



*Condensed Interim
Financial Information
for the Half Year ended
December 31, 2017*

Shahtaj Textile Limited

Shahtaj Textile Limited

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Shahtaj Textile Limited

COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Muneer Nawaz Mr. M. Naeem Mr. Mahmood Nawaz Mr. Saleem Zamindar (NIT) Mr. Sohail Habib Mr. Toqueer Nawaz Mrs. Sadia Mohammad Mr. Muhammad Usman Khalid Lt. Col. (Retd.) R.D. Shams	Chairman Chief Executive
COMPANY SECRETARY	Mr. Jamil Ahmad Butt, FCMA	
AUDIT COMMITTEE OF THE BOARD	Mr. Sohail Habib Mr. Muneer Nawaz Mr. Toqueer Nawaz Mr. Jamil Ahmad Butt, FCMA	Chairman Member Member Secretary
HUMAN RESOURCE AND REMUNERATION COMMITTEE OF THE BOARD	Mr. Saleem Zamindar Mr. Muneer Nawaz Mr. M. Naeem Mr. Muhammad Usman Khalid	Chairman Member Member Member
AUDITORS	Deloitte Yousuf Adil. Chartered Accountants. Cavish Court, A-35, Block 7 & 8 KCHS, Shahrah-e-Faisal, Karachi 75350.	
BANKS	Bank Alfalah Limited United Bank Limited Meezan Bank Ltd. The Bank of Punjab MCB Bank Limited Faysal Bank Limited Habib Bank Limited National Bank of Pakistan	
LEGAL ADVISOR	Mr. Ras Tariq Chaudhary 30-Mall Mansion The Mall Lahore.	
HEAD OFFICE	Shahnawaz Building, 19-Dockyard Road, West Wharf, Karachi-74000 Ph: 32313934-8, 32312834, 32310973 Fax: 32205723, 32310623 Website: www.shahtaj.com	
REGISTERED OFFICE	27-C Abdalian Co-oporetive Hosing Society, Lahore, Ph: (042) 35313891-92, 35301596-99 Fax: (042) 35301594	
MARKETING OFFICE	27-C Abdalian Co-oporetive Hosing Society, Lahore, Ph: (042) 35313891-92, 35301596-99 Fax: (042) 35301594	
FACTORY	46 K.M. Lahore/Multan Road Chunian Industrial Estate Bhai Pheru, Distt. Kasur, Punjab. Ph: (049) 4540430-32, 4540133, 4540234 Fax: (049) 4540031	
SHARE REGISTRAR	Jwaff's Registrar Services (Pvt.) Ltd. Suite # 407,408, 4th Floor, Al-Ameera Centre, Shahrah-e-Iraq, Near Passport Office, Saddar Karachi. Tel: 35662023-24 Fax: 35221192	

Shahtaj Textile Limited

DIRECTORS' REPORT TO THE SHAREHOLDERS

Directors are pleased to present un-audited Condensed Interim Financial Information of the Company for the six months period ended on December 31, 2017 together with limited scope review report by the Auditors.

By the grace of Allah operating results of the Company have been positive and Company has earned an after tax profit of Rs.22.65 million with an EPS of Rs 2.35. This profit however dropped significantly from the corresponding period of last year mainly because of lesser sales volume and reduced margins. The sales and profit during the current quarter derived support from the export package which was extended by the Government for financial year 2018 and devaluation of Pak rupee. However, profit margins are not very attractive on account of lower fabric demand and sharp increase in yarn prices.

Although, the company successfully cleared the backlog stock of previous quarter in the current quarter, the inventory as at December was still higher due to delay in lifting by foreign buyers on account of Christmas holidays resulting in lesser sales volume. Thus profit remained unrealized to this extent. Further, fixed cost also increased mainly on account of increase in depreciation charge by 26% due to addition of plant & machinery under BMR. The increase in Distribution cost is mainly due to increased freight cost. Administrative cost is also higher mainly on account of inflation.

After abrupt currency devaluation during the period, the Company's management, keeping in view the risk management and cost benefit analysis, has shifted its short term foreign currency borrowing exposure, which were available at lower interest rate, to local currency exposure. Further, additional long term loans obtained for BMR purposes and increase in short term borrowing due to piling up of inventory resulted in drastic increase of 31% in finance cost from the corresponding period of last year.

As reported in earlier report, the gas generator purchased under BMR is expected to arrive during last quarter of this financial year. LCs for replacing electrical equipments have also been established. Replacement of warping machine and air compressor is still under consideration to attain improved efficiency and saving in running cost.


Appreciation

Directors acknowledge with thanks the hard work put in by all employees of the Company.

for and on behalf of the Board of Directors

Karachi:
February 28, 2018


(M. Naem)
Chief Executive


(Muneer Nawaz)
Chairman

Shahtaj Textile Limited

ڈائریکٹرز رپورٹ برائے حصہ داران

ڈائریکٹرز مسرت کے ساتھ 31 دسمبر 2017 کو ختم ہونے والی ششماہی پر کمپنی کے غیر آڈٹ شدہ مالیاتی حسابات آڈیٹر کی محدود دائرہ کار پر مشتمل رپورٹ کے ساتھ پیش کرتے ہیں۔

الحمد للہ کمپنی کے مالیاتی نتائج مثبت رہے اور بعد از ٹیکس منافع 22.65 ملین روپے رہا یعنی 2.35 روپے فی حصہ۔ منافع میں گزشتہ سال کے اسی دورانہ کی نسبت نمایاں کمی کی بنیادی وجہ فروخت کے حجم اور مارجن میں کمی ہے۔ دورانہ سہ ماہی بہتر فروخت اور منافع کی وجہ ایکسپورٹ پیکیج جسے حکومت نے مالی سال 2018 تک بڑھا دیا ہے اور پاکستانی روپے کی قدر میں کمی بنی۔ پھر بھی نفع کی شرح بہت پرکشش نہیں ہے جس کی وجہ کپڑے کی طلب میں کمی اور تیزی سے بڑھتی ہوئی یارن کی قیمتیں ہیں۔

اگرچہ کمپنی کو گزشتہ سہ ماہی کے جمع شدہ اسٹاک کو دورانہ سہ ماہی ختم کرنے میں کامیاب ہوئی، مگر دسمبر میں کرسمس کی تعطیلات کے سبب غیر ملکی خریداروں کی طرف سے مال کی لفٹنگ میں تاخیر کے باعث فروخت کے حجم میں کمی واقع ہوئی اور انوسٹری میں اضافہ ہوا۔ اس طرح اس حد تک نفع غیر حاصل رہا۔ مزید یہ کہ غیر متغیر لاگت میں اضافہ ہوا جس کی نمایاں وجہ بی ایم آر کے تحت پلانٹ اور مشینری میں اضافہ کے سبب فرسودگی کے اخراجات میں 26% اضافہ ہے۔ فریٹ کی قیمت میں اضافہ سے تقسیم کی لاگت میں اضافہ ہوا۔ انتظامی اخراجات میں بھی اضافہ ہوا۔

دورانہ سہ ماہی اچانک کرنسی کی قدر میں کمی کی وجہ سے کمپنی کی انتظامیہ نے خطرہ اور فائدہ کو مد نظر رکھتے ہوئے، محدود مدت کے غیر ملکی کرنسی کے قرضہ جات کو، جو کم شرح سود پر دستیاب تھے، متناہی کرنسی میں منتقل کر دیا۔ مزید یہ کہ بی ایم آر کے تحت لئے جانے والے اضافی لمبی مدت کے قرضہ جات اور انوسٹری بڑھنے کی وجہ سے محدود مدت کے قرضہ جات میں اضافہ کے سبب مالیاتی اخراجات میں گزشتہ سال کے اسی دورانہ کی نسبت 31% اضافہ ہوا۔

جیسا کہ قبل ازیں بتایا گیا تھا، بی ایم آر کے تحت خریدے گئے گیس جنریٹر کی آمد موجودہ مالی سال کی آخری سہ ماہی میں متوقع ہے۔ الیکٹریکل آلات کی تبدیلی کے لئے ایل سیز بھی کھل چکی ہیں۔ وارپنگ مشین اور انیر کپریس کی تبدیلی بھی زیر غور ہے جس سے بہتر کارکردگی اور لاگت میں بچت حاصل ہوگی۔

حوصلہ افزائی

ڈائریکٹرز کمپنی کے تمام ملازمین کی انتھک محنت کا شکر گزاری کے ساتھ اعتراف کرتے ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹرز

/ Name *Muneer Nausy*

(ایم نعیم)

(منیر نواز)

کراچی

چیف ایگزیکٹو آفیسر

چیئر مین

28 فروری 2018

Shahtaj Textile Limited

AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **SHATAJ TEXTILE LIMITED** (the Company) as at December 31, 2017, the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after to referred to as the condensed 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 for interim financial reporting. 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 for the quarter ended December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of condensed 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 condensed interim financial information as of and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim financial reporting.



Chartered Accountants
Naresh Kumar
Engagement Partner

Karachi:
February 28, 2018

Shahtaj Textile Limited

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2017

		(Unaudited) December 31, 2017	(Audited) June 30, 2017
	Note	----- Rupees -----	
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves	5	924,777,253	950,188,900
Surplus on revaluation of property, plant and equipment		4,416,005	4,651,532
NON - CURRENT LIABILITIES			
Long-term finances		282,968,563	298,279,000
Deferred liabilities		111,624,969	112,677,615
		394,593,532	410,956,615
CURRENT LIABILITIES			
Trade and other payables		232,908,469	245,146,191
Accrued markup		11,995,033	6,750,670
Short-term borrowings		604,727,888	430,438,779
Current portion of long term finances		30,100,437	29,580,000
		879,731,827	711,915,640
TOTAL EQUITY AND LIABILITIES		2,203,518,617	2,077,712,687
CONTINGENCIES AND COMMITMENTS 6			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	983,063,875	1,014,729,650
Long-term loan to employees		848,395	906,748
Long-term deposits		30,069,081	30,069,081
		1,013,981,351	1,045,705,479
CURRENT ASSETS			
Stores, spares and loose tools		48,980,852	47,454,379
Stock-in-trade		553,844,437	420,201,356
Trade debts		274,450,994	260,427,200
Loan and advances		3,833,893	7,465,602
Trade deposits and short-term prepayments		5,490,995	1,034,563
Other receivables		33,021,156	24,699,983
Taxation - net		102,270,028	107,018,005
Sales tax refundable		149,759,063	149,613,696
Other financial assets		-	7,591,787
Cash and bank balances		17,885,848	6,500,637
		1,189,537,266	1,032,007,208
TOTAL ASSETS		2,203,518,617	2,077,712,687

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman

Shahtaj Textile Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Note ----- Rupees -----			
Sales - net	1,710,427,241	1,726,734,012	941,621,018	821,503,174
Cost of goods sold	(1,575,291,423)	(1,568,856,645)	(858,033,217)	(750,047,374)
Gross profit	135,135,818	157,877,367	83,587,801	71,455,800
Other income	4,206,454	6,564,612	1,196,816	3,399,697
	139,342,272	164,441,979	84,784,617	74,855,497
Distribution cost	(34,478,675)	(32,617,841)	(18,385,488)	(16,578,252)
Administrative expenses	(42,599,116)	(39,981,547)	(21,789,086)	(20,195,157)
Other operating expenses	(2,527,335)	(5,069,432)	(2,101,416)	(2,012,527)
Finance cost	(25,636,439)	(19,624,188)	(14,154,748)	(9,388,632)
	(105,241,565)	(97,293,008)	(56,430,738)	(48,174,568)
Profit before taxation	34,100,707	67,148,971	28,353,879	26,680,929
Taxation	8 (11,446,788)	(19,554,686)	(6,236,083)	(8,928,728)
Net profit after taxation	22,653,919	47,594,285	22,117,796	17,752,201
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	22,653,919	47,594,285	22,117,796	17,752,201
Earnings per share - basic and diluted	2.35	4.93	2.29	1.84

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman

Shahtaj Textile Limited

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

	Half year ended		
	December 31, 2017	December 31, 2016	
-----Rupees-----			
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	34,100,707	67,148,971	
Adjustments for			
Depreciation	49,573,646	39,301,391	
Finance cost	25,636,439	19,624,188	
(Gain) / loss on disposal of property, plant and equipment	(79,678)	27,338	
Provision for gratuity and leave encashment	10,586,851	9,516,960	
Interest income	(173,813)	(214,843)	
Operating cash flows before movements in working capital	119,644,152	135,404,005	
Increase / (decrease) in current assets			
Stores, spares and loose tools	(1,526,473)	(7,080,673)	
Stock in trade	(133,643,081)	(61,575,816)	
Trade debts	(14,023,794)	(32,646,187)	
Loans and advances	3,631,709	(5,889,194)	
Trade deposits and short term prepayments	(4,456,432)	(5,147,140)	
Other receivables	(8,321,173)	2,631,884	
Sales tax refundable	(145,367)	(35,659,194)	
Increase / (decrease) in current liabilities			
Trade and other payables	(14,452,121)	52,032,422	
Cash (used in) / generated from operations	(53,292,580)	42,070,107	
Gratuity and leave encashment paid	(4,213,530)	(6,461,631)	
Finance cost paid	(20,392,076)	(19,986,041)	
Interest received	173,813	214,843	
Taxes paid	(14,125,871)	(22,324,502)	
Net cash used in operating activities	(91,850,244)	(6,487,224)	
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(18,055,563)	(225,684,211)	
Proceeds from disposal of property, plant and equipment	227,370	198,000	
Long term loans to employees recovered	58,353	281,315	
Long term deposits received	-	8,500	
Net cash used in investing activities	(17,769,840)	(225,196,396)	
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finances obtained	11	-	217,833,000
Repayment of long-term finances	11	(14,790,000)	(25,102,770)
Dividend paid		(46,085,601)	(42,140,621)
Short term borrowings (FE-25) - Net		(155,634,157)	76,357,233
Net cash (used in) / generated from financing activities		(216,509,758)	226,946,842
Net decrease in cash and cash equivalents (A+B+C)		(326,129,842)	(4,736,778)
Cash and cash equivalents at July 1		(260,712,198)	(284,412,511)
Cash and cash equivalents at December 31		(586,842,040)	(373,082,754)
Cash and cash equivalents at December 31			
Cash and bank balances		17,885,848	7,962,764
Other financial assets		-	7,576,232
Short term borrowings		(604,727,888)	(304,688,285)
		(586,842,040)	(373,082,754)

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman

Shahtaj Textile Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Revenue reserves			Total
	Issued, subscribed and paid up capital	General reserve	Unappropriated profit	
	Rupees			
Balance at July 01, 2016	96,600,000	615,000,000	178,853,010	890,453,010
Total Comprehensive income for the period ended December 31, 2016				
Net profit after tax	-	-	47,594,285	47,594,285
Other comprehensive income	-	-	-	-
	-	-	47,594,285	47,594,285
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation (net of deferred tax)	-	-	268,001	268,001
Transferred to general reserve	-	50,000,000	(50,000,000)	-
Transaction with owners				
Final dividend for the year ended June 30, 2016 @ Rs. 4.5 per share	-	-	(43,470,000)	(43,470,000)
Balance at December 31, 2016	96,600,000	665,000,000	133,245,296	894,845,296
Balance at July 01, 2017	96,600,000	665,000,000	188,588,900	950,188,900
Total Comprehensive income for the period ended December 31, 2017				
Net profit after tax	-	-	22,653,919	22,653,919
Other comprehensive income	-	-	-	-
	-	-	22,653,919	22,653,919
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation (net of deferred tax)	-	-	234,434	234,434
Transferred to general reserve	-	45,000,000	(45,000,000)	-
Transaction with owners				
Final dividend for the year ended June 30, 2017 @ Rs. 5 per share	-	-	(48,300,000)	(48,300,000)
Balance at December 31, 2017	96,600,000	710,000,000	118,177,253	924,777,253

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman

Shahtaj Textile Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

1. STATUS AND NATURE OF BUSINESS

Shahtaj Textile Limited (the Company) is limited by shares, incorporated in Pakistan on January 24, 1990 under the Companies Ordinance, 1984 (now Companies Act, 2017), as a public limited Company. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal business of the Company is to manufacture and sale of textile goods. The registered office of the Company is situated at 27-C, Abdalian Cooperative Housing Society Limited, Opposite Expo Center, Lahore, Pakistan and the manufacturing facility of the Company is located at 46 km, Lahore/Multan Road, Chunian Industrial Estate, Bhai Pheru, District Kasur in the province of Punjab; however, the Head Office is located at Shahnawaz Building, 19 - Dockyard Road, West Wharf, Karachi - 74000.

2. BASIS OF PREPARATION

- 2.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 now Companies Act 2017. Wherever the requirements of the provisions of and directives issued under the Companies Ordinance 1984 by the SECP differ with the requirements of the IFRS, the requirements of the provisions of and the directives issued under Companies Ordinance 1984 by the SECP shall prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirement of International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosure required in a full set of financial statements and, therefore, should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2017.

The Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. However, the Securities and Exchange Commission of Pakistan (SECP) has notified through Circular no 23 of October 4, 2017 that companies shall prepare their interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, this condensed interim financial information have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

- 2.2 The financial statements have been prepared under the historical cost basis modified by:

- revaluation of certain property, plant and equipment ;
- financial instrument at fair value; and
- recognition of staff retirement benefits at net present value.

- 2.3 This condensed interim financial information is presented in Pak Rupees which is also the Company's functional currency and figures presented in this condensed interim financial information have been rounded off to the nearest rupee.

- 2.4 This condensed interim financial information is unaudited. However, a limited scope review of this condensed interim financial information has been performed by the external auditors of the Company in accordance with the requirements of Rule Book of Pakistan Stock Exchange Limited and they have issued their review report thereon. This condensed interim financial information is being submitted to the shareholders as required by section 237 of the Companies Act, 2017.

- 2.5 The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2017, whereas comparative condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from the unaudited condensed interim financial information for the half year ended December 31, 2016. Condensed interim profit and loss account for quarter ended December 31, 2017 was not subject to review by external auditors.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2017. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2017, which do not have any impact on this condensed interim financial information except additional disclosure relating to changes arising from financing activities as disclosed in note 11.

There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2018. None of these amendments are expected to have a significant effect on this condensed interim financial information of the Company except for IFRS 9: Financial Instruments, which will replace IAS 39: Financial Instruments: Recognition and Measurement of Financial assets and Financial liabilities and IFRS 15: Revenue from Contract with Customers, which will replace IAS 18: Revenue. The Securities and Exchange Commission of Pakistan (SECP) has notified that IFRS 9 and IFRS 15 would be applicable for periods beginning on or after July 01, 2018. Management is in a process of determining impact of the said standards on the future financial statements.

	(Unaudited) December 31, 2017	(Audited) June 30, 2017
Note	-----Rupees-----	
5. SHARE CAPITAL AND RESERVES		
Authorized		
10,000,000 Ordinary shares of Rs.10 each	100,000,000	100,000,000
Issued, subscribed and paid-up		
9,660,000 Ordinary shares of Rs.10 each	96,600,000	96,600,000
General reserve	710,000,000	665,000,000
Unappropriated profit	118,177,253	188,588,900
	924,777,253	950,188,900

Shahtaj Textile Limited

(Unaudited) (Audited)
December 31, June 30,
2017 2017

Note -----Rupees-----

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

Guarantee issued by bank on behalf of the Company in favor of Sui

Northern Gas Pipelines Limited (SNGPL)

Bills discounted with recourse

20,400,000

20,400,000

122,910,829

115,216,407

Other contingencies are same as disclosed in the note 11.1 to the financial statements for the year ended June 30, 2017.

6.2 Commitments

Capital expenditure

Purchase of raw material

Sales contracts to be executed

85,340,093

-

44,992,704

-

635,769,721

710,515,286

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

Capital work in progress

7.1

955,781,246

1,004,834,384

7.2

27,282,629

9,895,266

983,063,875

1,014,729,650

7.1 Details of additions and disposals pertaining to operating fixed assets are as under:

	(Un-audited)		(Un-audited)	
	Half year ended December 31,		Half year ended December 31,	
	2017		2016	
	Additions at cost	Disposals at book value	Additions/transfers at cost	Disposals at book value
----- Rupees -----				
Buildings on freehold land	-	-	1,828,405	-
Plant and machinery	501,100	-	23,575,070	-
Furniture and fixtures	-	-	21,999	-
Equipment and installations	21,000	-	292,936	-
Computer equipment	146,100	-	759,900	225,338
Vehicles	-	147,692	2,557,315	-
	668,200	147,692	29,035,625	225,338

7.2 Details of additions and transfers from capital work-in-progress are as under:

	(Un-audited)		(Un-audited)	
	Half year ended December 31,		Half year ended December 31,	
	2017		2016	
	Additions	Transfers	Additions	Transfers
----- Rupees -----				
Buildings on freehold land	17,096,130	-	2,079,885	1,828,405
Plant and machinery	291,233	-	221,467,686	22,739,835
Vehicles	-	-	226,573	2,557,315
	17,387,363	-	223,774,144	27,125,555

8. TAXATION

	(Un-audited)		(Un-audited)	
	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
----- (Rupees) -----				
Current	18,873,848	18,549,339	10,430,362	9,044,995
Prior year	-	-	-	-
Deferred	(7,427,060)	1,005,347	(4,194,279)	(116,267)
	11,446,788	19,554,686	6,236,083	8,928,728

There is no change in the status of tax contingencies that are disclosed in the note 30.3 to the financial statements for the year ended June 30, 2017.

Shahtaj Textile Limited

9. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

9.1 Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

9.2 Fair value estimation

The Company discloses the financial instruments measured in the balance sheet at fair value in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2017, there are no financial assets to be classified under the above levels, however as at June 30, 2017 other financial assets amounting to Rs. 7.59 million were categorized in level 2.

There were no transfers between Level 1 and 2 in the year.

9.3 The Company's plant and machinery are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Company's plant and machinery carried out in February, 2015 were performed by M/s Asif Associates (Private) Limited (valuer), an independent valuer. The valuer is listed on panel of Pakistan Banks' Association and have appropriate qualification and experience in the fair value measurement of properties, plant and machinery.

Details of Company's plant and machinery and information about the fair value hierarchy as at the end of December 31, 2017 are as follows:

	(Unaudited)			(Audited)		
	December 31, 2017			June 30, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	-----Rupees-----					
Plant and machinery	-	819,740,258	-	-	862,743,437	-

10. TRANSACTIONS WITH RELATED PARTIES

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

Relationship with the Company	Nature of transactions	(Unaudited)	(Unaudited)
		December 31, 2017	December 31, 2016
		-----Rupees-----	
Key management personnel	Remuneration	8,302,900	8,236,200
Key management personnel	Dividend paid	11,518,675	9,016,808
Associated undertakings			
- Shahtaj Sugar Mills Limited	Dividend paid	5,750,000	5,175,000
- Shahnawaz (Private) Limited	Purchase of computer equipment and supplies	20,000	794,649
	Administrative services received	344,016	341,516
	Services received for vehicles repair	-	4,524
Other related party			
- FGE LLC	Sale of fabric	34,629,933	4,413,558
	Commission on sales	3,093,629	4,295,801
		(Unaudited)	(Audited)
		December 31, 2017	June 30, 2017
		-----Rupees-----	
Balances due to related parties			
- Shahnawaz (Private) Limited		336,844	107,499
- FGE LLC		1,886,510	-
Balances due from related parties			
- FGE LLC		4,860,287	4,953,210

Shahtaj Textile Limited

11. CHANGES ARISING FROM FINANCING ACTIVITIES

The table below states changes in the Company's liabilities arising from financing activities, including cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cashflows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	(Audited)	(Unaudited)			December 31, 2017
		Financing cash inflows	Financing cash outflows	Non Cash changes - Transfer current portion	
	June 30, 2017	Rupees-----			
Long-term finances	298,279,000	-	-	(15,310,437)	282,968,563
Current portion of long term finances	29,580,000	-	(14,790,000)	15,310,437	30,100,437
Dividend payable	8,773,646	-	(46,085,601)	48,300,000	10,988,045
Short term borrowing (FE-25)	155,634,157	-	(155,634,157)	-	-

	(Audited)	(Unaudited)			December 31, 2016
		Financing cash inflows	Financing cash outflows	Non Cash changes - Transfer current portion	
	June 30, 2016	Rupees-----			
Long-term finances	82,276,000	217,833,000	217,833,000	(14,790,000)	503,152,000
Current portion of long term finances	50,205,540	-	(25,102,770)	14,790,000	39,892,770
Dividend payable	7,874,908	-	(42,140,621)	43,470,000	9,204,287
Short term borrowing (FE-25)	-	76,357,234	-	-	76,357,234

12. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information was authorized for issue on February 28, 2018 by the Board of Directors of the Company.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman



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
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