



**Condensed Interim Financial Information  
December 31, 2016**

**ZAHIDJEE TEXTILE MILLS LIMITED**

Company Information	2
Directors' Report to the Members - English	3
Directors' Report to the Members - Urdu	4
Review Report to the Members	6
Condensed Balance Sheet	7
Condensed Profit and Loss Account	8
Condensed Interim Statement of Comprehensive Income	9
Condensed Cash Flow Statement	10
Condensed Statement of Changes in Equity	12
Notes to the Condensed Interim Financial Information	13
<b>Consolidated Accounts</b>	
<b>Zahidjee Textile Mills Limited and its Subsidiary Company</b>	
Condensed Interim Consolidated Balance Sheet	20
Condensed Interim Consolidated Profit and Loss Account	21
Condensed Interim Consolidated Statement of Comprehensive Income	22
Condensed Interim Consolidated Cash Flow Statement	23
Condensed Interim Consolidated Statement of Changes in Equity	25
Notes to the Condensed Interim Consolidated Financial Statements	26

**Company  
Information****Board of Directors****Chairman**

Mr. Muhammad Sharif

**Chief Executive**

Muhammad Zahid

**Directors**

Mst.Huma Zahid

Miss Aleeza Zahid

Brig (R) Wali Muhammad

Mr.Javed Iqbal ACA

Mr. Muhammad Jamshaid

**Audit Committee**

Mr.Javed Iqbal ACA  
(Chairman)

Mst. Huma Zahid

Mr. Muhammad Jamshaid

**Auditors**

Avais Hyder Liaquat Nauman  
Chartered Accountants

**Share Registrar**

Corptec Associates (Private) Limited

503-E, Johar Town, Lahore

Tel: 042-35170335-6

Fax 042-35170338

E-mail: info@corptec.com.pk

**Head Office**

2 H, Gulberg II, Jail Road, Lahore

Tel: 042-35777291-5

**Bankers of the Company**

The Bank of Punjab

United Bank Limited

National Bank of Pakistan

Askari Commercial Bank Limited

Meezan Bank Limited

Summit Bank Limited

Bank Al-Falah Limited

Faysal Bank Limited

Allied Bank Limited

**HR& Remuneration Committee**

Brig (R) Wali Muhammad  
(Chairman)

Mr. Muhammad Jamshaid

Miss Aleeza Zahid

**Company Secretary/  
Chief Financial Officer**

Mr. Shahab-Ud-Din Khan

**Registered Office**

20, Bilal Road, Civil Lines,  
Faisalabad

**Mills**

- 28-KM, Sheikhpura Road,  
Faisalabad.
- 32-KM, Tandlian wala Road,  
Faisalabad.
- M-3 Industrial City,  
Sahianwala, Faisalabad.

Condensed Interim Financial Information - December 31, 2016

Directors of Zahidjee Textile Mills Limited ("the Company") are pleased to present the Directors' Report for the half year ended 31 December 2016.

### OPERATING FINANCIAL RESULTS

	Half year ended December 31,		Increase / (Decrease) %
	2016	2015	
Net Sales - (Rs. In '000')	3,822,079	3,331,307	14.73
Gross Profit - (Rs. In '000')	330,572	347,406	(4.84)
Profit for the period before taxation - (Rs. In '000')	170,509	220,279	(22.59)
Profit for the period - (Rs. In '000')	132,521	212,147	(37.53)
Gross profit %	8.65%	10.41%	
Profit after Taxation %	3.47%	6.37%	
Earnings Per Share (Rs.)	0.73	1.28	

Adverse economic conditions which overshadowed spinning sector in the financial year 2015-16 continued to prevail during the first half of the financial year 2016-17. The decrease in profit in the half year ended December 31, 2016 as compared to the corresponding period is mainly due to increase in cotton prices which does not correspondingly matched with the sale price. This has been coupled with the ever increasing fuel cost, wages and other inputs.

Better management and efficient use of resources was the reason for these sustainable results despite the stated factors.

The Company has been able to generate stable cash flows and discharged all its operating and financial liabilities in time.

### GENERAL MARKET REVIEW AND FUTURE PROSPECTS

The textile industry in Pakistan is passing through a difficult time. First half of the financial year 2016-17 witnessed an increasing trend in cotton and polyester prices due to rise in crude oil and petroleum prices. This bullish trend seems to be continued in coming weeks as well owing to strong demand since there is a shortfall in cotton crop production worldwide.

The infrastructure of new unit at M-3 Industrial City supports operation up to 50,000 Spindles. Originally installed 25,000 spindles have been increased to 33,264 in Aug-2016. Now management intends to install further 16,800 spindles.

Government of Pakistan has recently announced package for export oriented sectors of the country. The announcement of this package is a healthy sign for the future of textile sector of the country.

### SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

Zahidjee Towers Limited form portfolio of subsidiary company of the Company. Therefore, the Company has annexed consolidated condensed interim financial information in addition to its separate condensed interim financial information, in accordance with the requirements of International Financial Reporting Standards.

### ACKNOWLEDGEMENTS

The Board is pleased about the efforts of the management, staff and workers that despite adverse conditions profitable results have been possible due to continued diligence and devotion of them.

For and on behalf of  
the Board

Dated: February 28, 2017  
Lahore

MUHAMMAD ZAHID  
Chief Executive Officer

## ڈائریکٹرز کا جائزہ

میں سال 31 دسمبر 2016 کو ختم ہونے والی ششماہی پر زاہد جی ٹیکسٹائل ملز لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے غیر آڈٹ شدہ مالیاتی گوشوارے ممبران کو پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

31 دسمبر فی صد	31 دسمبر 000		
	2015	2016	
14.73	3331.307	3822.079	خالص فروخت
<4.84>	347.406	330.572	خام منافع
<22.59>	220.279	170.509	قبل از ٹیکس منافع
<37.53>	212.147	132.521	سالانہ منافع
	10.43	8.65	خام منافع فی صد
	6.37	3.47	سالانہ منافع فی صد
	1.28	0.73	آمدنی فی حصص

سابقہ سال 15-16 سے آنے والے مخالف اقتصادی حالات سال 16-17 میں بھی جاری رہے۔ موجودہ ششماہی میں پچھلے سال کے مقابلہ میں منافع کی کمی کی بڑی وجہ خام مال کی قیمت میں اضافہ ہے جبکہ فروخت میں مقابلتاً اضافہ نہیں ہوا۔

اس میں مزید اثرات ایندھن، مزدوری اور دوسرے اخراجات میں اضافہ سے ہوئے۔ اسکے باوجود کمپنی نے اپنی وصولیوں کو قائم رکھا اور اپنی جاری اور مالی ذمہ داریوں کو ادا کرنے کے قابل رہی۔

## مارکیٹ کی صورت حال اور مستقبل کا نقشہ

پاکستان کی ٹیکسٹائل صنعت مشکل حالات کا سامنا کر رہی ہے مالی سال 2016-17 کی پہلی ششماہی عالمی سطح پر خام تیل اور پٹرولیم مصنوعات کی قیمتوں میں اضافہ کے زیر اثر کپاس اور پولی السٹیر کی قیمتوں میں اضافہ کا رجحان رہا اضافہ کا رجحان عالمی سطح پر کپاس کی کم پیداوار اور مانگ میں اضافہ کی وجہ سے جاری رہے گا۔

صنعتی بستی M3 میں لگائے گئے نئے یونٹ میں -/50,000 سپنڈل لگانے کی گنجائش ہے۔ پہلے 25000 سپنڈل لگائے جو اب بڑھ کر 33,264 ہو چکے ہیں۔ انتظامیہ مزید 16,800 سپنڈل لگانے کا ارادہ رکھتی ہے۔

ذیلی کمپنی اور مشترکہ مالی رپورٹس

زاہد جی ٹاورز لمیٹڈ ذیلی کمپنی ہے اسلئے کمپنی نے مشترکہ ششماہی مالی رپورٹس ساتھ دی ہیں ذیلی کمپنی کی مالی رپورٹس کے علاوہ یہ تمام رپورٹس رپورٹنگ کے عالمی معیار کے مطابق ہیں۔  
اعترافات

آپ کی کمپنی کے ڈائریکٹرز اس بات کا فخر یہ اعتراف کرتے ہیں کہ مشکل حالات کے باوجود ورکرز، سٹاف اور متعلقہ اداروں کی سخت محنت سے کمپنی منافع کمانے کے قابل ہوئی۔

محمد زاہد  
چیف ایگزیکٹو

لاہور

28 فروری 2017ء

**Auditors' Report on Review of Interim Financial Information to the Members**

## Introduction

We have reviewed the accompanying condensed interim balance sheet of Zahidjee Textile Mills Limited as at December 31, 2016, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2015 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at December 31, 2016 and for half year then ended is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

**Dated: February 28, 2017****Place: Faisalabad****RSM Avais Hyder Liaquat Nauman****Chartered Accountants****Engagement partner: Hamid Masood**

**ZAHIDJEE TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT DECEMBER 31, 2016**

	Note	Un-audited December 31, 2016 Rupees	Audited June 30, 2016 Rupees
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	3	4,759,678,530	4,732,497,469
Intangible assets		4,297,538	5,413,978
Investment in subsidiary	4	359,200,000	359,200,000
Long term security deposits		5,077,661	4,450,142
		5,128,253,729	5,101,561,589
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		177,104,863	156,143,036
Stock in trade		2,300,388,486	1,018,969,578
Trade debts		669,695,678	632,490,206
Loans, advances and deposits		190,916,001	139,770,248
Prepayments		9,284,125	1,016,463
Other receivables		22,622,725	23,228,753
Short term investment	5	74,845,598	57,388,368
Tax refunds due from Government		224,126,530	215,377,879
Cash and bank balances		233,693,909	65,459,258
		3,902,677,915	2,309,843,789
<b>CURRENT LIABILITIES</b>			
Trade and other payables		747,706,885	579,854,800
Interest / markup payable		40,051,597	35,991,631
Short term borrowings		3,152,109,316	2,081,645,542
Current portion of long term finance		287,479,277	170,318,937
Provision for taxation - income tax		-	-
		4,227,347,075	2,867,810,910
		4,803,584,569	4,543,594,468
<b>NON - CURRENT LIABILITIES</b>			
Long term finance		636,781,410	547,300,136
Deferred liability			
Deferred taxation	6	88,908,761	54,617,692
		725,690,171	601,917,828
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	-	-
Net worth		<u>4,077,894,398</u>	<u>3,941,676,640</u>
Represented by			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	8	1,823,058,094	1,657,325,540
Capital reserves			
Merger reserve		366,258,513	366,258,513
Revenue reserves		1,187,017,469	1,211,992,151
		3,376,334,076	3,235,576,204
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
		<u>701,560,322</u>	<u>706,100,436</u>
		<u>4,077,894,398</u>	<u>3,941,676,640</u>

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

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**ZAHIDJEE TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Note	Quarter ended December 31,		Half year ended December 31,	
		2016	2015	2016	2015
		Rupees	Rupees	Rupees	Rupees
Sales	9	2,028,809,807	1,679,577,538	3,822,078,985	3,331,307,357
Cost of goods sold	10	1,891,786,814	1,493,903,532	3,491,507,314	2,983,901,026
Gross profit		137,022,993	185,674,006	330,571,671	347,406,331
Trading profit		-	-	-	473,425
Other income		18,005,867	41,924,324	21,314,917	47,702,388
		155,028,860	227,598,330	351,886,588	395,582,144
Distribution cost		11,846,459	26,390,578	45,880,240	56,575,542
Administrative expenses		26,517,764	23,466,926	44,098,187	45,595,285
Other operating expenses		7,899,818	11,202,124	9,669,237	11,593,667
Finance cost		47,208,711	33,561,580	81,730,097	61,537,975
		93,472,752	94,621,208	181,377,761	175,302,469
Profit for the period before taxation		61,556,108	132,977,122	170,508,827	220,279,675
Provision for taxation	11	1,252,924	1,141,959	37,988,112	8,132,424
Profit for the period		60,303,184	131,835,163	132,520,715	212,147,251
Earnings per share - Basic and diluted		0.33	0.72	0.73	1.16

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

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**ZAHIDJEE TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	<u>Quarter ended December 31,</u>		<u>Half year ended December 31,</u>	
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
Profit for the period	60,303,184	131,835,163	132,520,715	212,147,251
Other comprehensive income				
Items that will not be subsequently reclassified to profit or loss				
Incremental depreciation on revalued assets for the period	2,887,858	2,893,329	6,621,768	6,596,877
Related deferred tax	704,497	735,339	1,615,389	1,676,594
	3,592,355	3,628,668	8,237,157	8,273,471
Total comprehensive income for the period	<u>63,895,539</u>	<u>135,463,831</u>	<u>140,757,872</u>	<u>220,420,722</u>

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

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**ZAHIDJEE TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Half year ended	
	December 31,	
	2016 Rupees	2015 Rupees
<b>(a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	170,508,827	220,279,675
Adjustments for :		
Depreciation of property, plant and equipment	98,542,321	84,739,005
Amortization on intangible assets	1,116,440	720,196
Dividend on Investment	-	(4,045,708)
Balances written back	(124,710)	(40,000,000)
Loss on disposal of operating assets	534,881	-
Fair value adjustment of short term investment	(17,457,230)	-
Finance cost	81,730,097	61,537,975
Operating cash flows before working capital changes	<u>334,850,626</u>	<u>323,231,143</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(20,961,827)	(103,291,487)
Stock in trade	(1,281,418,908)	(365,797,808)
Trade debts	(37,205,472)	38,796,831
Loans, advances and deposits	(51,145,753)	(24,600,629)
Prepayments	(8,267,662)	(2,869,096)
Other receivables	606,028	(3,161,286)
Tax refunds due from Government - sales tax	(8,748,651)	(25,513,458)
Increase in current liabilities		
Trade and other payables	167,976,795	69,424,909
	<u>(1,239,165,450)</u>	<u>(417,012,024)</u>
Cash (used in) operating activities	(904,314,824)	(93,780,881)
Finance cost paid	(77,670,131)	(63,783,345)
Income tax paid	(96,165,999)	(28,758,149)
Net cash (used in) operating activities	<u>(1,078,150,954)</u>	<u>(186,322,375)</u>
<b>(b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	(32,698,496)	(70,219,619)
Proceeds from disposal of operating assets	2,606,232	-
Investment in associate	-	(359,112,240)
Addition in long term security deposits	(627,519)	-
Dividend received	-	4,045,708

**Half year ended December 31,**  
**2016**                      **2015**  
**Rupees**                      **Rupees**

**(c) CASH FLOWS FROM FINANCING ACTIVITIES**

Long term financing obtained	274,085,080	-
Long term financing repaid	(67,443,466)	(75,000,000)
Increase in short term borrowings - net	1,070,463,774	688,760,585
Net cash generated from financing activities	<u>1,277,105,388</u>	<u>613,760,585</u>
Net increase in cash and cash equivalents (a+b+c)	168,234,651	2,152,059
Cash and cash equivalents at the beginning of the period	65,459,258	7,109,869
Cash and cash equivalents at the end of the period	<u><u>233,693,909</u></u>	<u><u>9,261,928</u></u>

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

**CHIEF EXECUTIVE OFFICER****DIRECTOR**

**ZAHIDJEE TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	CAPITAL RESERVES Merger reserve	REVENUE RESERVES		Sub total	Total
			General reserve	Unappropriated profit		
R u p e e s						
Balance as at July 01, 2015 (Audited)	1,274,865,800	366,258,513	300,000,000	969,627,629	1,269,627,629	2,910,751,942
<b>Transaction with owners</b>						
Bonus shares issued (Three shares for each ten shares held)	382,459,740	-	-	(382,459,740)	(382,459,740)	-
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	212,147,251	212,147,251	212,147,251
Other comprehensive income						
Items that will not be subsequently reclassified to profit or loss						
Incremental depreciation on revalued assets for the period	-	-	-	6,596,877	6,596,877	6,596,877
Related deferred tax	-	-	-	1,676,594	1,676,594	1,676,594
	-	-	-	220,420,722	220,420,722	220,420,722
Balance as at December 31, 2015 (Unaudited)	1,657,325,540	366,258,513	300,000,000	807,588,611	1,107,588,611	3,131,172,664
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	95,916,752	95,916,752	95,916,752
Other comprehensive income						
Items that will not be subsequently reclassified to profit or loss						
Incremental depreciation on revalued assets for the period	-	-	-	6,766,966	6,766,966	6,766,966
Related deferred tax	-	-	-	1,719,822	1,719,822	1,719,822
	-	-	-	104,403,540	104,403,540	104,403,540
Balance as at June 30, 2016 (Audited)	1,657,325,540	366,258,513	300,000,000	911,992,151	1,211,992,151	3,235,576,204
<b>Transaction with owners</b>						
Bonus shares issued (One share for each ten shares held)	165,732,554	-	-	(165,732,554)	(165,732,554)	-
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	132,520,715	132,520,715	132,520,715
Other comprehensive income						
Items that will not be subsequently reclassified to profit or loss						
Incremental depreciation on revalued assets for the period	-	-	-	6,621,768	6,621,768	6,621,768
Related deferred tax	-	-	-	1,615,389	1,615,389	1,615,389
	-	-	-	140,757,872	140,757,872	140,757,872
Balance as at December 31, 2016 (Unaudited)	1,823,058,094	366,258,513	300,000,000	887,017,469	1,187,017,469	3,376,334,076

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

**CHIEF EXECUTIVE OFFICER**

**Director**

**ZAHIDJEE TEXTILE MILLS LIMITED  
SELECTED EXPLANATORY NOTES TO THE  
CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

**1. STATUS AND ACTIVITIES**

- 1.1** Zahidjee Textile Mills Limited (the Company) is incorporated in Pakistan on July 17, 1990 as a public limited company under the Companies Ordinance, 1984. The Company is listed on Pakistan Stock Exchange. The principal business of the Company is export of all kinds of value added fabrics and textile made-ups. The Company is also engaged in the business of manufacturing and sale of yarn. The registered office of the Company is situated at 20 Bilal Road, Civil Lines, Faisalabad. The weaving unit is located at Satyana, District Faisalabad and spinning units are located at Tehsil Jaranwala and at M3 Industrial city, Sahianwala, District Faisalabad in the province of Punjab.
- 1.2** Pursuant to scheme of arrangement approved by the Honorable Lahore High Court, Lahore, assets, liabilities and reserves of Zahidjee Fabrics Limited were merged with the assets, liabilities and reserves of Zahidjee Textile Mills Limited with effect from July 01, 2006.
- 1.3** The condensed interim financial information is presented in Pakistani Rupee, which is the Company's functional and presentation currency.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Statement of compliance**

- 2.1.1** This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case the requirements differ, the provisions of or directives issued under the Ordinance have been followed.
- 2.1.2** This condensed interim financial information is unaudited but subject to limited scope review by the auditors of the Company and is being submitted to the shareholders as required under Section 245 of the Ordinance.
- 2.1.3** This condensed interim financial information does not include all the information required for complete set of financial statements, and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2016.

**2.2 Application of new and revised International Financial Reporting Standards**

**2.2.1 Standards, amendments to published approved accounting standards and interpretations becoming effective in current period:**

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2016 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2016.

### 2.2.2 Standards, amendments to published approved accounting standards and interpretations becoming effective in future periods:

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2017 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2016.

### 2.3 Basis of preparation

This condensed interim financial information has been prepared under the "historical cost convention" except certain property, plant and equipment carried at valuation and short term investment measured at fair value.

### 2.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information is the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2016.

### 2.5 Estimates, judgments and risk management policies

2.5.1 The preparation of financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in this condensed interim financial information is the same as those disclosed in the published audited financial statements for the year ended June 30, 2016.

2.5.2 Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2016.

Note	Un-audited December 31, 2016 Rupees	Audited June 30, 2016 Rupees
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### 3. PROPERTY, PLANT AND EQUIPMENT

Operating assets	3.1	4,484,143,601	3,937,146,785
Capital work in progress		264,162,540	759,985,761
Advance against purchase of land		3,998,000	3,998,000
Advances to contractors		7,374,389	31,366,923
		<u>4,759,678,530</u>	<u>4,732,497,469</u>

	Note	Un-audited December 31, 2016 Rupees	Audited June 30, 2016 Rupees
<b>3.1 Operating assets</b>			
Book value at beginning of period / year		3,937,146,785	3,722,656,213
Add: Addition during the period / year	3.1.1	648,680,250	392,321,234
Less: disposal during the period / year		(3,141,113)	(8,226,620)
Depreciation charge during the period / year		(98,542,321)	(169,604,042)
		<u>4,484,143,601</u>	<u>3,937,146,785</u>

**3.1.1 Additions to operating assets, including transfer from capital work in progress, during the period / year were as follows**

Free hold land	-	4,288,000
Building on freehold land	236,743,114	202,158,593
Plant and machinery	390,079,562	176,177,588
Electric installations	18,369,556	786,500
Factory equipment	26,000	1,502,808
Office equipment	1,027,301	282,958
Electric appliances	723,272	653,763
Furniture and fittings	541,945	832,424
Vehicles	1,169,500	5,638,600
	<u>648,680,250</u>	<u>392,321,234</u>

**4. Investment in subsidiary**

Zahidjee Towers (Private) Limited  
35,920,000 ordinary shares of Rs. 10/- each fully paid in cash.  
Ownership interest 64.77%

	<u>359,200,000</u>	<u>359,200,000</u>
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**4.1** The principal objective of Zahidjee Towers (Private) Limited is to provide all kinds of services related to the business of Hotels, Restaurants, Resorts, Motels. Registered office of the subsidiary is situated at 20 Bilal Road, Civil Lines, Faisalabad in the province of Punjab.

	Un-audited December 31, 2016 Rupees	Audited June 30, 2016 Rupees
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**5. Short term investment**

Financial assets at fair value through profit or loss

Quoted security

Habib Metropolitan Bank Limited

2,022,854 (June 30, 2016: 2,022,854)

ordinary shares of Rs.10/- each

Adjustment in fair value

	57,388,368	60,685,620
	17,457,230	(3,297,252)
	<u>74,845,598</u>	<u>57,388,368</u>

Un-audited December 31, 2016 Rupees	Audited June 30, 2016 Rupees
--	---------------------------------------

**6. Deferred taxation**

Opening balance	54,617,692	41,634,106
(Reversal) of deferred tax related to Incremental depreciation on revalued assets	(1,615,389)	(3,396,416)
(Reversal) / provision of deferred tax on surplus	(2,081,654)	3,172,045
Provision for the period	37,988,112	13,207,957
	<u>88,908,761</u>	<u>54,617,692</u>

**6.1 It represents the following:**

Deferred tax liability:		
Difference between accounting and tax bases of assets	342,402,522	315,656,415
Deferred tax asset:		
Carried forward losses / tax credits	(253,493,761)	(261,038,723)
	<u>88,908,761</u>	<u>54,617,692</u>

**7. CONTINGENCIES AND COMMITMENTS**

There is no significant change in contingencies and commitments since the date of published audited financial statements for the year ended June 30, 2016, except the followings;

Un-audited December 31, 2016 Rupees	Audited June 30, 2016 Rupees
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**Contingencies**

Indemnity bonds issued in favour of collector of customs / sales tax, Faisalabad to avail exemption of sales tax and custom duty on imported raw material / machinery.	55,762,284	168,181,383
Income tax demand not acknowledged due to pending appeals	92,110,362	116,039,660
Sales tax demand not acknowledged due to pending appeals	22,041,527	13,528,956

**Commitments**

Under letters of credit for: Raw material and spare parts	5,268,494	66,831,878
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**8. Share capital****8.1 Authorised capital**

December 31, 2016 Number of shares	June 30, 2016 Number of shares	December 31, 2016 Rupees	June 30, 2016 Rupees
<u>220,000,000</u>	<u>220,000,000</u>	<u>2,200,000,000</u>	<u>2,200,000,000</u>

**8.2 Issued, subscribed and paid up capital**

December 31, 2016 Number of shares	June 30, 2016 Number of shares		December 31, 2016 Rupees	June 30, 2016 Rupees
89,462,580	89,462,580	Ordinary shares of Rs. 10/- each fully paid in cash.	894,625,800	894,625,800
23,041,604	23,041,604	Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Court.	230,416,040	230,416,040
53,228,370	53,228,370	Ordinary shares of Rs.10/- each issued as fully paid bonus shares.	532,283,700	532,283,700
16,573,255	-	Ordinary shares of Rs.10/- each issued during the period as fully paid bonus shares.	165,732,554	-
<u>182,305,809</u>	<u>165,732,554</u>		<u>1,823,058,094</u>	<u>1,657,325,540</u>

Quarter ended December 31,		Half year ended December 31,	
2016	2015	2016	2015
Rupees	Rupees	Rupees	Rupees

**9. Sales**

Export				
Cloth / made ups	440,658,874	475,969,935	840,200,886	949,852,336
Local				
Yarn	1,494,467,802	1,175,407,601	2,834,931,145	2,294,906,502
Cloth	30,327,920	310,750	30,327,920	310,750
Waste and left over	67,756,236	29,518,147	130,298,258	93,787,644
Conversion receipts	3,708,594	7,432,044	5,157,390	11,413,889
	<u>1,596,260,552</u>	<u>1,212,668,542</u>	<u>3,000,714,713</u>	<u>2,400,418,785</u>
	2,036,919,426	1,688,638,477	3,840,915,599	3,350,271,121
Add: Export rebate / duty drawback	-	1,811,012	1,463,442	3,536,843
	<u>2,036,919,426</u>	<u>1,690,449,489</u>	<u>3,842,379,041</u>	<u>3,353,807,964</u>
Less: Commission and claims	8,109,619	10,871,951	20,300,056	22,500,607
	<u>2,028,809,807</u>	<u>1,679,577,538</u>	<u>3,822,078,985</u>	<u>3,331,307,357</u>

	Note	Quarter ended December 31,		Half year ended December 31,	
		2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
<b>10. COST OF GOODS SOLD</b>					
Cost of goods manufactured		1,886,872,082	1,606,407,921	3,454,616,610	3,030,955,115
Finished goods					
Opening stock		135,321,694	72,664,437	167,297,666	138,114,737
Closing stock		(130,406,962)	(185,168,826)	(130,406,962)	(185,168,826)
		4,914,732	(112,504,389)	36,890,704	(47,054,089)
		<u>1,891,786,814</u>	<u>1,493,903,532</u>	<u>3,491,507,314</u>	<u>2,983,901,026</u>
<b>10.1 Cost of goods manufactured</b>					
Raw material consumed	10.1.1	1,447,759,452	1,361,781,649	2,593,053,594	2,286,945,260
Packing material consumed		24,239,750	2,348,203	44,194,317	20,674,789
Salaries, wages and benefits		102,521,541	103,902,458	243,560,380	221,282,823
Retirement benefits		4,544,293	5,620,180	9,621,691	9,183,049
Stores and spares consumed		51,211,153	36,363,541	124,305,073	95,853,646
Fuel and power		178,777,796	60,726,807	303,668,191	251,981,412
Repairs and maintenance		37,675,433	12,505,835	41,639,253	37,071,644
Insurance		1,899,586	694,897	4,872,211	3,960,886
Depreciation		50,338,355	43,319,416	95,010,214	83,490,680
Other		6,328,907	4,731,491	8,232,560	7,255,756
		<u>1,905,296,266</u>	<u>1,631,994,477</u>	<u>3,468,157,484</u>	<u>3,017,699,945</u>
Work in process					
Opening stock		81,085,213	42,309,229	85,968,523	81,150,955
Closing stock		(99,509,397)	(67,895,785)	(99,509,397)	(67,895,785)
		(18,424,184)	(25,586,556)	(13,540,874)	13,255,170
		<u>1,886,872,082</u>	<u>1,606,407,921</u>	<u>3,454,616,610</u>	<u>3,030,955,115</u>
<b>10.1.1 Raw material consumed</b>					
Opening stock		617,842,947	343,404,143	765,703,389	657,633,216
Purchases including purchase expenses		2,900,388,633	2,008,009,610	3,897,822,333	2,618,944,148
		3,518,231,580	2,351,413,753	4,663,525,722	3,276,577,364
Closing stock		(2,070,472,128)	(989,632,104)	(2,070,472,128)	(989,632,104)
		<u>1,447,759,452</u>	<u>1,361,781,649</u>	<u>2,593,053,594</u>	<u>2,286,945,260</u>
<b>11. Provision for taxation</b>					
Current					
for the period		-	-	-	-
for prior period		-	(110,965)	-	(110,965)
Deferred		1,252,924	1,252,924	37,988,112	8,243,389
		<u>1,252,924</u>	<u>1,141,959</u>	<u>37,988,112</u>	<u>8,132,424</u>

**12. AGGREGATE TRANSACTIONS  
WITH RELATED PARTIES**

The Company in the normal course of business carries out transactions with various related parties which comprise of, directors and key management personnel. Significant transactions with related parties are as follows:-

Relationship	Nature of transaction	Half year ended December 31,	
		2016 Rupees	2015 Rupees
Key management personnel	Remuneration	25,729,000	24,172,800
	Repayment of short term loan	(43,287,063)	-

**13. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on February 28, 2017 by the Board of Directors of the Company.

**14. GENERAL**

**14.1** Provisions for taxation and workers' profit participation fund made in this condensed interim financial information are subject to adjustment in annual financial statements.

**14.2** There is no unusual item included in this condensed interim financial information which is affecting assets, liabilities, equity, profit, comprehensive income or cash flows of the Company.

**14.3** The textile business is all year business however, major raw material purchase i.e. cotton, is made during the four months from October to January. This leads to higher figures in respect of stock in trade and short term borrowings being reflected during this period.

**15.** Figures have been rounded off to the nearest Rupee.

**CHIEF EXECUTIVE OFFICER****DIRECTOR**

**CONSOLIDATED**

**FINANCIAL**

**INFORMATION**

**DECEMBER 31, 2016**

**ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY  
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET  
AS AT DECEMBER 31, 2016**

	Note	(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	4	5,325,002,956	5,297,821,895
Intangible assets		4,297,538	5,413,978
Long term security deposits		5,077,661	4,450,142
		5,334,378,155	5,307,686,015
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		177,104,863	156,143,036
Stock in trade		2,300,388,486	1,018,969,578
Trade debts		669,695,678	632,490,206
Loans, advances and deposit		190,916,047	143,985,887
Prepayments		9,284,125	1,016,463
Other receivables		22,622,725	23,228,753
Short term investment	5	74,845,598	57,388,368
Tax refunds due from Government		228,342,169	215,377,879
Cash and bank balances		233,748,033	65,517,793
		3,906,947,724	2,314,117,963
<b>CURRENT LIABILITIES</b>			
Trade and other payables		748,536,885	580,684,800
Interest / mark up payable		40,051,597	35,991,631
Short term borrowings		3,168,109,316	2,097,645,542
Current portion of long term finance		287,479,277	170,318,937
Provision for taxation - income tax		-	-
		4,244,177,075	2,884,640,910
		4,997,148,804	4,737,163,068
<b>NON - CURRENT LIABILITIES</b>			
Long term finance		636,781,410	547,300,136
Deferred liability			
Deferred taxation	6	88,908,761	54,617,692
		725,690,171	601,917,828
<b>CONTINGENCIES AND COMMITMENTS</b>			
Net worth	7	-	-
		4,271,458,633	4,135,245,240
<b>Represented by :</b>			
Share capital	8	1,823,058,094	1,657,325,540
Capital reserve			
Merger reserve		366,258,513	366,258,513
Revenue reserves		1,185,860,772	1,210,838,281
		3,375,177,379	3,234,422,334
Non-controlling interest		194,720,932	194,722,470
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
		701,560,322	706,100,436
		4,271,458,633	4,135,245,240

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY COMPANY**  
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Note	Quarter ended December 31,		Half year ended December 31,	
		2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
Sales	9	2,028,809,807	1,679,577,538	3,822,078,985	3,331,307,357
Cost of goods sold	10	1,891,786,814	1,493,903,532	3,491,507,314	2,983,901,026
Gross profit		137,022,993	185,674,006	330,571,671	347,406,331
Trading profit		-	-	-	473,425
Other income		18,006,098	41,924,324	21,315,377	47,702,388
		155,029,090	227,598,330	351,887,048	395,582,144
Distribution cost		11,846,459	26,390,578	45,880,240	56,575,542
Administrative expenses		26,517,764	23,466,926	44,103,012	45,595,285
Other operating expenses		7,899,818	11,202,124	9,669,237	11,593,667
Finance cost		47,208,711	33,561,580	81,730,097	61,537,975
		93,472,752	94,621,208	181,382,586	175,302,469
Profit for the period before taxation		61,556,338	132,977,122	170,504,462	220,279,675
Provision for taxation	11	1,252,924	1,141,959	37,988,112	8,132,424
Profit for the period		60,303,414	131,835,163	132,516,350	212,147,251
Attributable to:					
Shareholders of the Parent		60,305,033	131,835,163	132,517,888	212,147,251
Non-controlling interest		(1,618)	-	(1,538)	-
		60,303,414	131,835,163	132,516,350	212,147,251
Earnings per share - Basic and diluted					
Attributable to shareholders of the Parent					
(Rupees)		0.33	0.72	0.73	1.16

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

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY COMPANY**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	<u>Quarter ended December 31,</u>		<u>Half year ended December 31,</u>	
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
Profit for the period	60,303,414	131,835,163	132,516,350	212,147,251
Items that will not be subsequently reclassified to profit or loss				
Incremental depreciation on revalued assets for the period	2,887,858	2,893,329	6,621,768	6,596,877
related deferred tax	704,497	735,339	1,615,389	1,676,594
	3,592,355	3,628,668	8,237,157	8,273,471
Total comprehensive income for the period	<u>63,895,769</u>	<u>135,463,831</u>	<u>140,753,507</u>	<u>220,420,722</u>
Attributable to:				
Shareholders of the Parent	63,897,387	135,463,831	140,755,045	220,420,722
Non-controlling interest	<u>(1,618)</u>	-	<u>(1,538)</u>	-
	<u>63,895,769</u>	<u>135,463,831</u>	<u>140,753,507</u>	<u>220,420,722</u>

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

**ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY COMPANY**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Half year ended	
	December 31,	
	2016	2015
	Rupees	Rupees
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	170,504,462	220,279,675
Adjustments for :		
Depreciation of property, plant and equipment	98,542,321	84,739,005
Amortization on intangible assets	1,116,440	720,196
Loss on disposal of operating assets	534,881	-
Dividend on Investment	-	(4,045,708)
Balances written back	(124,710)	(40,000,000)
Fair value adjustment of short term investment	(17,457,230)	-
Finance cost	81,730,097	61,537,975
Operating cash flows before working capital changes	334,846,261	323,231,143
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(20,961,827)	(103,291,487)
Stock in trade	(1,281,418,908)	(365,797,808)
Trade debts	(37,205,472)	38,796,831
Loans and advances	(51,145,753)	(24,600,629)
Prepayments	(8,267,662)	(2,869,096)
Other receivables	606,028	(3,161,286)
Tax refunds due from Government - sales tax	(8,748,651)	(25,513,458)
	(1,407,142,245)	(486,436,933)
Increase in current liabilities		
Trade and other payables	167,976,795	69,424,909
	(1,239,165,450)	(417,012,024)
Cash (used in) operating activities	(904,319,189)	(93,780,881)
Income tax paid	(96,166,045)	(28,758,149)
Finance cost paid	(77,670,131)	(63,783,345)
Net cash (used in) operating activities	(1,078,155,365)	(186,322,375)

	<u>Half year ended</u>	
	<u>December 31,</u>	
	<b>2016</b>	<b>2015</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	(32,698,496)	(70,219,619)
Proceeds from disposal of operating assets	2,606,232	-
Addition in long term security deposits	(627,519)	-
Dividend received	-	4,045,708
Net cash (used in) investing activities	<u>(30,719,783)</u>	<u>(66,173,911)</u>
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing obtained	274,085,080	-
Long term financing repaid	(67,443,466)	(75,000,000)
Increase in short term borrowings - net	1,070,463,774	688,760,585
Share deposit money	-	(359,112,240)
Net cash generated from financing activities	<u>1,277,105,388</u>	<u>254,648,345</u>
Net increase in cash and cash equivalents (a+b+c)	168,230,240	2,152,059
Cash and cash equivalents at the beginning of the period	65,517,793	7,109,869
Cash and cash equivalents at the end of the period	<u><u>233,748,033</u></u>	<u><u>9,261,928</u></u>

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

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY COMPANY  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	CAPITAL RESERVES  Merger reserve	REVENUE RESERVES		Sub total	Total	Non controlling interest
			General reserve	Unappropriated profit			
<b>R u p e e s</b>							
Balance as at July 01, 2015 (Audited)	1,274,865,800	366,258,513	300,000,000	969,627,629	1,269,627,629	2,910,751,942	-
<b>Transaction with owners</b>							
Bonus shares issued (Three shares for each ten shares held)	382,459,740	-	-	(382,459,740)	(382,459,740)	-	-
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	212,147,251	212,147,251	212,147,251	-
Other comprehensive income Items that will not be subsequently reclassified to profit or loss Incremental depreciation on revalued assets for the period	-	-	-	6,596,877	6,596,877	6,596,877	-
	-	-	-	1,676,594	1,676,594	1,676,594	-
	-	-	-	220,420,722	220,420,722	220,420,722	-
Balance as at December 31, 2015 (Unaudited)	1,657,325,540	366,258,513	300,000,000	807,588,611	1,107,588,611	3,131,172,664	-
<b>Total comprehensive income for the period</b>							
Adjustment of non-controlling interest due to acquisition of shares of the subsidiary	-	-	-	-	-	-	195,350,000
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	94,762,882	94,762,882	94,762,882	(627,530)
Other comprehensive income Items that will not be subsequently reclassified to profit or loss Incremental depreciation on revalued assets for the period Related deferred tax	-	-	-	6,766,966	6,766,966	6,766,966	-
	-	-	-	1,719,822	1,719,822	1,719,822	-
	-	-	-	103,249,670	103,249,670	103,249,670	(627,530)
Balance as at June 30, 2016 (Audited)	1,657,325,540	366,258,513	300,000,000	910,838,281	1,210,838,281	3,234,422,334	194,722,470
<b>Transaction with owners</b>							
Bonus shares issued (One share for each ten shares held)	165,732,554	-	-	(165,732,554)	(165,732,554)	-	-
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	132,517,888	132,517,888	132,517,888	(1,538)
Other comprehensive income Items that will not be subsequently reclassified to profit or loss Incremental depreciation on revalued assets for the period related deferred tax	-	-	-	6,621,768	6,621,768	6,621,768	-
	-	-	-	1,615,389	1,615,389	1,615,389	-
	-	-	-	140,755,045	140,755,045	140,755,045	(1,538)
Balance as at December 31, 2016 (Unaudited)	1,823,058,094	366,258,513	300,000,000	885,860,772	1,185,860,772	3,375,177,379	194,720,932

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

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY COMPANY  
SELECTED EXPLANATORY NOTES TO THE  
CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

**1. GROUP STATUS AND ACTIVITIES**

- 1.1** The Group consists of Zahidjee Textile Mills Limited (the Parent) and Zahidjee Towers (Private) Limited (the Subsidiary).

The Parent is incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 20 Bilal Road, Civil Lines, Faisalabad in the province of Punjab. The Company is currently listed on Pakistan Stock Exchange (Formerly known as Karachi stock exchange Limited). The principal business of the Company is export of all kinds of value added fabrics and textile made-ups. The Company is also engaged in the business of manufacturing and sale of yarn. The weaving unit is located at Satyana, District Faisalabad and spinning units are located at Tehsil Jaranwala, District Faisalabad, in the province of Punjab.

The Subsidiary is incorporated in Pakistan as a private limited company under the Companies Ordinance, 1984. The principal objective of subsidiary is to provide all kinds of services related to the business of Hotels, Restaurants, Resorts, Motels. Registered office of the subsidiary is situated at 20 Bilal Road, Civil Lines, Faisalabad in the province of Punjab.

- 1.2** This condensed interim consolidated financial information is presented in Pakistani Rupee, which is the Group's functional and presentation currency.

**2. BASIS OF CONSOLIDATION**

The financial statements of the Parent and Subsidiary are combined on a line by line basis. The financial statements of the Subsidiary are consolidated from the date on which more than 50% voting rights are transferred to or power to control the Subsidiary is established and are excluded from consolidation from the date of disposal or reduction of control.

All intra-Group balances, transactions and resulting unrealised profits, if any, are eliminated.

Non-controlling is that part of the net results of the operations and net assets of the Subsidiary attributable to interest which are not owned by the Parent.

The Comparative figures of condensed profit and loss account, condensed statement of comprehensive income, condensed cash flow statement and condensed statement of changes in equity represent the figures of the parent Company only, as Zahidjee Towers (Private) Limited became a subsidiary on March 21, 2016.

**3. SIGNIFICANT ACCOUNTING POLICIES****3.1 Statement of compliance**

**3.1.1** This condensed interim consolidated financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

**3.1.2** This condensed interim consolidated financial information is unaudited but subject to limited scope review by auditors and is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

**3.1.3** This condensed interim consolidated financial information does not include all the information required for complete set of consolidated financial statements, and should be read in conjunction with the Group's published audited consolidated financial statements for the year ended June 30, 2016.

### 3.2 Application of new and revised International Financial Reporting Standards (IFRSs)

#### 3.2.1 Standards, amendments to standards and interpretations becoming effective in current period

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods of the Group beginning on or after July 01, 2016 but are considered not to be relevant or not to have any significant effect on the Group's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Group are disclosed in the published audited consolidated financial statements for the year ended June 30, 2016.

#### 3.2.2 Standards, amendments to standards and interpretations becoming effective in future periods

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Group beginning on or after July 01, 2017 but are considered not to be relevant or not to have any significant effect on the Group's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Group are disclosed in the published audited consolidated financial statements for the year ended June 30, 2016.

### 3.3 Basis of preparation

The financial statements have been prepared under the historical cost convention except: -

- Certain property, plant and equipment carried at valuation.
- Short term investments measured at fair value.

### 3.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the published audited consolidated financial statements for the year ended June 30, 2016.

### 3.5 Estimates, judgments and risk management policies

**3.5.1** The preparation of consolidated financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in this condensed interim consolidated financial information are the same as those disclosed in the published audited consolidated financial statements for the year ended June 30, 2016.

**3.5.2** Risk management policies and procedures are consistent with those disclosed in the published audited consolidated financial statements for the year ended June 30, 2016.

	Un-audited December 31, 2016	Audited June 30, 2016
Note	Rupees	Rupees

## 4. PROPERTY, PLANT AND EQUIPMENT

Operating assets	4.1	4,484,143,601	3,937,146,785
Capital work in progress		829,486,966	1,325,310,187
Non-operating land		3,998,000	3,998,000
Advance for purchase of property		7,374,389	31,366,923
		<u>5,325,002,956</u>	<u>5,297,821,895</u>

	Note	Un-audited December 31, 2016 Rupees	Audited June 30, 2016 Rupees
<b>4.1 Operating assets</b>			
Book value at beginning of period / year		3,937,146,785	3,722,656,213
Add: Addition during the period / year	4.1.1	648,680,250	392,321,234
Less: disposal during the period / year		(3,141,113)	(8,226,620)
Depreciation charge during the period / year		(98,542,321)	(169,604,042)
		<u>4,484,143,601</u>	<u>3,937,146,785</u>
<b>4.1.1 Additions to operating assets, including transfer from capital work in progress, during the period / year were as follow</b>			
Free hold land		-	4,288,000
Building on freehold land		236,743,114	202,158,593
Plant and machinery		390,079,562	176,177,588
Electric installations		18,369,556	786,500
Factory equipment		26,000	1,502,808
Office equipment		1,027,301	282,958
Electric appliances		723,272	653,763
Furniture and fittings		541,945	832,424
Vehicles		1,169,500	5,638,600
		<u>648,680,250</u>	<u>392,321,234</u>
<b>5. Short term investment</b>			
Financial assets at fair value through profit or loss			
Quoted security			
Habib Metropolitan Bank Limited			
2,022,854 (June 30, 2016: 2,022,854)			
ordinary shares of Rs.10/- each		57,388,368	60,685,620
Adjustment in fair value		17,457,230	(3,297,252)
		<u>74,845,598</u>	<u>57,388,368</u>
<b>6. Deferred taxation</b>			
Opening balance		54,617,692	41,634,106
(Reversal) of deferred tax related to			
Incremental depreciation on revalued assets		(1,615,389)	(3,396,416)
(Reversal) / provision of deferred tax on surplus		(2,081,654)	3,172,045
Provision for the period		37,988,112	13,207,957
		<u>88,908,761</u>	<u>54,617,692</u>
<b>6.1 It represents the following:</b>			
Deferred tax liability:			
Difference between accounting and tax bases of assets		342,402,522	315,656,415
Deferred tax asset:			
Carried forward losses / tax credits		(253,493,761)	(261,038,723)
		<u>88,908,761</u>	<u>54,617,692</u>

**7. CONTINGENCIES AND COMMITMENTS**

There is no significant change in contingencies and commitments since the date of published audited financial statements for the year ended June 30, 2016, except the followings;

	(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
<b>Contingencies</b>		
Indemnity bonds issued in favour of collector of customs / sales tax, Faisalabad to avail exemption of sales tax and custom duty on imported raw material / machinery.	57,180,590	168,181,383
Income tax demand not acknowledged due to pending appeals	92,110,362	116,039,660
Sales tax demand not acknowledged due to pending appeals	22,041,527	13,528,956
<b>Commitments</b>		
Under letters of credit for: Raw material and spare parts	5,268,494	66,831,878

**8. Share capital****8.1 Authorised capital**

Un-audited December 31, 2016	Audited June 30, 2016		Un-audited December 31, 2016 Rupees	Audited June 30, 2016 Rupees
Number of shares			Rupees	Rupees
<u>220,000,000</u>	<u>220,000,000</u>		<u>2,200,000,000</u>	<u>2,200,000,000</u>

**8.2 Issued, subscribed and paid up capital**

Un-audited December 31, 2016	Audited June 30, 2016		Un-audited December 31, 2016 Rupees	Audited June 30, 2016 Rupees
89,462,580	89,462,580	Ordinary shares of Rs. 10/- each fully paid in cash.	894,625,800	894,625,800
23,041,604	23,041,604	Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Court.	230,416,040	230,416,040
53,228,370	53,228,370	Ordinary shares of Rs.10/- each issued as fully paid bonus shares.	532,283,700	532,283,700
16,573,255	-	Ordinary shares of Rs.10/- each issued during the period as fully paid bonus shares.	165,732,554	-
<u>182,305,809</u>	<u>165,732,554</u>		<u>1,823,058,094</u>	<u>1,657,325,540</u>

	Quarter ended		Half year ended	
	December 31,		December 31,	
	2016	2015	2016	2015
	Rupees	Rupees	Rupees	Rupees
<b>9. Sales</b>				
Export				
Cloth / made ups	440,658,874	475,969,935	840,200,886	949,852,336
Local				
Yarn	1,494,467,802	1,175,407,601	2,834,931,145	2,294,906,502
Cloth	30,327,920	310,750	30,327,920	310,750
Waste and left over	67,756,236	29,518,147	130,298,258	93,787,644
Conversion receipts	3,708,594	743,204,396	5,157,390	11,413,889
	1,596,260,552	1,212,668,542	3,000,714,713	2,400,418,785
	2,036,919,426	1,688,638,477	3,840,915,599	3,350,271,121
Add: Export rebate / duty drawback	-	1,811,012	1,463,442	3,536,843
	2,036,919,426	1,690,449,489	3,842,379,041	3,353,807,964
Less: Commission and claims	8,109,619	10,871,951	20,300,056	22,500,607
	2,028,809,807	1,679,577,538	3,822,078,985	3,331,307,357

**10. COST OF GOODS SOLD**

Cost of goods manufactured	1,886,872,082	1,606,407,921	3,454,616,610	3,030,955,115
Finished goods				
Opening stock	135,321,694	72,664,437	167,297,666	138,114,737
Closing stock	(130,406,962)	(185,168,826)	(130,406,962)	(185,168,826)
	4,914,732	(112,504,389)	36,890,704	(47,054,089)
	1,891,786,814	1,493,903,532	3,491,507,314	2,983,901,026

**10.1 Cost of goods manufactured**

Raw material consumed	1,447,759,452	1,361,781,649	2,593,053,594	2,286,945,260
Packing material consumed	24,239,750	2,348,203	44,194,317	20,674,789
Salaries, wages and benefits	102,521,541	103,902,458	243,560,380	221,282,823
Retirement benefits	4,544,293	5,620,180	9,621,691	9,183,049
Stores and spares consumed	51,211,153	36,363,541	124,305,073	95,853,646
Fuel and power	178,777,796	60,726,807	303,668,191	251,981,412
Repairs and maintenance	37,675,433	12,505,835	41,639,253	37,071,644
Insurance	1,899,586	694,897	4,872,211	3,960,886
Depreciation	50,338,355	43,319,416	95,010,214	83,490,680
Other	6,328,907	4,731,491	8,232,560	7,255,756
	1,905,296,266	1,631,994,477	3,468,157,484	3,017,699,945
Work in process				
Opening stock	81,085,213	42,309,229	85,968,523	81,150,955
Closing stock	(99,509,397)	(67,895,785)	(99,509,397)	(67,895,785)
	(18,424,184)	(25,586,556)	(13,540,874)	13,255,170
	1,886,872,082	1,606,407,921	3,454,616,610	3,030,955,115

**10.1.1 Raw material consumed**

Opening stock	617,842,947	343,404,143	765,703,389	657,633,216
Purchases including purchase expenses	2,900,388,633	2,008,009,610	3,897,822,333	2,618,944,148
	3,518,231,580	2,351,413,753	4,663,525,722	3,276,577,364
Closing stock	(2,070,472,128)	(989,632,104)	(2,070,472,128)	(989,632,104)
	1,447,759,452	1,361,781,649	2,593,053,594	2,286,945,259

	Quarter ended December 31,		Half year ended December 31,	
	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
<b>11. Provision for taxation</b>				
Current				
for the period	-	-	-	-
for prior period	-	(110,965)	-	(110,965)
Deferred	1,252,924	1,252,924	37,988,112	8,243,389
	<u>1,252,924</u>	<u>1,141,959</u>	<u>37,988,112</u>	<u>8,132,424</u>

**12. AGGREGATE TRANSACTIONS WITH RELATED PARTIES**

The Group in the normal course of business carries out transactions with various related parties which comprise of associated undertakings, key management personnel and post employment benefit plan. Significant transactions with related parties are as follows:-

Relationship	Nature of transaction	Half year ended December 31,	
		2016 Rupees	2015 Rupees
Key management personnel	Remuneration	25,729,000	24,172,800
	Repayment of short term loan	(43,287,063)	-

**13. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim consolidated financial information was authorised for issue on February 28, 2017 by the Board of Directors of the Parent.

**14. GENERAL**

- 14.1** Provision for workers' profit participation fund made in this condensed interim consolidated financial information is subject to adjustment in the annual consolidated financial statements.
- 14.2** There is no unusual item included in this condensed interim consolidated financial information which is affecting equity, liabilities, assets, profit, comprehensive income or cash flows of the Group.
- 14.3** The textile business is all year business however, major raw material purchase i.e. cotton, is made during the four months from October to January. This leads to higher figures in respect of stock in trade and short term borrowings being reflected during this period.
- 14.4** Figures have been rounded off to the nearest of Rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR