



SHAMS TEXTILE MILLS LIMITED

HALF YEARLY REPORT

31 December 2019

(Un-Audited)



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COMPANY INFORMATION

Board of Directors

Muhammad Anwar	(Chairman)
Asif Bashir	
Adil Bashir	
Khurram Mazhar Karim	
Muhammad Shafiq Gill	(Nominee: NIT)
Shahid Arshad	
Sharik Bashir	

Chief Executive Officer

Khalid Bashir

Chief Financial Officer

Farooq Ahmad

Company Secretary

Tariq Javed

Audit Committee

Khurram Mazhar Karim	(Chairman)
Muhammad Anwar	(Member)
Asif Bashir	(Member)

Human Resource & Remuneration Committee

Asif Bashir	(Chairman)
Muhammad Anwar	(Member)
Khurram Mazhar Karim	(Member)

Share Registrar

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

Auditors

Riaz Ahmad & Company
Chartered Accountants

Bankers

Allied Bank Limited
MCB Bank Limited
National Bank of Pakistan
The Bank of Punjab
United Bank Limited
Habib Metropolitan Bank Limited

Registered Office

7-B-3, Aziz Avenue, Gulberg-5, Lahore
Ph: +92-423-576 0379, 576 0382
Fax: +92-423-576 0376
Email: info@shams.com.pk
Web: www.shams.com.pk

Project Locations

Kotla Kahloon, District Nankana Sahib, Punjab
3-KM, Faisalabad Road, Chiniot, Punjab

Independent Auditor's Review Report
To the members of Shams Textile Mills Limited
Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of SHAMS TEXTILE MILLS LIMITED as at 31 December 2019 and 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 condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed 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 condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2019 and 31 December 2018 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2019.

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

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 26 February, 2020

DIRECTORS' REPORT

The Directors are pleased to present their report on the operational results of the Company for the half year ended December 31, 2019.

GENERAL REVIEW

The Company has achieved lower results as compared to the correspondence period. This is due to a weaker global textile market for our product. The major customers for exports of our products has showed a lower growth and hence a lower off take for our product. The price in the export market has also continuous to show a declining trend.

On the cost side we have continued to suffer because of higher energy cost, recently the government has revised the energy cost of both gas and electricity lower resulting in some relief. This may reflect on the working of your company on the remaining of the financial year.

As usual production in Pakistan of our basic raw material has failed to meet the requirement of the textile industry. Prices have hence a higher trend due to this. The quality too has been inferior. The management is considering import of cotton to meet part of its requirement for the remaining period of the current year.

The Pakistan Textile Industry in general continues to be depressed. A large number of units have closed down with little or no chance of revival. The Government has taken stop gap measures to give some sort of package to the industry but implementation is poor. Large funds are blocked in sales tax refunds with little chance of improvement in receiving these refunds.

FINANCIAL SUMMARY:

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(Rupees in thousand)			
SALES	2,415,537	2,299,724	1,568,462	1,300,771
COST OF SALES	(2,335,141)	(2,220,467)	(1,53,688)	(1,267,354)
GROSS PROFIT	80,396	79,257	28,774	33,417
OPERATING COST	(60,871)	(46,101)	(32,916)	(22,939)
OTHER INCOME	2,201	5,910	1,111	3,216
FINANCE COST	(28,730)	(19,111)	(16,468)	(11,430)
(LOSS)/PROFIT BEFORE TAXATION	(7,003)	19,955	(19,499)	2,264
TAXATION	(34,094)	(38,411)	(22,180)	(25,970)
(LOSS) AFTER TAXATION	(41,097)	(18,456)	(41,679)	(23,706)

Future Outlook:

Overall we are not expecting any fast turnaround for the Textile Industry in general and apart from the few units the rest will continue to struggle. Your Company Inshallah expects to show improve results for the balance period of current year.

ACKNOWLEDGEMENTS:

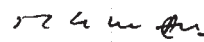
We would take this opportunity to thank all our shareholders and partners for their valued support and our employees for their dedication. We would also like to thank the Board of Directors for their guidance and advice at all times.

For and On behalf of Board of Directors



Khalid Bashir
Chief Executive

26 February, 2020
Lahore



Muhammad Anwar
Director

ڈائریکٹر رپورٹ

ڈائریکٹر شمشاہی 31 دسمبر 2019ء کے مالیاتی نتائج بخوشی پیش کرتے ہیں۔

عمومی جائزہ:

کمپنی نے پچھلے دوران یہ کے مقابلے میں کم نتائج حاصل کیے ہیں۔ یہ ہماری مصنوعات کے لیے ایک کمزور عالمی ٹیکسٹائل کی وجہ سے ہے۔ ہمارے اہم برآمدی گاہکوں کیلئے ہماری مصنوعات نے کم ترقی کی ہے۔ برآمدی مارکیٹ میں قیمتوں میں مسلسل کمی کا رجحان دیکھنے میں آ رہا ہے۔ لاگت کی طرف ہم توانائی کے زیادہ اخراجات کی وجہ سے تکلیف دہ رہے ہیں۔ حال ہی میں توانائی میں حکومتی ریلیف کے نتیجے میں گیس اور بجلی دونوں کی لاگت میں کمی نظر آ رہی ہے، جس کا اثر مالی سال کے بقیہ عرصے میں آپ کی کمپنی کی کارکردگی میں نظر آ سکتا ہے۔

ہمیشہ کی طرح پاکستان میں ہمارے بنیادی خام مال کی پیداوار ٹیکسٹائل انڈسٹری کی ضرورت کو پورا کرنے میں ناکام رہی ہے جس کی وجہ سے قیمتوں میں اضافے کا رجحان رہا ہے اور کوالٹی کا معیار بھی کمتر ہے۔ انتظامیہ موجودہ سال کی باقی مدت کیلئے اپنی ضرورت کو پورا کرنے کیلئے کپاس کی درآمد پر غور کر رہی ہے۔

پاکستان میں ٹیکسٹائل کی صنعت عمومی طور پر متاثر ہے۔ بڑی تعداد میں یونٹ کسی حد تک بند ہو چکے ہیں اور ان کی بحالی کا کوئی امکان نہیں۔ حکومت نے ٹیکسٹائل صنعت کو کچھ کھینچ دینے میں جن کی وجہ سے یونٹ بند ہونے کا عمل کسی حد تک رک چکا ہے گران پر عمل درآمد پورے طریقے سے نہیں کیا جاتا۔ سیلز ٹیکس میں بڑی رقم چھینی ہوئی ہے جس کی بہت کم امید ہے کہ واپس مل جائیں۔

سہ ماہی		ششماہی		(مبلغ ملین میں)
31 دسمبر 2018ء	31 دسمبر 2019ء	31 دسمبر 2018ء	31 دسمبر 2019ء	
1,300,771	1,568,462	2,299,724	2,415,537	فروخت
(1,267,354)	(1,53,688)	(2,220,467)	(2,335,141)	فروخت کی لاگت
33,417	28,774	79,257	80,396	خام منافع
(22,939)	(32,916)	(46,101)	(60,871)	آپریٹنگ خرچہ
3,216	1,111	5,910	2,201	دیگر آمدنی
(11,430)	(16,468)	(19,111)	(28,730)	فنانسئل خرچہ
2,264	(19,499)	19,955	(7,003)	ٹیکسیشن سے پہلے (نقصان)
(25,970)	(22,180)	(38,411)	(34,094)	ٹیکسیشن کے لیے پرویشن
(23,706)	(41,679)	(18,456)	(41,097)	ٹیکسیشن کے بعد (نقصان)

مستقبل کے امکانات:

جو عمومی طور پر ٹیکسٹائل صنعت میں کسی خاص بہتری کی توقع نہیں ہے کچھ ٹیکسٹائل یونٹس کے علاوہ باقی یونٹس بقاء کی جدوجہد میں جاری رکھیں گے۔ آپ کی کمپنی ایسے ہی مالیاتی نتائج اگلے ششماہی عرصہ میں بھی دے گی۔

اظہار تشکر:

ہم اس موقع پر اپنے تمام حصص داروں، شرکاء داروں کے تعاون اور اپنے ملازمین کے کام کرنے کو سراہتے ہیں۔ ہم بورڈ آف ڈائریکٹرز کا ان کی رہنمائی اور ان کے مشوروں کا شکریہ ادا کرتے ہیں۔

محمد انور

محمد انور
ڈائریکٹر

lundhouse

خالد بشیر
چیف ایگزیکٹو

26 فروری 2020ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As At 31 December 2019

	Un Audited	Audited
	31 December	30 June
	2019	2019
Note	(Rupees in thousands)	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
25,000,000 (30 June 2018: 25,000,000) ordinary shares of Rupees 10 each	250,000	250,000
Issued, subscribed and paid-up share capital		
8,640,000 (30 June 2019: 8,640,000) ordinary shares of Rupees 10 each	86,400	86,400
Reserves	714,358	706,839
Accumulated loss	(166,980)	(116,811)
Total equity	633,778	676,428
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing	4 7,502	14,036
Deferred income tax liability	12,325	12,526
	19,827	26,562
CURRENT LIABILITIES		
Trade and other payables	1,144,402	876,422
Accrued mark-up	14,090	5,674
Short term borrowings	477,824	131,806
Current portion of long term financing	13,067	13,067
Unclaimed dividend	4,436	4,266
	1,653,819	1,031,235
Total liabilities	1,673,646	1,057,797
CONTINGENCIES AND COMMITMENTS	5 -	-
TOTAL EQUITY AND LIABILITIES	2,307,424	1,734,225

The annexed notes form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

		Un Audited 31 December 2019 (Rupees in thousands)	Audited 30 June 2019
	Note		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	787,481	819,904
Long term investments		47,197	68,289
Long term security deposits		1,576	1,576
		836,254	889,769
CURRENT ASSETS			
Stores and spare parts		61,477	58,982
Stock-in-trade		914,799	411,980
Trade debts		377,388	223,860
Advances		11,657	18,444
Short term prepayments		3,022	-
Other receivables		25,958	30,928
Sales tax refundable		33,620	36,891
Taxation - net		35,206	36,073
Cash and bank balances		8,043	27,298
		1,471,170	844,456
TOTAL ASSETS		2,307,424	1,734,225


Chief Executive


Director

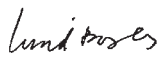

Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
(Un-Audited)

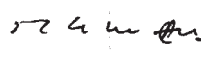
For The Half Year Ended 31 December 2019

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Note	(Rupees in thousand)			
REVENUE	2,415,537	2,299,724	1,568,462	1,300,771
COST OF SALES	7 (2,335,141)	(2,220,467)	(1,539,688)	(1,267,354)
GROSS PROFIT	80,396	79,257	28,774	33,417
DISTRIBUTION COST	(19,733)	(10,056)	(12,403)	(6,062)
ADMINISTRATIVE EXPENSES	(40,225)	(34,995)	(20,623)	(16,758)
OTHER EXPENSES	(913)	(1,050)	110	(119)
	(60,871)	(46,101)	(32,916)	(22,939)
	19,525	33,156	(4,142)	10,478
OTHER INCOME	2,202	5,910	1,111	3,216
PROFIT / (LOSS) FROM OPERATIONS	21,727	39,066	(3,031)	13,694
FINANCE COST	(28,730)	(19,111)	(16,468)	(11,430)
(LOSS) / PROFIT BEFORE TAXATION	(7,003)	19,955	(19,499)	2,264
TAXATION	(34,094)	(38,411)	(22,180)	(25,970)
LOSS AFTER TAXATION	(41,097)	(18,456)	(41,679)	(23,706)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	(4.76)	(2.14)	(4.82)	(2.74)

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(Un-audited)

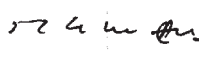
For The Half Year Ended 31 December 2019

	NINE MONTHS ENDED		QUARTER ENDED	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(Rupees in thousand)			
LOSS AFTER TAXATION	(41,097)	(18,456)	(41,679)	(23,706)
OTHER COMPREHENSIVE INCOME / (LOSS)				
Items that will not be reclassified to profit or loss:				
Surplus / (deficit) arising on remeasurement of investments at fair value through other comprehensive income	7,519	(3,688)	9,312	(93)
Items that may be reclassified subsequently to profit or loss:	-	-	-	-
Other comprehensive loss for the period	7,519	(3,688)	9,312	(93)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(33,578)	(22,144)	(32,367)	(23,799)

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)
For The Half Year Ended 31 December 2019

	Reserves						TOTAL EQUITY
	Capital		Revenue		Total reserves		
	Premium on issue of right shares	Fair value reserve	Sub total	General reserve		Unappropriated profit / accumulated (loss)	
(Rupees in thousands)							
Balance as at 30 June 2018 (Audited)	86,400	31,628	-	118,028	600,000	718,028	681,068
Adjustment on adoption of IFRS 9	-	(31,628)	31,628	-	-	-	(5,463)
Adjustment on adoption of IFRS 15	-	-	-	-	-	-	(11,070)
Adjusted total equity as at 01 July 2018	86,400	-	31,628	118,028	600,000	718,028	664,535
Transaction with owners - Dividend for the year ended 30 June 2018 @ Rupees 2.35 per share	-	-	-	-	-	-	(20,304)
Loss for the half year ended 31 December 2018	-	-	-	-	-	-	(18,456)
Other comprehensive loss for the half year ended 31 December 2018	-	-	(3,688)	(3,688)	-	(3,688)	-
Total comprehensive loss for the half year ended 31 December 2018	-	-	(3,688)	(3,688)	-	(3,688)	(22,144)
Balance as at 31 December 2018 (Un-audited)	86,400	-	27,940	114,340	600,000	714,340	622,087
Profit for the half year ended 30 June 2019	-	-	-	-	-	-	61,842
Other comprehensive loss for the half year ended 30 June 2019	-	-	(7,501)	(7,501)	-	(7,501)	-
Total comprehensive income for the half year ended 30 June 2019	-	-	(7,501)	(7,501)	-	(7,501)	(7,501)
Balance as at 30 June 2019 (Audited)	86,400	-	20,439	106,839	600,000	706,839	676,428
Transaction with owners - Dividend for the year ended 30 June 2019 @ Rupees 1.05 per share	-	-	-	-	-	-	(9,072)
Loss for the half year ended 31 December 2019	-	-	-	-	-	-	(41,097)
Other comprehensive income for the half year ended 31 December 2019	-	-	7,519	7,519	-	7,519	-
Total comprehensive loss for the half year ended 31 December 2019	-	-	7,519	7,519	-	7,519	(33,578)
Balance as at 31 December 2019 (Un-audited)	86,400	-	27,958	114,358	600,000	714,358	633,778

The annexed notes form an integral part of this condensed interim financial information.

Amal K. Singh
Chief Executive

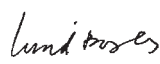
S. K. Singh
Director

Amal K. Singh
Chief Financial Officer

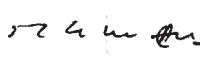
CONDENSED INTERIM STATEMENT OF CASH FLOW (Un-Audited)
For The Half Year Ended 31 December 2019

	Half Year Ended	
	31 December 2019	31 December 2018
	Note	(Rupees in thousands)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (used in) / generated from operations	8	(293,686)
Finance cost paid		(20,314)
Income tax paid		(33,428)
Net cash used in operating activities		(347,428)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment		(2,589)
Dividend received		180
Proceeds from sale of property, plant and equipment		-
Net cash used in investing activities		(2,409)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing		(6,534)
Short term borrowings - net		346,018
Dividend paid		(8,902)
Net cash from financing activities		330,582
Net decrease in cash and cash equivalents		(19,255)
Cash and cash equivalents at the beginning of the period		27,298
Cash and cash equivalents at the end of the period		8,043

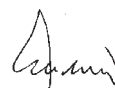
The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (Un-Audited)**
For The Half Year Ended 31 December 2019

1. THE COMPANY AND ITS OPERATIONS

Shams Textile Mills Limited ("the Company") is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. Its registered office is situated at 7-B-III, Aziz Avenue, Gulberg V, Lahore. The Company is engaged in the business of manufacturing, sale and trading of yarn and trading of cloth.

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 the 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 do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2019. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2019. The Company has adopted IFRS 16 from 01 July 2019. The new standard eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lessee accounting model. IFRS 16 is not applicable on short-term leases and leases of low-value assets. The Company has only short-term operating leases, hence, the adoption of IFRS 16 does not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

	Unaudited 31 December 2019	Audited 30 June 2019
	(Rupees in thousands)	
4. LONG TERM FINANCING - SECURED		
Opening balance	27,103	52,670
Less: Repaid during the period / year	(6,534)	(25,567)
	20,569	27,103
Less: Current portion shown under current liabilities	(13,067)	(13,067)
	7,502	14,036

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (Un-Audited)**
For The Half Year Ended 31 December 2019

5. CONTINGENCIES AND COMMITMENTS

Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019 except for the following:

On 13 January 2020, Power Division, Ministry of Energy, Government of Pakistan through a letter directed for forthwith billing to industrial electricity consumers belonging to the export-oriented sectors of financial cost surcharge, Neelum-Jhelum surcharge, taxes, fixed charges and positive fuel adjustment. By way of the aforesaid letter, it was clarified that concessionary rate of 7.5 cents / KWh for industrial electricity consumers belonging to the export oriented sectors notified through SRO 12(I)/2019 dated 01 January 2019 was only limited to the extent of schedule of tariff notified through SROs 1 to 10 dated 01 January 2019 and SRO 11(I)/2010 dated 01 January 2010 for K-Electric, as amended from time to time. Hence, billing of aforesaid charges to industrial electricity consumers has started. The Company, based on advice of the legal counsel, has not recognized such charges amounting to Rupees 14.709 million in these condensed interim financial statements as there exist meritorious grounds to defend the Company's stance.

Commitments

Letters of credit for other than capital expenditures amounted to Rupees 167.573 million (30 June 2019: Rupees 10.152 million).

	Un-audited 31 December 2019	Audited 30 June 2019
	(Rupees in thousands)	
6. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 6.1)	787,481	817,790
Capital work-in-progress (Note 6.2)	-	2,114
	787,481	819,904
6.1 Operating fixed assets		
Opening book value	817,790	887,854
Add: Cost of additions during the period / year (Note 6.1.1)	4,703	10,532
Less: Book value of deletions during the period / year (Note 6.1.2)	-	(3,497)
Less: Depreciation charged during the period / year	(35,012)	(77,099)
	787,481	817,790
6.1.1 Cost of additions		
Plant and machinery	2,149	3,265
Vehicles	2,554	7,267
	4,703	10,532
6.1.2 Book value of deletions		
Plant and machinery	-	235
Vehicles	-	3,262
	-	3,497
6.2 Capital work-in-progress		
Advance against purchase of vehicles	-	2,114

	Un-Audited			
	Half Year Ended 31 December 2019	31 December 2018	Quarter Ended 31 December 2019	31 December 2018
	(Rupees in thousand)			
7 COST OF SALES				
Raw materials consumed	2,100,271	1,891,403	1,042,672	937,555
Salaries, wages and other benefits	214,723	167,057	107,187	71,094
Stores and spare parts consumed	61,310	50,206	31,299	26,213
Packing materials consumed	39,923	38,194	20,443	18,345
Repair and maintenance	8,114	9,300	5,832	5,008
Fuel and power	313,515	284,117	160,677	142,632
Insurance	2,775	3,631	1,394	1,803
Other factory overheads	3,800	2,852	(12,156)	1,612
Depreciation	31,926	35,051	30,077	17,543
	2,776,357	2,481,811	1,387,425	1,221,805

SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (Un-Audited)
For The Half Year Ended 31 December 2019

	Un-Audited			
	Half Year Ended 31 December 2019	31 December 2018	Quarter Ended 31 December 2019	31 December 2018
	(Rupees in thousand)			
Work-in-process:				
Opening stock	49,915	45,449	37,052	42,294
Closing stock	(38,024)	(51,173)	(38,024)	(51,173)
	11,891	(5,724)	(972)	(8,879)
Cost of goods manufactured	2,788,248	2,476,087	1,386,453	1,212,926
Finished goods:				
Opening stock	256,654	176,788	862,996	486,836
Closing stock	(709,761)	(432,408)	(709,761)	(432,408)
	(453,107)	(255,620)	153,235	54,428
	2,335,141	2,220,467	1,539,688	1,267,354

	Un-audited Half Year Ended	
	31 December 2019	31 December 2018
	(Rupees in thousand)	

8 CASH (USED IN) / GENERATED FROM OPERATIONS

Profit before taxation	(7,003)	19,955
Adjustments for non-cash charges and other items:		
Depreciation	35,012	38,462
Gain on sale of property, plant and equipment	-	(1,494)
Finance cost	28,730	19,111
Allowance for expected credit losses	252	-
Impact of de-recognition of financial instrument carried at amortised cost	211	-
Dividend income	(180)	(168)
Working capital changes (Note 8.1)	(350,708)	(65,689)
	(293,686)	10,177

8.1 Working capital changes

(Increase) / decrease in current assets:		
- Stores and spare parts	(2,495)	12,869
- Stock-in-trade	(502,819)	(195,237)
- Trade debts	(153,780)	12,268
- Advances	6,787	49,351
- Short term prepayments	(3,022)	(4,196)
- Other receivables	4,759	4,837
-Sales tax refundable	31,882	(10,601)
	(618,688)	(130,709)
Increase in trade and other payables	267,980	65,020
	(350,708)	(65,689)

9 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (Un-Audited)
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Recurring fair value measurements At 31 December 2019	Level 1	Level 2	Level 3	Total
Rupees in thousand				
Financial assets				
Investments at fair value through other comprehensive income	47,197	-	-	47,197
Total financial assets	47,197	-	-	47,197

Recurring fair value measurements At 30 June 2019	Level 1	Level 2	Level 3	Total
Rupees in thousand				
Financial assets				
Investments at fair value through other comprehensive income	39,678	-	-	39,678
Total financial assets	39,678	-	-	39,678

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation technique used to value financial instruments was use of quoted market prices.

10 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associated undertakings, other related parties, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

i. Transactions	Un-Audited			
	Half year ended 31 December 2019	31 December 2018	Quarter ended 31 December 2019	31 December 2018
(Rupees in thousand)				
Associated companies				
Sale of goods and services	113,450	1,500	51,723	-
Purchase of goods and services	278	102	166	50
Insurance premium	7,720	8,561	573	184
Rent expense	1,200	1,200	600	600
Dividend paid	3,078	6,836	3,078	6,836
Electricity purchased	-	1,065	-	1,065

SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (Un-Audited)
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	Un-Audited			
	Half year ended 31 December 2019	31 December 2018	Quarter ended 31 December 2019	31 December 2018
	(Rupees in thousand)			
Other related parties				
Company's contribution to employees' provident fund trust	3,302	2,719	1,760	1,346
Loan obtained from employees' provident fund trust	-	64,000	-	64,000
Loan repaid to employees' provident fund trust	-	64,000	-	64,000
Remuneration of chief executive, directors and executives	14,780	15,684	7,390	7,842

ii. Period end balances	As at 31 December 2019 (Un-audited)		
	Associated Companies	Other related Parties	Total
	(Rupees in thousand)		
Trade and other payables	1,673	138,047	139,720
Trade debts	6,091	-	6,091
Long term investments	4,361	-	4,361
Other receivables	2,376	-	2,376

	As at 30 June 2019 (Un-audited)		
	Associated Companies	Other related Parties	Total
	(Rupees in thousand)		
Trade and other payables	272	111,657	111,929
Trade debts	493	-	493
Long term investments	4,457	-	4,457
Other receivables	586	-	586

11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

12. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements were approved by the Board of Directors and authorized for issue on 26 February, 2020.

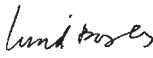
13. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

14. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.


Chief Executive


Director


Chief Financial Officer

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