

COMPANY INFORMATION

Board of Directors	:	Mr. Zahid Mazhar (Chief Executive) Mr. Omer Bin Zahid (Executive Director) Mr. Hassan Bin Zahid (Executive Director) Mrs. Naila Zahid (Chairperson) Mrs. Anam Omer Mrs. Shafia Hassan Mr. Waqar Hassan Siddiqui Mr. Nadeem Ahmed Mr. Mehmood Siddiqui
Chief Financial Officer	:	Mr. Omer Bin Zahid
Company Secretary	:	Mr. Abdul Amin
Audit Committee	:	Mr. Waqar Hassan Siddiqui (Chairman) Mrs. Anam Omer (Member) Mrs. Shafia Hassan (Member)
H. R. & Remuneration Committee	:	Mr. Nadeem Ahmed (Chairman) Mrs. Anam Omer (Member) Mrs. Shafia Hassan (Member)
Auditors	:	M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants
Legal Advisor	:	Mr. Abdul Ghani Khan (Advocate)
Bankers	:	Habib Bank Limited Bank Al-Falah Limited Soneri Bank Limited Habib Metropolitan Bank Limited J. S. Bank Limited Samba Bank Limited
Head Office / Registered Office	:	A 801-804, Lakson Square Building No. 3, Sarwar Shaheed Road, Karachi - Pakistan. Phone : (021) 35220481-8 Fax : (92-21) 35220495-6
Share Registrar	:	M/s Hameed Majeed Associates (Pvt.) Ltd. 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi. Phone : 32424826-32412754 Fax : 32424835 E-mail : majeed@hmaconsultants.com
Mills	:	Unit 1: A-265, S.I.T.E., Nooriabad, District Jamshoro, Sindh. Unit 2: E-11, S.I.T.E, Kotri, District Jamshoro, Sindh.
URL	:	www.nadeem.com.pk

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present its report together with the Reviewed Interim Financial Statements of the Company for the half year ended December 31, 2019.

FINANCIAL RESULTS

Following is the financial highlights of the company for the half year ended December 31, 2019:

	Dec. 31, 2019	Dec. 31, 2018
	Rs. In Million	Rs. In Million
Net Sales	3,790.86	3,158.74
Gross Profit	363.47	375.73
Gross Profit %	9.59%	11.89%
Profit / (Loss) before Tax	123.08	190.28
Profit / (Loss) after tax	85.98	154.83
Profit / (Loss) after tax %	2.26%	4.90%
Earning per share	Rs. 4.48	Rs. 8.06

The turnover of the company for the half year registered an increase of 20% or by Rupees 632.12 million as compared with corresponding period figure of last year. The profit before tax decreased from Rupees 190.28 m in the corresponding period of last year to Rs.123.08 million for the last six months mainly attributable to the impact of increase in gas prices, minimum wages and higher cotton prices as a result of lower cotton crop situation prevailing in the country. The earning per share has declined for the said reason from Rs.8.06 per share to Rs.4.48 per share.

OVERVIEW

The management of the company is focused on increasing its sales in the local and international markets to tap the emerging potential for growth of export of textile products from Pakistan. It undertakes direct and indirect exports with improved marketing strategy. These efforts would only materialize if government takes actions to remove the obstacles in its way specially that of liquidity crunch and high utility rates that require immediate and necessary action for uplifting this sector. The textile industry is faced with challenges of high cost of doing business which need to be addressed on priority basis so that it may be able to compete in the international market.

While the government efforts have succeeded in controlling current account deficit, building foreign currency reserve, giving stability to exchange rate, yet economic activity is needed to be geared up particularly for the textile industry so that it is able to meet the export target for which positive policies are required to maintain that momentum. These are expected to further help strengthening the country's control over the problems of current account deficit, high fiscal deficit, high cost of doing business, high inflation, maintaining a realistic currency rate etc. The share of our

regional competitors like Bangladesh and Vietnam in global textile trade is rising vigorously due to export friendly policies of their governments. There is a dire need to reduce our cost of doing business and make it comparable to regional competitors. Any delay in taking corrective measures can pull the textile industry down leading to an inability to compete in the international market against its rapidly growing peer countries.

FUTURE OUTLOOK

The country's cotton production for the last few years is lurking below 12 million bales. The actual local cotton crop output for this season has been estimated at 9 million bales as against the set production targets of 12 million bales and the annual consumption requirement of 14.5 million bales. The additional cotton needed by the industry to operate at full capacity will have to be met through imports which will cost more than US\$ 1.5 billion. The industry needs availability of cotton and polyester fiber at competitive prices and the government policies would be needed to achieve this.

On the front of better cotton availability, the government should ensure the acquisition of high-yielding seed technology from international sources and the restructuring of cotton research institutes on modern lines. It is also recommended to remove non-tariff barriers and duties on the import of cotton and polyester fiber.

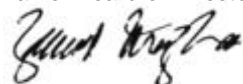
The directors of the company are determined to further improve plant operations with an emphasis on diversification, commercial operations, and financial management.

ACKNOWLEDGMENT

The Board of directors would take this opportunity to place on record their appreciation to the efforts of its employees, and the continuous support of customers, suppliers, and bankers.

Karachi:
February 28, 2020

On behalf of Board of Directors



ZAHID MAZHAR
Chief Executive

ڈائریکٹرز رپورٹ

محترم حصص یافتگان،
بورڈ آف ڈائریکٹرز ۳۱ دسمبر ۲۰۱۹ کو ختم ہونے والے نصف سال کے لئے کمپنی کے جائزہ شدہ عبوری مالیاتی نتائج اپنی رپورٹ کے ساتھ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی نتائج

۳۱ دسمبر ۲۰۱۹ کو اختتام پذیر ہونے والے نصف سال کے لئے کمپنی کے مالیاتی نتائج کی جھلکیاں درج ذیل ہیں۔

31 دسمبر 2018	31 دسمبر 2019	
روپے ملین میں	روپے ملین میں	
3,158.74	3,790.86	خالص فروخت
375.73	363.47	مجموعی منافع
11.89%	9.59%	مجموعی منافع %
190.28	123.08	منافع قبل از ٹیکس
154.83	85.98	منافع بعد از ٹیکس
4.90%	2.26%	منافع بعد از ٹیکس
Rs. 8.06	Rs. 4.48	فی حصص آمدن

نصف سال کی فروخت میں پچھلے سال کی اسی مدت کی فروخت کے مقابلے میں 20% یا 632.12 ملین روپے کا اضافہ ریکارڈ کیا گیا ہے۔ قبل از ٹیکس منافع پچھلے سال کی متقابلہ مدت کے 190.28 ملین روپے سے کم ہو کر 123.08 ملین روپے رہا جس کی بنیادی وجوہات میں ٹیکس کی قیمتوں میں اضافہ، کم سے کم اجرت اور کمپاس کی گرتی ہوئی فصل کی وجہ سے کمپاس کی قیمتوں میں ہونے والا اضافہ شامل ہیں۔ ان وجوہات کے باعث فی حصص آمدن 8.06 روپے سے کم ہو کر 4.48 روپے ہو گئی ہے۔

جائزہ

کمپنی کی انتظامیہ پاکستان ٹیکسٹائل انڈسٹری کی صلاحیتوں سے استفادہ کرتے ہوئے مقامی اور بین الاقوامی مارکیٹ میں اپنی فروخت میں اضافے کی کوششوں میں ہے۔ اس حکمت عملی میں براہ راست اور بالواسطہ برآمدات شامل ہیں۔ یہ کوششیں تب ہی کامیاب ہو سکتی ہیں جبکہ حکومت مختلف رکاوٹوں کو خاص طور پر لکھو ڈیٹی کے بحران اور یوٹیلٹی کی بڑھتی ہوئی شرح پر بھی فوری اور ضروری کارروائی کرے۔ ٹیکسٹائل انڈسٹری کو اس وقت بڑھتی ہوئی کاروباری لاگت جیسے چیلنج کا سامنا ہے جس کو ترجیحی بنیادوں پر حل کرنے کی ضرورت ہے تاکہ وہ بین الاقوامی مارکیٹ میں مقابلہ کرنے کے قابل ہو سکے۔

اگرچہ حکومتی کوششوں سے کرنٹ اکاؤنٹ کے خسارے پر قابو پانے، غیر ملکی کرنسی کے ذخائر میں اضافہ، اور شرح تبادلہ کو استحکام دینے میں مدد ملی ہے پھر بھی ٹیکسٹائل کی صنعت کے لئے معاشی سرگرمیوں کو بڑھاوا دینے کی ضرورت ہے تاکہ وہ برآمدی ہدف کو پورا کر سکے۔ اس رفتار کو برقرار رکھنے کے لئے مثبت پالیسیوں کی ضرورت ہے جیسے کہ کرنٹ اکاؤنٹ خسارے میں کمی، مالیاتی خسارے میں کمی،

کاروباری لاگت میں کمی، افراط زر میں کمی اور کرنسی کو اس کی حقیقی سطح پر مستحکم رکھنے جیسے اقدامات شامل ہیں۔ ہمارے علاقائی حریف جیسے بنگلہ دیش اور ویتنام اپنی حکومتوں کی برآمدات دوست پالیسیوں کے باعث عالمی ٹیکسٹائل تجارت میں تیزی سے اپنی جگہ بنا رہی ہیں۔ اصلاحی اقدامات اٹھانے میں کسی قسم کی تاخیر ٹیکسٹائل انڈسٹری کو اپنے تیزی سے ترقی کرتے ہوئے ہم مرتبہ ممالک کے مقابلے میں بین الاقوامی مارکیٹ کی مسابقت سے باہر کر سکتی ہے۔

مستقبل کا نقطہ نظر

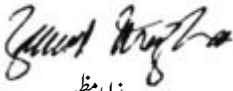
پچھلے کچھ سالوں سے کپاس کی پیداوار 12 ملین گانٹھوں سے نیچے جا رہی ہے۔ اس موسم میں کپاس کی اصل مقامی پیداوار کا تخمینہ 9 ملین گانٹھوں کا لگا یا گیا ہے جبکہ اس سال کا طے شدہ ہدف 12 ملین گانٹھیں اور سالانہ کھپت کا تخمینہ 14.5 ملین گانٹھوں کا لگا یا گیا ہے۔ انڈسٹری کو پوری صلاحیت کے مطابق کام کرنے کے لئے درکار اضافی روٹی درآمدات کے ذریعہ پوری کی جائے گی جس پر 1.5 ملین امریکی ڈالر سے زیادہ کی لاگت آئے گی۔ حکومت کو مسابقتی قیمتوں پر روٹی اور پالیسٹر فائبر کی فراہمی کو اپنی ترجیحات میں شامل کرنا پڑے گا۔

بہتر کپاس کی فراہمی کے علاوہ حکومت کو بین الاقوامی ذرائع سے اعلیٰ پیداوار دینے والے بیج کی ٹیکنالوجی کے حصول اور جدید خطوط پر کپاس کی ریسرچ اور ڈویلپمنٹ کی تنظیم کو یقینی بنانا چاہئے۔ اس کے علاوہ کپاس اور پالیسٹر فائبر کی درآمد پر عائد ٹیکسوں اور ڈیوٹیوں کے خاتمے کو بھی یقینی بنانا چاہئے۔

کمپنی کے ڈائریکٹرز جدت، پلانٹ آپریشن، تجارتی سرگرمیوں اور مالیاتی انتظام کو بہتر بنا کر اپنی کارکردگی کو بہتر بنانے کے لئے کوشاں ہیں۔

اظہار تشکر

کمپنی کی انتظامیہ اپنے ملازمین کی کوششوں اور گاہکوں، سپلائرز اور بینکاروں کے مسلسل تعاون کو قدر کی نگاہ سے دیکھتی ہے۔



زاہد مظہر

چیف ایگزیکٹو

کراچی 28 فروری 2020



AUDITOR'S REPORT TO THE MEMBERS
On Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim statement of financial position of M/s. Nadeem Textile Mills Limited ("the Company") as at December 31, 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 thereto for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the 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 the 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.

As part of our engagement, we were only required to review the cumulative figures for the six-month period ended December 31, 2019. Accordingly, we have not reviewed the figures in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three-month period ended December 31, 2019.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with 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 Mr. Muhammad Rafiq Dosani.

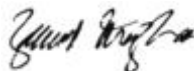
Karachi:
February 28, 2020

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

NADEEM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Note	Un-Audited Dec. 31, 2019 RUPEES	Audited June 30, 2019 RUPEES
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,624,824,499	1,626,405,616
Long term deposits		13,613,288	13,597,274
		1,638,437,787	1,640,002,890
CURRENT ASSETS			
Stores, spares and loose tools		89,135,494	89,415,372
Stock in trade	7	1,910,273,447	886,459,993
Trade debtors - unsecured - considered good		1,259,865,742	949,581,017
Investments		47,527,603	114,769,390
Loans and advances		174,738,414	230,444,123
Deposits, prepayments and other receivables		94,159,080	86,686,876
Tax refunds due from government		59,141,808	75,103,048
Cash and bank balances		155,795,762	143,896,482
		3,790,637,350	2,576,356,301
TOTAL ASSETS		5,429,075,137	4,216,359,191
EQUITY AND LIABILITIES			
Authorized share capital			
25,000,000 ordinary shares of Rs. 10/- each		250,000,000	250,000,000
Issued, subscribed and paid-up capital			
19,211,985 (June 30, 2019: 19,211,985) ordinary shares of Rs. 10/- each		192,119,850	192,119,850
Share premium		177,597,289	177,597,289
Surplus on revaluation of property, plant & equipment		306,302,036	312,229,122
Unappropriated profits		589,916,337	538,359,167
		1,265,935,512	1,220,305,428
NON CURRENT LIABILITIES			
Long term financing		52,648,530	85,318,528
Deferred liabilities		92,134,536	91,352,113
Loan from directors		131,000,000	-
Loan from associates		363,805,204	332,995,371
		639,588,270	509,666,012
CURRENT LIABILITIES			
Trade and other payables		1,301,692,796	672,837,469
Accrued mark-up		62,880,294	50,959,971
Short term borrowings	8	1,964,911,074	1,598,768,482
Unclaimed dividend		25,727,175	1,481,813
Loan from directors		30,000,000	10,000,000
Current portion of long term financing		65,340,016	72,340,016
Current portion of loan from associate		73,000,000	80,000,000
		3,523,551,355	2,486,387,751
Contingencies and commitments	9		
TOTAL EQUITY AND LIABILITIES		5,429,075,137	4,216,359,191

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



Chief Executive
Karachi: February 28, 2020



Director

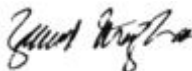


Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	For the half year ended		For the quarter ended	
	31-Dec-19 RUPEES	31-Dec-18 RUPEES	31-Dec-19 RUPEES	31-Dec-18 RUPEES
Sales - net	3,790,862,847	3,158,744,653	2,033,347,847	1,543,369,457
Cost of sales	(3,427,388,779)	(2,783,019,131)	(1,822,674,730)	(1,413,915,300)
Gross Profit	363,474,068	375,725,522	210,673,117	129,454,157
Administrative expenses	(53,249,523)	(46,012,467)	(27,573,167)	(23,764,330)
Distribution costs	(36,125,591)	(32,614,517)	(17,849,240)	(14,140,492)
	(89,375,114)	(78,626,984)	(45,422,407)	(37,904,822)
Operating profit	274,098,954	297,098,538	165,250,710	91,549,335
Finance costs	(155,423,054)	(99,766,580)	(78,771,006)	(59,035,093)
Other operating (expenses)/income	4,399,529	(7,049,056)	(3,021,234)	2,075,445
	(151,023,525)	(106,815,636)	(81,792,240)	(56,959,648)
Profit before taxation	123,075,429	190,282,901	83,458,470	34,589,686
<i>Taxation</i>				
Current	(46,750,748)	(29,846,089)	(27,586,567)	(17,751,554)
Prior	5,289,912	(526,815)	5,289,912	(526,815)
Deferred	4,360,656	(5,077,033)	(13,054,910)	(1,647,022)
	(37,100,180)	(35,449,937)	(35,351,565)	(19,925,391)
Profit after taxation	85,975,249	154,832,964	48,106,905	14,664,295
Earnings per share basic and diluted	4.48	8.06	2.50	0.76

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



Chief Executive
Karachi: February 28, 2020



Director

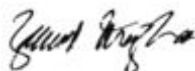


Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	For the half year ended		For the quarter ended	
	31-Dec-19 RUPEES	31-Dec-18 RUPEES	31-Dec-19 RUPEES	31-Dec-18 RUPEES
Profit for the period	85,975,249	154,832,964	48,106,905	14,664,295
Other Comprehensive income	-	-	-	-
Items that will not be reclassified subsequent to profit or loss				
Reversal of deferred tax liability on revaluation surplus due to change in tax rate	-	2,720,811	-	2,720,811
Total Comprehensive income for the period	85,975,249	157,553,775	48,106,905	17,385,106

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



Chief Executive
Karachi: February 28, 2020



Director

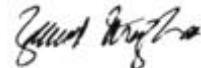


Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Dec. 31, 2019	Dec. 31, 2018
	RUPEES	RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	123,075,429	190,282,901
Adjustments for non-cash and other items		
Depreciation	66,897,821	67,731,182
Provision for gratuity	18,321,034	16,334,686
Loss / (gain) on disposal of property, plant and equipment	3,535,860	(3,199,565)
Contribution to workers' profit participation fund	8,585,843	10,219,275
Contribution to workers' welfare fund	2,633,582	3,883,325
Finance costs	155,423,054	99,766,580
	255,397,195	194,735,483
Operating profit before working capital changes	378,472,624	385,018,384
(Increase) / decrease in current assets		
Stores, spares and loose tools	279,878	(2,614)
Stock in trade	(1,023,813,454)	(605,922,258)
Trade debts unsecured – considered good	(310,284,725)	(243,869,111)
Term deposits	(2,058,213)	-
Loans and advances	55,705,709	(65,518,680)
Deposits, prepayments and other receivables	(7,472,204)	3,062,780
	(1,287,643,009)	(912,249,883)
(Decrease) / increase in current liabilities		
Trade and other payables	617,635,894	277,542,279
Net cash used in operations	(291,534,491)	(249,689,220)
Taxes paid	(25,499,596)	(17,718,483)
Long term deposits	(16,014)	-
Workers' profit participation fund paid	-	719,921
Gratuity paid	(13,177,955)	(13,488,667)
Finance costs paid	(143,502,731)	(90,090,379)
	(182,196,296)	(120,577,608)
Net cash used in operating activities	(473,730,787)	(370,266,828)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(75,252,557)	(65,949,555)
Proceeds from disposal of property, plant and equipment	6,400,000	10,258,332
Proceeds from sales tax bonds	69,300,000	-
Net cash used in investing activities	447,443	(55,691,223)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(16,099,803)	(12,266,051)
Long term loan repaid- net	(39,669,998)	(47,253,344)
Long term loan obtained from directors	151,000,000	-
Loan acquired from associate - net	23,809,833	25,375,000
Net cash used in financing activities	119,040,032	(34,144,395)
Net decrease in cash and cash equivalents	(354,243,312)	(460,102,446)
Cash and cash equivalents at beginning of the period	(1,454,872,000)	(1,516,938,298)
Cash and cash equivalents at end of the period	(1,809,115,312)	(1,977,040,744)
Cash and cash equivalents comprise of:		
Cash and bank balances	155,795,762	110,370,647
Short term borrowings	(1,964,911,074)	(2,087,411,391)
	(1,809,115,312)	(1,977,040,744)

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



Chief Executive
Karachi: February 28, 2020



Director

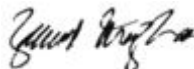


Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Issued, subscribed and paidup capital	Share premium	Unappro- priated profit	Revaluation surplus on property, plant & equipment	TOTAL
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at July 01, 2018	192,119,850	177,597,289	357,288,753	324,611,119	1,051,617,011
Total comprehensive income for the half year ended December 31, 2018	-	-	154,832,964	2,720,811	157,553,775
Incremental depreciation transferred from surplus on revaluation of fixed assets – net of deferred tax	-	-	6,295,975	(6,295,975)	-
<i>Transactions with owners</i> Final dividend at the rate of PKR 3.20 per share for the year ended June 30, 2018	-	-	(30,739,176)	-	(30,739,176)
Balance as at Dec. 31, 2018	192,119,850	177,597,289	487,678,516	321,035,955	1,178,431,610
Balance as at July 1, 2019	192,119,850	177,597,289	538,359,167	312,229,122	1,220,305,428
Total comprehensive income for the half year ended December 31, 2019	-	-	85,975,249	-	85,975,249
Incremental depreciation transferred from surplus on revaluation of fixed assets – net of deferred tax	-	-	5,927,086	(5,927,086)	-
<i>Transactions with owners</i> Final dividend at the rate of PKR 2.10/- per share for the year ended June 30, 2019	-	-	(40,345,165)	-	(40,345,165)
Balance as at Dec. 31, 2019	192,119,850	177,597,289	589,916,337	306,302,036	1,267,935,512

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



Chief Executive
Karachi: February 28, 2020



Director



Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

1 STATUS AND NATURE OF BUSINESS

Nadeem Textile Mills Limited ("the Company") was incorporated in Pakistan as public limited company on July 15, 1984 under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and is listed on Pakistan Stock Exchange Limited. The principle activity of the Company is manufacture and sales of yarn.

The geographical location and address of company's business units, including plant are as under:

- The registered office of the Company is situated at 801-804, Lakson square building No. 3, Sarwar Shaheed Road, Karachi.
- The company's mills are located at A-265, S.I.T.E, Nooriabad, district Jamshoro, Sindh and E-11, S.I.T.E, Kotri, District Jamshoro, 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 for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard 34: 'Interim Financial Reporting' (IAS 34), 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.

These condensed interim financial information does not include all the information and disclosures as require in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2019.

The comparative figures presented in these condensed interim financial statements as at December 31, 2019 has been extracted from the audited financial statements of the Company for the year ended June 30, 2019, whereas the comparative profit or loss account, statement of comprehensive income, statement of changes in equity and the statement of cash flows are extracted from the unaudited condensed interim financial statements for the six months period ended December 31, 2018.

These condensed interim financial statements is unaudited and is being submitted to the members of the Company as required under section 237 of the Companies Act, 2017 and the listing regulations of Pakistan Stock Exchange Limited as required by the Code of Corporate Governance.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except;

- Land and building carried at revaluation model
- Provision for gratuity carried at fair value.

2.3 Functional and presentation currency

Items included in these interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed

interim financial statements are presented in Pakistani Rupees which is the Company's functional currency and rounded off to the nearest rupee.

3 **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of these interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2019.

4 **ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

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

5 **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, 2019.

	Note	Un-Audited Dec. 31, 2019 RUPEES	Audited June 30, 2019 RUPEES
6 PROPERTY, PLANT & EQUIPMENT			
Operating fixed assets	6.1	1,613,356,451	1,606,579,792
Capital work in progress	6.2	11,468,048	19,825,824
		<u>1,624,824,499</u>	<u>1,626,405,616</u>

6.1 During the six months period ended December 31 2019, the Company capitalized property, plant and equipment aggregating Rs. 83.61 million (December 31, 2018: Rs. 93.90 million) while property, plant and equipment with the carrying value of Rs. 8.96 million (December 31, 2018: Rs. 7.06 million) were disposed off during the same period.

6.2 **Capital work in progress**

Civil works	4,722,147	16,135,485
Plant and Machinery	6,745,901	3,690,339
	<u>11,468,048</u>	<u>19,825,824</u>

7 **STOCK IN TRADE**

Raw material	1,361,885,862	448,451,613
Work in process	50,673,623	45,396,959
Finished goods	466,673,348	366,897,556
Waste	31,040,614	25,713,865
	<u>1,910,273,447</u>	<u>886,459,993</u>

8 **SHORT TERM BORROWINGS-SECURED**

These represent short term working capital finance facilities secured against pledge of stocks (Cotton, Yarn and Polyester fiber), local trade debts of the Company and charge over current assets. The rate of mark-up for running finance and cash finance ranges @ KIBOR + 2% to 2.25% per annum (June 30, 2019: KIBOR + 2% to 2.25% per annum), KIBOR ranged from 1 month and 3 months.

9 **CONTINGENCIES AND COMMITMENTS**

9.1 **Contingencies**

There are no significant changes in the status of contingencies as reported in note 24 to the annual audited financial statements of the Company for the year ended June 30, 2019.

	Note	Un-Audited Dec. 31, 2019	Audited June 30, 2019
9.2 Commitments			
Against letters of credit		669,490,312	332,736,018
Bank guarantee to Excise and Taxation depart.		40,875,753	40,875,753
Revolving letter of credit to SSGC		34,983,987	34,983,987
FBP outstanding		300,314,737	375,511,406
Civil contractor		3,058,031	3,239,458
Post dated cheques		93,046,560	91,881,560

10 **TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of associated companies, other associated undertakings, directors and key management personnel. Transactions between the Company and the related parties are as follows:

Transactions during the period	Nature of relationship	Un-Audited Dec. 31, 2019 RUPEES	Un-Audited Dec. 31, 2018 RUPEES
Electricity purchased	Associated undertaking	135,242,319	124,799,777
Rental income	Associated undertaking	10,000	10,000
Weighbridge	Associated undertaking	90,000	90,000
Loan received	Associated undertaking	35,800,000	31,615,000
Loan repaid	Associated undertaking	11,990,167	6,240,000
Balance outstanding			
Nadeem International (Pvt.) Ltd		423,000,000	402,500,000
Nadeem Power Generation (Pvt.) Ltd.		13,805,204	19,645,371
Loan from director		161,000,000	10,000,000

11 **OPERATING SEGMENT**

These interim financial statements have been prepared on the basis of a single reportable segment as the Company's asset allocation decisions are based on a single and integrated business strategy.

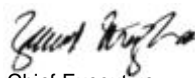
12 **DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements have been authorized by the Board of Directors of the Company for issue in their meeting held on February 28, 2020.

13 **GENERAL**

13.1 For better presentation certain prior period's figures have been reclassified consequent to certain changes in the current period's presentation.

13.2 Figures have been rounded off to the nearest rupee.



Chief Executive
Karachi: February 28, 2020



Director



Chief Financial Officer

www.jamapunji.pk



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

[@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices