



*Condensed Interim
Financial Statements
for the Half Year ended
December 31, 2018*

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	Jwaffs 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 Statements of the Company for the six months period ended on December 31, 2018 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.52.5 million with an EPS of Rs 5.44 in comparison to Rs 2.35 reported during the same period last year. Net sales increased by almost 29% from corresponding period of last year mainly because of better sales volume and improvement in selling prices. Due to recent currency devaluation and reduction in RLNG prices with effect from 16th October, the GP rate for the quarter improved significantly to 9.2% taking the six month average to 7.35% as compared to 7.9% of last corresponding period.

Other income increased significantly due to high exchange gain owing to rupee devaluation. Finance cost increased by almost 49% due to rising interest rates and higher short term borrowings resulting from higher working capital requirements. Administrative cost is also higher mainly on account of inflation.

In order to make the export sector competitive in the world market and to improve the balance of payment, Government announced certain concession for this sector including reduction in energy costs. We hope the government will solve other chronic issues also including release of held up tax and export refunds and will ensure uninterrupted energy supply. We anticipate positive financial and operational performance during the remaining period of the current financial year as well.

Composition of Board

The total number of directors are nine as per the following:

a) Male: 8 b) Female: 1

The composition of the board is as follows:

Category	Names	
Independent Directors	Mr. Saleem Zamindar (NIT)	Mr. Sohail Habib
Other Non-Executive Directors	Mr. Muneer Nawaz	Mr. Mahmood Nawaz
	Mr. Toqueer Nawaz	Mrs. Sadia Muhammad
	Mr. Muhammad Usman Khalid	
Executive Directors	Mr. Muhammad Naeem	Lt. Col(Retd.) Rashiduddin Shams

The board has formed committees comprising of members given below:

- a) Audit Committee
01. Mr. Sohail Habib(Chairman)
02. Mr. Muneer Nawaz
03. Mr. Toqueer Nawaz
04. Mr. Muhammad Usman Khalid
- b) HR and Remuneration Committee
01. Saleem Zamindar (Chairman)
02. Mr. Muneer Nawaz
03. Muhammad Naeem
04. Mr. Muhammad Usman Khalid


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 26, 2019


(M. Naeem)
Chief Executive


(Muneer Nawaz)
Chairman

Shahtaj Textile Limited

ڈائریکٹر ز رپورٹ برائے حصہ داران

ڈائریکٹر ز مسرت کے ساتھ 31 دسمبر 2018 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 52.50 ملین روپے رہا یعنی 5.44 روپے فی حصہ بالمقابل 2.35 روپے فی حصہ جو گزشتہ سال کے اسی دورانیہ میں رپورٹ ہوا تھا۔ زر فروخت میں گزشتہ سال کے اسی دورانیہ کی نسبت تقریباً 29% اضافہ ہوا جس کی بنیادی وجوہات فروخت کے حجم میں اضافہ اور قیمت فروخت میں بہتری ہے۔ حالیہ پاکستانی روپیہ کی قدر میں کمی اور آر ایل این جی کی قیمت میں 16 اکتوبر سے ہونے والی کمی کے باعث موجودہ سہ ماہی میں جی پی کی شرح نمایاں بہتری کے ساتھ 9.2% رہی جبکہ ششماہی کے دوران اوسطاً 7.35% رہی جو گزشتہ اسی دورانیہ کے دوران 7.90% تھی۔

دیگر ذرائع سے حاصل آمدنی میں نمایاں اضافہ کرنسی کے تبادلہ سے حاصل ہونے والے نفع کی وجہ سے ہوا جس کا باعث پاکستانی روپیہ کی قدر میں کمی بنی۔ مالیاتی لاگت میں تقریباً 49% اضافہ ہوا جس کا سبب شرح سود میں اضافہ اور کام چلانے کے لئے زیادہ سرمایہ کی طلب کی وجہ سے زیادہ مقدار میں مختصر مدت کے قرضہ جات کا حصول تھا۔ افراط زر کی وجہ سے انتظامی اخراجات میں بھی اضافہ ہوا۔

عالمی منڈی میں برآمدی شعبہ کو مقابلہ کے لئے کھڑا کرنے اور ادائیگیوں کے توازن کو بہتر بنانے کے لئے حکومت نے اس شعبہ کے لئے کچھ اقدامات کا اعلان کیا ہے جس میں توانائی کی لاگت میں کمی بھی شامل ہے۔ ہم پر امید ہیں کہ حکومت دیگر درپیش مسائل بھی حل کرے گی جن میں روکے گئے ٹیکس اور ایکسپورٹ ریفرنڈ کی ادائیگی اور بلا تعلق توانائی فراہمی شامل ہیں۔ ہم موجودہ مالی سال کے باقی رہ جانے والے عرصہ میں بھی بہتر مالیاتی نتائج اور آپریشنل کارکردگی کی توقع رکھتے ہیں۔

بورڈ کی ساخت

مجموعی طور پر نو ڈائریکٹر ز ہیں جن کی تفصیل درج ذیل ہے:

(1) مرد: 8 (ب) خواتین: 1

Shahtaj Textile Limited

بورڈ کی ساخت درج ذیل ہے:

نام		اقسام / کیٹگری
جناب سہیل حبیب	جناب سلیم زیندار (این آئی ٹی)	انڈیپنڈنٹ ڈائریکٹر / آزاد ڈائریکٹر
جناب محمود نواز	جناب منیر نواز	دیگر غیر انتظامی ڈائریکٹرز
محترمہ سعدیہ محمد	جناب توقیر نواز	
	جناب محمد عثمان خالد	
لیفٹیننٹ کرمل (ریٹائر) رشید الدین شمس	جناب محمد نعیم	ایگزیکٹو ڈائریکٹر / انتظامی ڈائریکٹر

بورڈ نے درج ذیل کمیٹیاں تشکیل دیں جن کے ممبران درج ذیل ہیں:

الف) آڈٹ کمیٹی

1- جناب سہیل حبیب (چیرمین)	2- جناب منیر نواز	3- جناب توقیر نواز	4- جناب محمد عثمان خالد
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ب) ایچ آر اینڈ ریمونیشن کمیٹی

1- جناب سلیم زیندار (چیرمین)	2- جناب منیر نواز	3- جناب محمد نعیم	4- جناب محمد عثمان خالد
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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 *Miner Naway*

(ایم نعیم)

(منیر نواز)

کراچی

چیف ایگزیکٹو آفیسر

چیرمین

26 فروری 2019

Shahtaj Textile Limited

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

To the Members of Shahtaj Textile Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **SHAHTAJ TEXTILE LIMITED** (the Company) as at December 31, 2018, and related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity and notes to the financial statements for the half-year period then ended (here-in-after to referred to as the 'interim financial statements'). Management is responsible for the preparation and presentation of this interim financial statement 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 International Standard on Review Engagements 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as of and for the half-year ended December 31, 2018 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2018 have not been reviewed and we do not express a conclusion on them, as we are required to review the figures for the half-year ended December 31, 2018.

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



Chartered Accountants

Date: February 27, 2019

Place: Karachi

Shahtaj Textile Limited

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

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
		Rupees	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 10,000,000 ordinary shares of Rs. 10 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up capital		96,600,000	96,600,000
Reserves		906,012,898	875,592,815
Surplus on revaluation of plant and machinery		<u>81,676,558</u>	<u>86,946,656</u>
		<u>1,084,289,456</u>	<u>1,059,139,471</u>
NON - CURRENT LIABILITIES			
Long-term finances		355,740,945	287,397,722
Deferred taxation		21,759,489	22,141,909
Retirement benefit obligation		78,594,031	75,555,614
		456,094,465	385,095,245
CURRENT LIABILITIES			
Trade and other payables		358,484,181	393,511,945
Interest accrued		18,532,273	15,392,909
Short-term borrowings		707,944,483	776,296,294
Unclaimed dividend		10,327,265	9,458,388
Current portion of long term finances		59,584,377	44,235,478
		1,154,872,579	1,238,895,014
TOTAL EQUITY AND LIABILITIES		<u>2,695,256,500</u>	<u>2,683,129,730</u>
CONTINGENCIES AND COMMITMENTS			
	5		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,140,017,343	1,160,647,826
Long-term loans		1,118,804	932,566
Long-term deposits		30,069,081	30,069,081
		1,171,205,228	1,191,649,473
CURRENT ASSETS			
Stores, spares and loose tools		39,867,891	49,228,768
Stock-in-trade		689,080,566	507,909,366
Trade debts		477,994,001	619,238,897
Loans and advance		5,159,181	10,692,345
Trade deposits and prepayments		6,466,439	815,875
Other receivables		45,028,241	47,226,294
Taxation - net		91,965,355	90,634,755
Sales tax refundable		149,470,560	140,738,856
Cash and bank balances		19,019,038	24,995,101
		1,524,051,272	1,491,480,257
TOTAL ASSETS		<u>2,695,256,500</u>	<u>2,683,129,730</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman

Shahtaj Textile Limited

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

	Half year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Note	Rupees			
Sales - net	2,202,338,961	1,710,427,241	1,137,374,513	941,621,018
Cost of goods sold	(2,040,364,691)	1,575,291,423)	(1,032,323,174)	(858,033,217)
Gross profit	161,974,270	135,135,818	105,051,339	83,587,801
Distribution expenses	(30,745,300)	(34,478,675)	(15,830,151)	(18,385,488)
Administrative expenses	(46,578,778)	(42,599,116)	(23,853,106)	(21,789,086)
Other operating expenses	(4,948,805)	(2,527,335)	(4,529,803)	(2,101,416)
Finance cost	(38,122,898)	(25,636,439)	(20,236,165)	(14,154,748)
	(120,395,781)	(105,241,565)	(64,449,225)	(56,430,738)
	41,578,489	29,894,253	40,602,114	27,157,063
Other income	25,194,523	4,206,454	20,517,406	1,196,816
Profit before taxation	66,773,012	34,100,707	61,119,520	28,353,879
Taxation	7 (14,264,694)	(11,446,788)	(8,814,790)	(6,236,083)
Profit after taxation	52,508,318	22,653,919	52,304,730	22,117,796
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	52,508,318	22,653,919	52,304,730	22,117,796
Earnings per share - basic and diluted	5.44	2.35	5.41	2.29

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.


(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, 2018

	Half year ended	
	December 31, 2018	December 31, 2017
A. CASH FLOWS FROM OPERATING ACTIVITIES	-----Rupees-----	
Profit before taxation	66,773,012	34,100,707
Adjustments for		
Depreciation	54,217,558	49,573,646
Finance cost	38,122,898	25,636,439
(Gain) on disposal of property, plant and equipment	(244,714)	(79,678)
Provision for retirement benefit obligation	11,712,404	10,586,851
Interest income	-	(173,813)
Operating cash flows before movements in working capital	<u>170,581,158</u>	<u>119,644,152</u>
(Increase) / decrease in current assets		
Stores, spares and loose tools	9,360,877	(1,526,473)
Stock in trade	(181,171,200)	(133,643,081)
Trade debts	141,244,896	(14,023,794)
Loans and advance	5,533,164	3,631,709
Trade deposits and prepayments	(5,650,564)	(4,456,432)
Other receivables	2,198,053	(8,321,173)
Sales tax refundable	(8,731,704)	(145,367)
Decrease in current liabilities		
Trade and other payables	(35,027,764)	(14,452,121)
Cash generated from / (used in) operations	<u>98,336,916</u>	<u>(53,292,580)</u>
Retirement benefit obligation and leave encashment paid	(8,673,987)	(4,213,530)
Finance cost paid	(34,983,534)	(20,392,076)
Interest received	-	173,813
Taxes paid	(16,771,047)	(14,125,871)
Net cash generated from / (used in) from operating activities	<u>37,908,348</u>	<u>(91,850,244)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(35,284,591)	(18,055,563)
Proceeds from disposal of property, plant and equipment	1,942,230	227,370
Long term loans	(186,238)	58,353
Net cash used in investing activities	<u>(33,528,599)</u>	<u>(17,769,840)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finances obtained	10 99,002,560	-
Repayment of long-term finances	10 (15,310,438)	(14,790,000)
Dividend paid	10 (25,696,123)	(46,085,601)
Short term borrowings- FE-25 loan	10 -	(155,634,157)
Net cash generated from / (used in) financing activities	<u>57,995,999</u>	<u>(216,509,758)</u>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	62,375,748	(326,129,842)
Cash and cash equivalents at July 1	(751,301,193)	(260,712,198)
Cash and cash equivalents at December 31	<u>(688,925,445)</u>	<u>(586,842,040)</u>
Cash and cash equivalents at December 31		
Cash and bank balances	19,019,038	17,885,848
Short term borrowings	(707,944,483)	(604,727,888)
	<u>(688,925,445)</u>	<u>(586,842,040)</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.


(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, 2018

	Issued, subscribed and paid up capital	Revenue reserves		Capital reserve	Total
		General reserve	Unappropriated profit	Revaluation surplus on plant and machinery	
Rupees					
Balance at July 01, 2017	96,600,000	665,000,000	188,588,900	4,651,532	954,840,432
Total comprehensive income for the half year ended December 31, 2017					
Profit after tax	-	-	22,653,919	-	22,653,919
Other comprehensive income	-	-	-	-	-
	-	-	22,653,919	-	22,653,919
Transferred from surplus on revaluation of plant and machinery on account of					
- incremental depreciation (net of deferred tax)	-	-	234,434	(234,434)	-
- change in rate of tax	-	-	-	(1,093)	(1,093)
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	<u>96,600,000</u>	<u>710,000,000</u>	<u>118,177,253</u>	<u>4,416,005</u>	<u>929,193,258</u>
Balance at July 01, 2018	96,600,000	710,000,000	165,592,815	86,946,656	1,059,139,471
Total comprehensive income for the half year ended December 31, 2018					
Profit after tax	-	-	52,508,318	-	52,508,318
Other comprehensive income	-	-	-	-	-
	-	-	52,508,318	-	52,508,318
Transferred from surplus on revaluation of plant and machinery on account of					
- incremental depreciation (net of deferred tax)	-	-	4,338,372	(4,338,372)	-
- disposal net of deferred tax	-	-	138,393	(138,393)	-
- change in rate of tax	-	-	-	(793,333)	(793,333)
Transferred to general reserve	-	35,000,000	(35,000,000)	-	-
Transaction with owners					
Final dividend for the year ended June 30, 2018 @ Rs. 2.75 per share	-	-	(26,565,000)	-	(26,565,000)
Balance at December 31, 2018	<u>96,600,000</u>	<u>745,000,000</u>	<u>161,012,898</u>	<u>81,676,558</u>	<u>1,084,289,456</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman

Shahtaj Textile Limited

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

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, Chuhian 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 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 comprises of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the notes required for the full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018.

2.2 The Securities and Exchange Commission of Pakistan (SECP), through SRO 1007(I)/2017, dated October 4, 2017, had notified IFRS 9 "Financial Instruments", replacing the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" with effect from reporting periods starting July 1, 2018. However, subsequently, the SECP modified the effective date of IFRS 9 through SRO 229(I)/2019, dated February 14, 2019, as reporting period/year ending on or after June 30, 2019. Currently, management is in process of determining impact of IFRS 9.

2.3 IFRS 15 "Revenue from contracts with customers" is applicable for periods beginning on or after July 01, 2018. The changes laid down by this standard do not have any significant impact on these condensed interim financial statements of the Company.

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

- revaluation of certain plant and machinery;
- financial instruments at fair value; and
- recognition of retirement benefit obligation at net present value.

2.5 These condensed interim financial statements are presented in Pak Rupees which is also the Company's functional currency and figures presented in these condensed interim financial statements have been rounded off to the nearest rupee.

2.6 These condensed interim financial statements are unaudited. However, a limited scope review of these condensed interim financial statements 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. These condensed interim financial statements are submitted to the shareholders as required by section 237 of the Companies Act, 2017.

2.7 The comparative condensed statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2018, whereas comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are stated from the unaudited condensed interim financial statements for the half year ended December 31, 2017. Condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2018 was not subject to review by external auditors.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements 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 annual financial statements for the year ended June 30, 2018.

3.2 The preparation of the condensed interim financial statements in conformity with approved accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, 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 recognised prospectively commencing from the period of revision.

4. FINANCIAL RISK MANAGEMENT

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

5. CONTINGENCIES AND COMMITMENTS

	(Unaudited) December 31, 2018	(Audited) June 30, 2018
5.1 Contingencies	Note	-----Rupees-----
Guarantee issued by bank on behalf of the Company in favor of Sui Northern Gas Pipelines Limited (SNGPL)	36,843,000	36,843,000
Bills discounted with recourse	26,852,187	-

Other contingencies are not materially changed as disclosed in the note 12.1 to the annual financial statements for the year ended June 30, 2018.

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		(Unaudited) December 31, 2018	(Audited) June 30, 2018
	Note	-----Rupees-----	
5.2 Commitments			
Sales contracts to be executed		<u>718,189,496</u>	<u>761,162,526</u>

6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	6.1	<u>1,118,168,830</u>	1,078,609,571
Capital work in progress	6.2	<u>21,848,513</u>	82,038,255
		<u>1,140,017,343</u>	<u>1,160,647,826</u>

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

	(Un-audited) Half year ended December 31, 2018		(Un-audited) Half year ended December 31, 2017	
	Additions at cost	Disposals at book value	Additions at cost	Disposals at book value
	----- Rupees -----			
Buildings on freehold land	1,410,240	-	-	-
Plant and machinery	92,739,106	1,392,500	501,100	-
Furniture and fixtures	19,250	-	-	-
Equipment and installations	38,800	-	21,000	-
Computer equipment	1,266,936	-	146,100	-
Vehicles	-	305,016	-	147,692
	<u>95,474,332</u>	<u>1,697,516</u>	668,200	147,692

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

	(Un-audited) Half year ended December 31, 2018		(Un-audited) Half year ended December 31, 2017	
	Additions	Transfers	Additions	Transfers
	----- Rupees -----			
Buildings on freehold land	1,285,886	1,410,240	17,096,130	-
Plant and machinery	23,832,765	92,292,854	291,233	-
Vehicles	7,552,000	-	-	-
Advance for electric equipment and installation	842,700	-	-	-
	<u>33,513,351</u>	<u>93,703,094</u>	17,387,363	-

	(Un-audited) Half year ended December 31, 2018		(Un-audited) Quarter ended December 31, 2018	
	December 31, 2017	December 31, 2017	December 31, 2018	December 31, 2017
	----- (Rupees) -----			
7. TAXATION				
Current	15,440,447	18,873,848	3,959,214	10,430,362
Deferred	(1,175,753)	(7,427,060)	4,855,576	(4,194,279)
	<u>14,264,694</u>	<u>11,446,788</u>	<u>8,814,790</u>	<u>6,236,083</u>

There is no change in the status of tax contingencies that are disclosed in the note 31.4 to the annual financial statements for the year ended June 30, 2018.

8. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

8.1 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

8.2 Fair value estimation

The Company discloses the financial instruments measured in the condensed interim statement of financial position 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).

There were no transfers between Level 1 and 2 during the period.

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8.3 There are no assets or liabilities to classify under above levels except 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 as at March 2018, were performed by M/s Asif Associates (Private) Limited (valuer), an independent valuer not related to the Company, using depreciable method. 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.

The fair value of the remaining assets and liabilities are same as their carrying value.

Details of Company's plant and machinery and information about the fair value hierarchy as at end of December 31, 2018 are as follows:

	(Unaudited)			(Audited)		
	December 31, 2018			June 30, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	-----Rupees-----					
Plant and machinery	-	960,943,570	-	-	916,650,754	-

9. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of 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, 2018	December 31, 2017
		-----Rupees-----	
		Half year ended	
		December 31, 2018	December 31, 2017
		-----Rupees-----	
Key management personnel	Remuneration	11,406,960	8,302,900
Key management personnel	Dividend paid	6,394,427	11,518,675
Associated undertakings			
- Shahtaj Sugar Mills Limited	Dividend paid	3,162,500	5,750,000
- Shahnawaz (Private) Limited	Purchase of computer equipment and supplies	1,195,460	20,000
	Administrative services received	381,516	344,016
Other related party-Close family member			
- FGE LLC	Sale of fabric	7,019,526	34,629,933
	Commission on sales	-	3,093,629
		(Unaudited)	(Audited)
		December 31, 2018	June 30, 2018
		-----Rupees-----	
Balances due to related parties			
- Shahnawaz (Private) Limited		395,516	1,249,451
Balances due from related parties			
- FGE LLC		7,024,595	7,216,842

10. 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.

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	(Audited)	(Unaudited)			December 31, 2018
	June 30, 2018	Financing cash inflows	Financing cash outflows	Non Cash changes	
		-----Rupees-----			
Long-term finances	287,397,722	99,002,560	-	(30,659,337)	355,740,945
Current portion of long term	44,235,478	-	(15,310,438)	30,659,337	59,584,377
Dividend payable	9,458,388	-	(25,696,123)	26,565,000	10,327,265
Short term borrowing- FE-25	-	-	-	-	-

	(Audited)	(Unaudited)			December 31, 2017
	June 30, 2017	Financing cash inflows	Financing cash outflows	Non Cash changes - Transfer	
Long-term finances	298,279,000	-	-	(15,310,437)	282,968,563
Current portion of long term	29,580,000	-	(14,790,000)	15,310,437	30,100,437
Dividend payable	8,773,646	-	(46,085,601)	4,830,000	10,988,045
Short term borrowing- FE-25	155,634,157	-	(155,634,157)	-	-

11. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial statements were authorized for issue on February 26, 2019 by the Board of Directors of the Company.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman

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SHAHNAWAZ BUILDING, 19 DOCKYARD ROAD,
WEST WHARF, KARACHI-74000.*