresponding period of last year.

Textile Industry.

After a wonderful year and a good first quarter, the second quarter has not been as profitable. One of the major reason for this is that Pakistan's yarn capacity is much higher than what is consumed domestically and the surplus yarn production of 30 to 40 thousand Tons has to be exported, primarily to China. So one of the reason for the loss is that China most of the time, during the quarter remained absent from the market, due to their ongoing trade conflict with America, as a result there was more pressure in the local market of yarn and consequently the Prices could not correspond with the Cost. However, the outlook remains a little positive as China has recently started lifting the quantity and the local market consumption is also showing some improvement.

Cotton Crop

Pakistan's export is primarily dependent on Cotton and its production. Unfortunately, this year, yet again, we had a third consecutive crop failure as the crop is much below the average and the targets. Poor quality cotton is another major concern, especially Punjab cotton, which lends itself only for production of average quality course counts.

There is an urgent need to improve both the cotton crop output and quality and for this the Pakistan Agriculture Department should endeavor to produce quality certified seeds, improve seed varieties and initiate awareness programs to train farmers on proper picking, storing and supply of cotton. Ginning should be modernized and upgraded to meet international standards.

Power Cost

We appreciate the Government's initiative for announcing subsidized gas supply at \$6.5 per MMBTU and electricity at 7.5 cents, effective from January 2019, with an aim to reduce cost of production, increase competitiveness and boost exports.

Going Forward

It is expected that after the Chinese new-year and favorable America/China trade talks will be positive for Pakistan Textile Spinning Industry, resulting in lifting of yarn by China, before end of third quarter.

Other sectors, like knitted Fabric, knitted Garments, Denim, Towel, Home Textile, Woven Garments and even Fabric, Dyed and Grey are all doing well. The only Sector under stress is Spinning Segment which presently has an overcapacity.

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 offer thanks to 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 27, 2019

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
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INDEPENDENT AUDITORS' REVIEW REPORT

To the Members of Salfi Textile Mills Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **SALFI TEXTILE MILLS LIMITED** (the Company) as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the half year then ended (here-in-after referred to as "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 condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

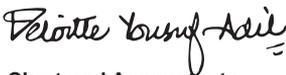
Scope of Review

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

The engagement partner on the review resulting in this independent auditor's review report is Hena Sadiq.



Chartered Accountants

Dated: February 27, 2019
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

		December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
	Note	----- Rupees in '000' -----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,178,096	4,220,703
Intangible assets		1,018	604
Long-term investments		735	699
Long-term deposits		1,029	1,229
		4,180,878	4,223,235
Current assets			
Stores, spares and loose tools		49,575	46,486
Stock-in-trade		2,086,958	1,111,077
Trade debts		457,675	604,134
Loans and advances		275,484	235,276
Trade deposits and short-term prepayments		1,749	1,863
Other receivables		70,278	73,326
Other financial assets		24,740	24,740
Sales tax refundable		84,211	67,996
Cash and bank balances		17,922	9,716
		3,068,592	2,174,614
TOTAL ASSETS		7,249,470	6,397,849
EQUITY AND LIABILITIES			
Share capital		33,426	33,426
Reserves		505,925	505,888
Unappropriated profit		454,501	431,386
Surplus on revaluation of property, plant and equipment		2,265,325	2,288,969
		3,259,177	3,259,669
Non-current liabilities			
Long-term finances	6	272,716	346,135
Deferred liabilities		204,330	195,795
		477,046	541,930
Current liabilities			
Trade and other payables		810,613	280,051
Unclaimed dividend		1,319	1,121
Accrued interest / markup on borrowings		81,924	59,856
Short-term borrowings		2,393,058	1,951,039
Current portion of long-term finances	6	193,408	241,368
Provision for income tax		32,925	62,815
		3,513,247	2,596,250
Contingencies and commitments	7		
TOTAL EQUITY AND LIABILITIES		7,249,470	6,397,849

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



ADEEL SHAHID TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDEEN
CHIEF FINANCIAL OFFICER



ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
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 '000'					
Sales - net	8	2,875,319	2,927,468	1,448,006	1,380,856
Cost of goods sold	9	(2,604,671)	(2,700,158)	(1,373,104)	(1,266,743)
Gross profit		270,648	227,310	74,902	114,113
Distribution cost		(42,711)	(44,216)	(21,958)	(17,372)
Administrative expenses		(61,253)	(49,388)	(33,612)	(23,496)
Other operating expenses		(4,173)	(4,411)	3,215	(2,112)
Finance cost		(133,297)	(109,194)	(77,562)	(55,593)
		(241,434)	(207,209)	(129,917)	(98,573)
		29,214	20,101	(55,015)	15,540
Other income		6,494	29,150	1,642	11,605
Profit / (loss) before taxation		35,708	49,251	(53,373)	27,145
Provision for taxation	10	(29,552)	(33,301)	(14,415)	(15,644)
Profit / (loss) for the period		6,156	15,950	(67,788)	11,501
Other comprehensive income					
<i>Item that will be reclassified subsequently to profit or loss</i>					
Unrealised gain / (loss) on remeasurement of investment - available for sale		37	(17)	28	(3)
Total comprehensive income for the period		6,193	15,933	(67,760)	11,498
		1.84	4.77	(20.28)	3.44

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


ADEEL SHAHID TATA
CHIEF EXECUTIVE


HASEEB HAFEEZUDDEN
CHIEF FINANCIAL OFFICER


ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Half year ended	
	December 31, 2018	December 31, 2017
	----- Rupees in '000' -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	35,708	49,251
Adjustments for :		
Depreciation	75,853	71,759
Amortisation	132	177
Provision for staff gratuity	17,831	17,184
Provision for staff compensated absences	4,226	4,471
Finance cost	133,297	109,194
Loss on disposal of property, plant and equipment	716	46
Provision for bad debts	-	(576)
Operating cash flows before working capital changes	267,763	251,506
(Increase) / decrease in current assets		
Stores, spares and loose tools	(3,089)	(631)
Stock-in-trade	(975,881)	(425,831)
Trade debts	146,459	54,299
Loans and advances	(64,031)	23,963
Trade deposits and short-term prepayments	114	249
Other receivables	3,048	(16,311)
Sales tax refundable	(16,215)	(6,809)
increase / (Decrease)in current liabilities		
Trade and other payables	530,562	(1,247)
Cash used in operations	(111,270)	(120,812)
Finance cost paid	(111,230)	(104,129)
Income tax paid	(38,208)	(22,857)
Staff gratuity paid	(7,266)	(7,137)
Compensated absences paid	(3,669)	(3,377)
Net cash used in operating activities	(271,643)	(258,312)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(35,453)	(4,034)
Proceeds from disposal of property, plant and equipment	1,491	83
Purchase of intangible asset	(546)	-
Long-term deposits received back	200	150
Net cash used in investing activities	(34,308)	(3,801)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term finances	(121,379)	(97,288)
Short-term borrowings paid off- net	(400,845)	(238,732)
Payment of dividend	(6,487)	-
Net cash used in financing activities	(528,711)	(336,019)
Net decrease in cash and cash equivalents (A+B+C)	(834,662)	(598,133)
Cash and cash equivalents at the beginning of the period	(1,332,483)	(1,771,656)
Cash and cash equivalents at the end of the period	(2,167,145)	(2,369,789)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	17,922	13,718
Short-term running finances	(2,185,067)	(2,383,507)
	(2,167,145)	(2,369,789)

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


ADEEL SHAHID TATA
CHIEF EXECUTIVE


HASEEB HAFEZUDDEEN
CHIEF FINANCIAL OFFICER


ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Revenue Reserves				Capital Reserve		Total
	Issued, subscribed and paid up capital	General reserve	Other reserve	Unrealised (loss) / gain on remeasurement of investments available for sale	Unappropriated profits	Revaluation Surplus on property, plant and equipment	
Balance at June 30, 2017 (Audited)	33,426	500,000	5,996	(153)	152,728	1,492,666	2,184,663
Total comprehensive income for the half year ended December 31, 2017	-	-	-	-	15,950	-	15,950
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	-	-	-	-	20,682	(20,682)	-
Balance at December 31, 2017 (Unaudited)	33,426	500,000	5,996	(170)	189,360	1,471,984	2,200,596
Total comprehensive income for the year ended June 30, 2018	-	-	-	-	218,490	-	218,490
Profit for the period	-	-	-	-	218,490	-	218,490
Other comprehensive income							
Gain on leasehold land, buildings on leasehold land and plant and machinery - net of tax	-	-	-	-	-	837,690	837,690

Rupees in 000

	Revenue Reserves				Capital Reserve		
	Issued, subscribed and paid up capital	General reserve	Other reserve	Unrealised (loss) / gain on remeasurement of investments available for sale	Unappropriated profits	Revaluation Surplus on property, plant and equipment	Total
Gain on remeasurement of:							
- defined benefit liability	-	-	-	62	2,831	-	2,831
- investment classified available for sale	-	-	-	62	-	-	62
Total comprehensive income for the period	-	-	-	62	2,831	837,690	1,059,073
Transferred from surplus on revaluation of property, plant and equipment on account of:							
- incremental depreciation	-	-	-	-	20,392	(20,392)	-
- disposal	-	-	-	-	313	(313)	-
Balance at June 30, 2018 (Audited)	33,426	500,000	5,996	(108)	431,386	2,288,969	3,259,669
Total comprehensive income for the half year ended December 31, 2018							
Profit for the period	-	-	-	-	6,156	-	6,156
Other comprehensive income							
Gain on remeasurement of investment classified available for sale	-	-	-	37	-	-	37
Total comprehensive income for the period	-	-	-	37	6,156	-	6,193
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	-	23,644	(23,644)	-
Transaction with owners							
Dividend paid @ Rs.2 per share for June 30, 2018	-	-	-	-	(6,685)	-	(6,685)
Balance at December 31, 2018 (Unaudited)	33,426	500,000	5,996	(71)	454,501	2,265,325	3,259,177

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


ADEEL SHAHID TATA
CHIEF EXECUTIVE


HASEEB HAFEZUDDEN
CHIEF FINANCIAL OFFICER


ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018****1. LEGAL STATUS AND NATURE OF BUSINESS**

Salafi Textile Mills Limited (the Company) was incorporated in Pakistan on January 05, 1968 as a public limited company under the Companies Act, 1913 (now Companies Act, 2017) 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. 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 Statement of compliance**

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

- IAS 34 "interim financial reporting" issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017

Where provisions of or directives issued under the Companies Act, 2017 differ from the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The Securities and Exchange Commission of Pakistan (SECP), through SRO 1007(I)/2017, dated October 4, 2017, had notified IFRS 9 "Financial Instruments", replacing the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" with effect from reporting periods starting July 1, 2018 which has further been deferred for the half year ended December 31, 2018, through SRO 229 (I)/2019 dated February 15, 2019. Accordingly the requirements of IFRS 9 have not been considered in the preparation of these condensed interim financial statements.

2.2 These condensed interim financial statements 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 These condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency and figures presented in this condensed interim financial statements has been rounded off to the nearest thousand rupee unless otherwise stated.**2.4** These condensed interim financial statements are unaudited. However, a limited scope review of this condensed interim financial statements 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. These condensed interim financial statements are being submitted to the shareholders as required by Section 237 of the Companies Act, 2017.**2.5** The comparative statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2018, whereas comparative condensed interim statement of profit and loss account and other comprehensive income condensed interim statement of cash flow and condensed interim statement of changes in equity are stated from unaudited condensed interim financial statements for the half year ended December 31, 2017.**3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS****3.1** The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2018, except for application of IFRS -15 "Revenue from Contracts with Customers" disclosed in note 3.4.**3.2** The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed interim financial statements, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2018.**3.3** There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 01, 2018, The management is currently considering the effect of these on the Company's operations and therefore not detailed in these condensed interim financial statements.**3.4 IFRS 15 - Revenue From Contract with Customers**

IFRS 15 - Revenue from contracts with customers replaced IAS 18 - Revenue, IAS 11 - Construction contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance obligations in a contract are satisfied. The changes laid down by this standard do not have any significant impact on these condensed interim financial statements of the Company.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended June 30, 2018.

	Note	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
		----- Rupees in '000' -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets		4,123,317	4,195,789
Capital work-in-progress	5.2	54,779	24,914
		4,178,096	4,220,703

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, 2018 (Unaudited)			
Plant and Machinery	5,209	2,200	1,484
Furniture and fixtures	290	-	-
Office equipment	90	7	7
	5,589	2,207	1,491
During the year ended June 30, 2018 (Audited)			
Buildings on leasehold land	2,106	-	-
Plant and machinery	4,354	217	-
Mill equipment	4,144	288	-
Furniture and fixtures	710	268	-
Office equipment	4,968	2	-
Vehicles	-	511	1,358
	16,282	1,286	1,358

5.2 During the period, the addition to capital work in progress is amounting to Rs. 29.8 million.

	Note	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
		----- Rupees in '000' -----	
6. LONG-TERM FINANCE			
Banking companies - secured			
Term finance		464,621	585,485
Car finance		1,503	2,018
		466,124	587,503
Less: Current portion shown under current liabilities			
Term finance		(192,301)	(240,301)
Car finance		(1,107)	(1,067)
		(193,408)	(241,368)
	6.1 & 6.2	272,716	346,135

6.1 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, 2018: 3 - 6 month KIBOR plus 1% to 1.25% per annum).

	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)	
		----- Rupees in '000' -----	
6.2 Long term financing			
Balance as on July 01,	587,503	796,159	
Repayment during the period	(121,379)	(208,656)	
Balance as on December 31,	466,124	587,503	
Less: current portion of long term financing	(193,408)	(241,368)	
	272,716	346,135	

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There are no contingencies as at December 31, 2018 and June 30, 2018.

	Note	December 31, 2018	June 30, 2018
		(Unaudited)	(Audited)
		----- Rupees in '000' -----	
7.2 Commitments			
(i) Civil works		4,357	27,002
(ii) Letters of credit for			
- stores and spares		14,128	4,479
- raw material		719,778	47,706
- machinery		3,146	3,517
(iii) Bank guarantees issued on behalf of the Company	7.2.1	106,299	106,299
(iv) Bills discounted with recourse			
- local		55,824	25,027
- export		405,884	461,937
(v) Outstanding sales contracts		252,889	499,195

7.2.1 This includes bank guarantee related to Sindh Development and maintenance of infrastructure cess amounting to Rs. 81.38 million (June 30, 2018: Rs.79.96 million).

8. SALES - NET

8.1 Sales include sales made to local customers (including indirect exports) and direct exports amounting to Rs. 1,791 million (2017: 1,583 million) and Rs. 1,084 million (2017: 1,344 million) respectively. The export are made to Asia Pacific region and Europe amounting to Rs. 1,084 million (2017: 1,323 million) and Nil (2017: 20.1 million)

	Note	Half year ended		Quarter ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		(Unaudited)			
		----- Rupees in '000' -----			
9. COST OF GOODS SOLD					
Opening stock- finished goods		137,477	176,102	449,806	111,259
Cost of goods manufactured	9.1	3,123,400	2,528,246	1,579,504	1,260,638
		3,260,877	2,704,348	2,029,310	1,371,897
Closing stock- finished goods	9.2	(656,206)	(128,443)	(656,206)	(128,443)
Cost of manufactured goods sold		2,604,671	2,575,905	1,373,104	1,243,454
Cost of raw material sold		-	124,252	-	23,289
		2,604,671	2,700,157	1,373,104	1,266,743
9.1 Cost of goods manufactured					
Raw material consumed	9.1.1	2,559,036	2,031,188	1,294,463	1,023,509
Packing material		33,463	34,434	16,627	15,854
Stores and spares		44,345	35,235	23,209	16,196
Salaries, wages and benefits		178,217	161,618	85,105	74,335
Fuel and power		217,581	184,739	109,379	92,416
Insurance		4,702	3,842	2,789	2,079
Repairs and maintenance		2,227	1,408	1,461	859
Depreciation		73,372	68,692	36,617	34,371
Other overheads		17,130	8,939	9,831	4,652
		3,130,073	2,530,096	1,579,481	1,264,271
Work-in-process					
Opening stock		37,443	32,073	44,139	30,289
Closing stock		(44,116)	(33,922)	(44,116)	(33,922)
		(6,673)	(1,850)	23	(3,633)
		3,123,400	2,528,246	1,579,504	1,260,638
9.1.1 Raw material consumed					
Opening stock		936,157	1,167,742	1,338,516	1,003,999
Purchases - net		3,009,515	2,502,828	1,342,583	1,658,892
		3,945,672	3,670,570	2,681,099	2,662,891
Closing stock		(1,386,636)	(1,639,382)	(1,386,636)	(1,639,382)
		2,559,036	2,031,188	1,294,463	1,023,509

9.2 Net realisable value of finished goods was lower than its cost, which resulted in write down of Rs. 0.08 million (December 31,2017 Rs.1 million) charged to cost of goods sold.

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. Name of the associated companies are same as disclosed in annual audited financial statement of June 30, 2018. Significant transactions with related parties are as follows:

Relationship with the party	Nature of transactions	Half year ended	
		December 31, 2018	December 31, 2017
		----- Unaudited ----- ----- Rupees in '000' -----	
Associated undertakings	Share of expense received	1,282	2,207
	Share of expense paid	437	219
	Licensing Income	712	1,653
	Rent income	300	300
	Purchase of power	213,012	180,978
	Sale of raw material	-	126,694
	Sale of store items	-	270
	Purchase of cotton	-	20,000
	Purchase of store items	36	-
	Dividend paid	733	-
Directors	Remuneration	4,745	3,315
	Meetings fee	130	95
	Rent expense	2,045	2,045
	Dividend paid	5,245	-
Key management personnel	Remuneration	29,510	17,473
		December 31, 2018	June 30, 2018
		Unaudited	Audited
		----- Rupees in '000' -----	----- Rupees in '000' -----
Outstanding balance			
Associated undertakings	Other receivables	287	126
	Trade and other payables	48,071	19,324

12. FAIR VALUE HIERARCHY

The Company's free hold land, building, electrical installation 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, 2018 were performed by Iqbal A.Nanjee & Company (Private) Limited (the 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 valuation 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).

The fair value measurement for the Company are classified into different levels are as follows:

	Level 1	Level 2	Level 3	Total
	-----Rupees '000'-----			
As at December 31, 2018 (unaudited)				
Leasehold land	-	1,340,000	-	1,340,000
Building on leasehold land	-	747,648	-	747,648
Plant and machinery	-	1,953,837	-	1,953,837
Long term investment- listed shares	735	-	-	735
Total	735	4,041,485	-	4,042,220
As at June 30, 2018 (audited)				
Leasehold land	-	1,340,000	-	1,340,000
Building on leasehold land	-	766,818	-	766,818
Plant and machinery	-	2,000,921	-	2,000,921
Long term investment- listed shares	699	-	-	699
Total	699	4,107,739	-	4,108,438

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

13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements has been approved and authorized for issue on February 27, 2019 by the Board of Directors of the Company.



ADEEL SHAHID TATA
CHIEF EXECUTIVE



HASEEB HAFEEZUDDEEN
CHIEF FINANCIAL OFFICER



ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

ڈائریکٹرز رپورٹ

السلام و علیکم

31 دسمبر 2018ء کو ختم ہونے والی ششماہی کیلئے کمپنی کے (غیر آڈٹ شدہ) مالیاتی حسابات آپ کو پیش کئے جا رہے ہیں۔

کمپنی نے 31 دسمبر 2018ء کو ختم ہونے والی ششماہی میں قبل از ٹیکس منافع مبلغ 35.708 ملین روپے حاصل کیا ہے جس کا موازنہ گزشتہ سال کی اسی مدت کے دوران قبل از ٹیکس منافع مبلغ 49.251 ملین روپے سے کیا جاسکتا ہے۔

ٹیکسٹائل کی صنعت :

ایک بہترین سال اور ایک اچھی پہلی سہ ماہی کے بعد دوسری سہ ماہی منافع بخش نہیں رہی، اس کی اہم وجہ یہ ہے کہ پاکستان کے یارن کی پیداوار اس کی کھیت سے کہیں زیادہ ہے لہذا 30 سے 40 ہزار ٹن بنیادی طور پر چائنا کو برآمد کرنا ناگزیر ہے۔ نقصان کی ایک بنیادی وجہ چائنا اور امریکہ کے درمیان تنازعہ کی وجہ سے چائنا موجودہ ششماہی کے زیادہ تر وقت مارکیٹ سے غیر حاضر رہا۔ جس کے نتیجے میں یارن کی مقامی مارکیٹ میں کافی دباؤ تھا اور اس کے نتیجے میں قیمت کو لاگت سے مطابقت نہیں مل سکی۔ تاہم صورتحال تھوڑی مثبت رہی ہے کیونکہ چین نے حال ہی میں مال اٹھانا شروع کر دیا ہے اور مقامی مارکیٹ کی کھیت میں بھی کچھ بہتری دکھائی دے رہی ہے۔

کپاس کی فصل:

پاکستان کی برآمدات کا دارومدار بنیادی طور پر کپاس اور اس کی پیداوار پر منحصر ہے۔ بد قسمتی سے اس سال ایک بار پھر یعنی تیسری بار میں فصل میں ناکامی ہوئی کیونکہ فصل اوسط اور ہدف سے زیادہ ہے۔ غیر معیاری کپاس بالخصوص پنجاب کی کپاس ایک اہم نشوونما ہے جو خود کو صرف اوسط معیاری یارن کی پیداوار تک محدود کرتا ہے۔

کپاس کی فصل کی پیداوار اور معیار کو بہتر بنانے کی اشد ضرورت ہے اور اس کے لئے پاکستان ایگریکلچرل پلانٹنگ کو تصدیق شدہ معیاری بیج پیدا کرنے، بیجوں کی قسموں کو بہتر بنانے کی کوشش کرنی چاہئے اور کپاس کا مناسب انتخاب، ذخیرہ کرنے اور فراہم کرنے کیلئے کسانوں کو تربیت دینے کے سلسلے میں پروگرام شروع کرنے چاہئیں۔ جنگل کو جدید اور بین الاقوامی معیار کے مطابق اپگرڈ کیا جانا چاہئے۔

بجلی کے اخراجات:

ہم حکومت کی جانب سے پیداوار کی لاگت کو کم کرنے، مطابقت بڑھانے اور برآمدات کو فروغ دینے کے مقصد کے ساتھ گیس کی سپلائی 6.5 ڈالرنی IMMBTU اور بجلی پر 7.5 سینٹس سویڈ اتز ڈی کرنے کے اعلان کا خیر مقدم کرتے ہیں جو کہ جنوری 2019ء سے مؤثر ہوگا۔

اگلا قدم :

امید ہے کہ چین کے نئے سال کے اختتام پر امریکہ/چائنا مثبت تجارتی مذاکرات پاکستان ٹیکسٹائل اسپننگ انڈسٹری کے لئے مثبت ثابت ہو گئے جس کے نتیجے میں تیسری سہ ماہی کے اختتام سے پہلے چین کی طرف سے یارن کی ترسیل شروع ہو جائے گی۔

دیگر شعبے جیسا کہ پیپل فیبرک، پیپل گارمنٹس، یو این ایم، تو ایو، ہوم ٹیکسٹائل، وو این گارمنٹس اور یہاں تک کہ فیبرک، ڈائری اور گرے بہتر کام کر رہے ہیں۔ صرف اسپننگ کا شعبہ اضافی صلاحیت کی وجہ سے دباؤ کا شکار ہے۔

اظہار تشکر:

ہم کمپنی کے ہر ملازم کی شمولیت کا شکریہ ادا کرتے ہیں اس کے علاوہ ہمارے کسٹرز جو کہ ہماری پروڈکٹس پر اعتماد کرتے ہیں اور ہمارے بینکر جو کہ مستقل طور پر کمپنی کو سپورٹ کر رہے ہیں ان کے بھی مشکور ہیں اس کے علاوہ ہماری انتظامیہ شیئرز ہولڈرز کے مکمل اعتماد پر بھی مشکور ہیں۔

عدیل شاہ نانا

 چیف ایگزیکٹو

کراچی :

تاریخ : 27 فروری 2019ء

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