



SALFI TEXTILE MILLS LIMITED

**Condensed Interim Financial Information
For The Half Year Ended December 31, 2016**

CONTENTS

| | |
|---|----|
| 1. COMPANY INFORMATION | 01 |
| 2. DIRECTORS' REPORT | 02 |
| 3. AUDITORS' REPORT TO THE MEMBERS | 03 |
| 4. CONDENSED INTERIM BALANCE SHEET | 04 |
| 5. CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED) | 05 |
| 6. CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) | 06 |
| 7. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) | 07 |
| 8. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) | 09 |

COMPANY INFORMATION**BOARD OF DIRECTORS****CHAIRMAN:**

Mr. Anwar Ahmed Tata

CHIEF EXECUTIVE:

Mr. Adeel Shahid Anwar Tata

DIRECTORS:Mr. Shahid Anwar Tata
Mr. Aijaz Ahmed Tariq
Mr. Bilal Shahid Anwar
Mr. Muhammad Naseem
Sheikh Kausar Ejaz**AUDIT COMMITTEE****CHAIRMAN:**

Mr. Muhammad Naseem

MEMBERS:Mr. Bilal Shahid Anwar
Sheikh Kausar Ejaz**SECRETARY**

Mr. Owais Ahmed Abbasi

**HUMAN RESOURCE &
REMUNERATION COMMITTEE****CHAIRMAN:**

Mr. Muhammad Naseem

MEMBERS:Mr. Adeel Shahid Anwar Tata
Mr. Bilal Shahid Anwar**SECRETARY**

Mr. Aadil Riaz

**COMPANY SECRETARY &
CHIEF FINANCIAL OFFICER:**

Mr. Farooq Advani

BANKERS:Dubai Islamic Bank (Pakistan) Limited
Bank Alfalah Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited
The Bank of Punjab
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Allied Bank Limited
Bank Islami Pakistan Limited
JS Bank Limited
Askari Bank Limited**AUDITORS:**M/s. Deloitte Yousuf Adil
Chartered Accountants**LEGAL ADVISOR:**

Ameen Bandukda & Co. Advocates

SHARE REGISTRAR:Central Depository Company of Pakistan Limited
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal
Tel# (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053**REGISTERED OFFICE:**6th Floor Textile Plaza,
M.A Jinnah Road Karachi.
Tel# 32412955-3 Lines 32426761-2-4
Fax# 32417710**WEB SITE ADDRESS:**www.tatatex.com**E- MAIL ADDRESS:**stm.corporate@tatatex.com**MILLS:**

HX-1, Landhi Industrial Area, Landhi, Karachi

Directors' Report**Assalam-o-Alaikum**

The Financial Statements (un-audited) of the Company for the Half year ended on December 31, 2016 is being presented to you.

During the period under review, the Company incurred a pre-tax loss of PKR. 7.708 million as compared to a pre-tax loss of PKR.182.74 million, during the corresponding period of last year, showing some progress.

Textile Industry

It is most unfortunate that we are yet again reporting the same distressing scenario which is only because of the apathetic attitude of the present Government. The cost push up continues in all inputs like labour, raw material, etc. The long awaited Textile Package has been finally announced, though, it is insufficient and inadequate. Nevertheless, we hope it will bring some development in the Textile Sector and help boost the declining exports.

Burden of Taxes

Like any other Company, your Company is burdened with Withholding Taxes. The current Tax Policy of the Government is not supportive to Business and the Industry. Instead, the Government has been inclined to recover more and more taxes from the already over-burdened existing tax payer in order to increase its revenue and target. The tax payer is required to pay minimum tax even if the company is incurring losses and the regime of Withholding Tax mechanism is programmed in such a manner that it deducts taxes in excess of the Minimum Tax liability. The Minimum Tax liability which was previously imposed at 0.5% is now increased to 1%.

Besides Withholding Taxes, we are contributing huge amount to the Government's Revenue on account of various government levies, such as, SRB on services, Custom Duties, Textile Cess, Education Cess, Cotton Cess, Social Security, EOBI, etc.

Raw Material

There has yet again been a very serious failure of Cotton Crop. The Textile Industry have contributed Millions of Rupees as Cotton Cess to the Government, but the Pakistan Agriculture Institutions have not carried out any research for improvement in quality of Cotton Seeds or for Virus / pest resistant variety. The quality of Cotton keeps deteriorating every year in addition to reduction in Crop size and with its issues of contaminations, etc., we are paying a much higher price for Pakistani Cotton than what it actually deserves. But the Government continues to remain indifferent to the issues relating to Cotton crop and has not come up with any corrective measures or Policy for a crop that provides for 70% of the exports. We are therefore compelled to import Cotton which falls expensive.

Future Outlook

The Government has made some announcements for the Textile Industry, which under no circumstances could be termed as a "Textile Package". A Country which is already short of Raw Material and is buying Raw Material at Import Parity, imposing 4% Import Duty, was an absolutely wrong Policy of the Government which rendered the Textile Industry totally uncompetitive, so this withdrawal of 4% duty cannot be considered a Package. However, we have to wait and watch, in the coming months, how the 4% Duty Draw Back on yarn, which is too little and too late, benefit the Industry against the unrealistic Exchange Rate Policy. Moreover, the Government should also take urgent measures to refund our accumulated amount of Sales Tax and Income Tax.

Acknowledgement

It is most important to mention the untiring endeavors of all our team members who are engaged in up-holding their commitment for the company's success and growth. We also thank our Bankers, Vendors and Clients for their consistent trust and support.

On behalf of the Board of Directors



Adeel Shahid Anwar Tata
Chief Executive

Karachi

Dated: February 25, 2017

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan
Phone: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21- 3454 1314
Web: www.deloitte.com

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF
CONDENSED INTERIM FINANCIAL INFORMATION****Introduction**

We have reviewed the accompanying condensed interim balance sheet of **SALFI TEXTILE MILLS LIMITED** (the Company) as at December 31, 2016, the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the half year then ended (here-in-after referred to as condensed interim financial information). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2016 and 2015 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 condensed interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for the interim financial reporting.

**Chartered Accountants****Engagement Partner
Mushtaq Ali Hirani****Dated: February 25, 2017
Karachi**

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2016**

| | | December 31, 2016 (Unaudited) | June 30, 2016 (Audited) |
|---|------|-------------------------------------|-------------------------------|
| | Note | ----- Rupees in '000' ----- | |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 5 | 3,430,223 | 3,454,698 |
| Intangible assets | | 920 | 1,608 |
| Long-term investments | | 664 | 699 |
| Long-term deposits | | 1,024 | 1,037 |
| | | 3,432,831 | 3,458,042 |
| Current Assets | | | |
| Stores, spares and loose tools | | 41,705 | 56,041 |
| Stock-in-trade | | 1,759,454 | 730,729 |
| Trade debts | | 216,882 | 299,140 |
| Loans and advances | | 270,108 | 308,383 |
| Trade deposits and short-term prepayments | | 6,275 | 13,770 |
| Other receivables | | 449 | 404 |
| Other financial assets | | 29,736 | 27,537 |
| Sales tax refundable | | 46,012 | 34,349 |
| Cash and bank balances | | 21,399 | 45,963 |
| | | 2,392,020 | 1,516,316 |
| TOTAL ASSETS | | 5,824,851 | 4,974,358 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Share capital and reserves | 6 | 597,781 | 610,136 |
| Surplus on revaluation of property, plant and equipment | | 1,515,623 | 1,537,397 |
| Non-Current Liabilities | | | |
| Long-term finances | 7 | 698,871 | 800,261 |
| Deferred liabilities | | 80,159 | 71,353 |
| | | 779,030 | 871,614 |
| Current Liabilities | | | |
| Trade and other payables | | 476,564 | 639,632 |
| Accrued interest / markup on borrowings | | 44,093 | 27,711 |
| Short-term borrowings | | 2,141,958 | 1,080,060 |
| Current portion of long-term finances | 7 | 202,690 | 167,081 |
| Provision for income tax | | 67,112 | 40,727 |
| | | 2,932,417 | 1,955,211 |
| Contingencies and commitments | 8 | | |
| TOTAL EQUITY AND LIABILITIES | | 5,824,851 | 4,974,358 |

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



**ADEEL SHAHID ANWAR TATA
CHIEF EXECUTIVE**



**ANWAR AHMED TATA
CHARIMAN / DIRECTOR**

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2016**

| Note | Half year ended | | Quarter ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 |
| ----- Rupees in '000' ----- | | | | |
| Sales - net | 2,577,273 | 2,456,959 | 1,368,752 | 1,332,862 |
| Cost of goods sold | (2,407,372) | (2,442,323) | (1,261,117) | (1,346,437) |
| Gross profit / (loss) | 169,901 | 14,636 | 107,635 | (13,575) |
| Distribution cost | (59,495) | (62,905) | (31,302) | (28,631) |
| Administrative expenses | (50,305) | (55,286) | (23,727) | (30,226) |
| Other operating expenses | (1,426) | (8,166) | (740) | (3,389) |
| Finance cost | (72,954) | (75,026) | (41,498) | (36,171) |
| | (184,180) | (201,383) | (97,267) | (98,417) |
| Other income | 6,571 | 4,005 | 4,374 | 2,742 |
| (Loss) / profit before taxation | (7,708) | (182,742) | 14,742 | (109,250) |
| Provision for taxation | (26,385) | 16,320 | (13,982) | (12,916) |
| (Loss) / profit for the period | (34,093) | (166,422) | 760 | (122,166) |
| Other comprehensive income | | | | |
| <i>Item that will be reclassified subsequently to profit or loss</i> | | | | |
| Unrealised (loss) / gain on remeasurement of investment - available for sale | (36) | 59 | (72) | (46) |
| Total comprehensive income for the period | (34,129) | (166,363) | 688 | (122,212) |
| Earnings per share - basic and diluted (Rupees) | (10.20) | (49.79) | 0.23 | (36.55) |

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



ADEEL SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHARIMAN / DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

| | Half year ended | |
|---|-----------------------------|----------------------|
| | December 31, 2016 | December 31, 2015 |
| | ----- Rupees in '000' ----- | |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (7,708) | (182,742) |
| Adjustments for | | |
| Depreciation | 71,122 | 73,080 |
| Amortization | 688 | 688 |
| Provision for staff gratuity | 15,223 | 11,585 |
| Provision for staff compensated absences | 4,177 | 4,238 |
| Finance cost | 72,954 | 75,026 |
| Gain on disposal of property, plant and equipment | (1,045) | (663) |
| Operating cash flows before working capital changes | 155,411 | (18,788) |
| (Increase) / decrease in current assets | | |
| Stores, spares and loose tools | 14,336 | (12,130) |
| Stock-in-trade | (1,028,725) | (885,515) |
| Trade debts | 82,258 | (136,347) |
| Loans and advances | 63,873 | (146,469) |
| Trade deposits and short-term prepayments | 7,495 | (1,296) |
| Other receivables | (45) | 7 |
| Other financial assets | (2,199) | (4,000) |
| Sales tax refundable | (11,663) | 17,247 |
| (Decrease) / increase in current liabilities | | |
| Trade and other payables | (163,068) | 553,426 |
| Cash used in operations | (882,327) | (633,865) |
| Finance cost paid | (56,572) | (82,170) |
| Income tax paid | (25,598) | (32,961) |
| Staff gratuity paid | (7,259) | (10,005) |
| Compensated absences paid | (3,334) | (3,671) |
| Net cash used in operating activities | (975,090) | (762,672) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | (46,905) | (142,027) |
| Proceeds from disposal of property, plant and equipment | 1,302 | 2,038 |
| Long-term deposits received back / (paid) | 13 | (25) |
| Net cash used in investing activities | (45,590) | (140,014) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long-term finances obtained | - | 23,399 |
| Repayment of long-term finances | (65,781) | (66,026) |
| Short-term borrowings (paid off) / obtained - net | (21,710) | 248,331 |
| Net cash (used in) / generated from financing activities | (87,491) | 205,704 |
| Net decrease in cash and cash equivalents (A+B+C) | (1,108,171) | (696,982) |
| Cash and cash equivalents at the beginning of the period | (318,107) | (457,064) |
| Cash and cash equivalents at the end of the period | (1,426,278) | (1,154,046) |
| CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 21,399 | 27,076 |
| Short-term running finances | (1,447,677) | (1,181,122) |
| | (1,426,278) | (1,154,046) |

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



**ADEEL SHAHID ANWAR TATA
CHIEF EXECUTIVE**



**ANWAR AHMED TATA
CHARIMAN / DIRECTOR**

| | Revenue Reserves | | | | Total |
|---|--|-----------------|---------------|---|----------------|
| | Issued, subscribed and paid up capital | General reserve | Other reserve | Unrealized (loss) / gain on remeasurement of investments available for sale | |
| Transfer from general reserve | - | (250,000) | - | - | 250,000 |
| Transferred from surplus on revaluation of property, plant and equipment on account of: | | | | | |
| - incremental depreciation | - | - | - | - | 21,826 |
| - disposal | - | - | - | - | 203 |
| | - | - | - | - | 22,029 |
| Balance at June 30, 2016 (Audited) | 33,426 | 500,000 | 5,996 | (108) | 70,822 |
| Total comprehensive income for the half year ended December 31, 2016 | | | | | 610,136 |
| Loss for the period | - | - | - | - | (34,093) |
| Other comprehensive income | | | | | |
| Loss on remeasurement of investment classified available for sale | - | - | - | (36) | (36) |
| Total comprehensive income for the period | - | - | - | (36) | (34,093) |
| Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax | - | - | - | - | 21,774 |
| Balance at December 31, 2016 (Unaudited) | 33,426 | 500,000 | 5,996 | (144) | 58,503 |
| | | | | | 597,781 |

Rupees in 000

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



ADEEL SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHAIRMAN / DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

Salfi Textile Mills Limited (the Company) was incorporated in Pakistan on January 05, 1968 as a public limited company under the Companies Act, 1913 as repealed by the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 6th floor Textile Plaza, M.A. Jinnah Road, Karachi in the province of Sindh. The principal activity of the Company is manufacturing and sale of yarn. The Company's manufacturing facilities are located at Landhi Industrial Estate, Karachi in the province of Sindh.

2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail. This condensed interim financial information does not include all the information required for full financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2016.

2.2 This condensed interim financial information has been prepared under 'historical cost convention' modified by:

- certain items of property, plant and equipment have been included at the revalued amounts;
- certain financial instruments at fair value; and
- recognition of certain staff retirement benefits at present value.

2.3 This condensed interim financial information are presented in Pakistan Rupees which is the Company's functional and presentation currency and figures presented in this condensed interim financial information has been rounded off to the nearest thousand 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 5.19.13(b) 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 245 of Companies Ordinance, 1984.

2.5 The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2016, whereas comparative condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from unaudited condensed interim financial information for the half year ended December 31, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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

Certain amendments to existing IFRSs are effective for periods beginning on or after July 1, 2016, which do not have any impact on this condensed interim financial information and are therefore not enumerated here.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2016.

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets
Capital work-in-progress

| | December 31, 2016 (Unaudited) | June 30, 2016 (Audited) |
|--|-------------------------------------|-------------------------------|
| | ----- Rupees in '000' ----- | |
| | 3,253,954 | 3,323,866 |
| | 176,269 | 130,832 |
| | <u>3,430,223</u> | <u>3,454,698</u> |

5.1 Following additions / transfers and disposals in operating assets were made.

| | Additions/ transfers from CWIP | Disposals (written down value) | Sale proceeds |
|--|--------------------------------------|--------------------------------------|---------------|
| | ----- Rupees in '000' ----- | | |
| During the period ended December 31, 2016 (Unaudited) | | | |
| Plant and machinery | 108 | - | - |
| Factory equipment | 317 | - | - |
| Furniture and fixtures | 33 | - | - |
| Office equipment | 1,011 | - | - |
| Vehicles | - | 257 | 1,302 |
| | <u>1,468</u> | <u>257</u> | <u>1,302</u> |
| During the year ended June 30, 2016 (Audited) | | | |
| Plant and machinery | 108,848 | 62 | 500 |
| Factory equipment | 7,755 | - | - |
| Furniture and fixtures | 1,335 | - | - |
| Office equipment | 1,618 | 85 | 82 |
| Vehicles | 3,612 | 2,022 | 3,046 |
| | <u>123,168</u> | <u>2,169</u> | <u>3,628</u> |

| | December 31, 2016 (Unaudited) | June 30, 2016 (Audited) |
|--|-------------------------------------|-------------------------------|
| | ----- Rupees in '000' ----- | |
| 6. SHARE CAPITAL AND RESERVES | | |
| Authorized capital | | |
| 5,000,000 ordinary shares of Rs.10 each | 50,000 | 50,000 |
| Issued, subscribed and paid-up capital | | |
| 3,342,570 ordinary shares of Rs. 10 each | 33,426 | 33,426 |
| General reserve | 500,000 | 500,000 |
| Other reserve | 5,996 | 5,996 |
| Unrealized loss in value of investments classified as available for sale | (144) | (108) |
| Unappropriated profits | 58,503 | 70,822 |
| | 597,781 | 610,136 |
| 7. LONG-TERM FINANCE | | |
| Banking companies - secured | | |
| Term finance | 898,076 | 963,360 |
| Car finance | 3,485 | 3,982 |
| | 901,561 | 967,342 |
| Less: Current portion shown under current liabilities | | |
| Term finance | (201,728) | (166,148) |
| Car finance | (962) | (933) |
| | (202,690) | (167,081) |
| | 698,871 | 800,261 |

7.1 These finances are secured against first equitable mortgage on fixed assets and first specific charge over imported machinery of the Company, vehicles acquired from vehicle loans and guarantee of directors of the Company. These finances are subject to mark-up at the rates ranging from 3 - 6 month KIBOR plus 1% to 1.30% per annum (June 30, 2016: 3 - 6 month KIBOR plus 1% to 1.30% per annum).

| | December 31, 2016 (Unaudited) | June 30, 2016 (Audited) |
|---|-------------------------------------|-------------------------------|
| | ----- Rupees in '000' ----- | |
| 8. CONTINGENCIES AND COMMITMENTS | | |
| 8.1 Contingencies | | |
| There are no contingencies as at December 31, 2016 and June 30, 2016. | | |
| 8.2 Commitments | | |
| (i) Civil works and machinery | 26,967 | 60,170 |
| (ii) Letters of credit for | | |
| - plant and machinery | 880 | - |
| - stores and spares | 4,965 | 3,011 |
| - raw material | 32,924 | 74,688 |
| (iii) Bank guarantees issued on behalf of the Company | 112,566 | 108,166 |
| (iv) Bills discounted with recourse (local and export) | 836,090 | 632,603 |
| (v) Outstanding sales contracts | 284,244 | 168,711 |

8.2.1 This includes bank guarantee related to Sindh Infrastructure Development Cess amounting to Rs. 71.5 million (June 30, 2016: Rs.67.1 million) for which provision amounting to Rs. 59.57 million (June 30, 2016: Rs.55.3 million) has been made.

| | Half year ended | | Quarter ended | |
|---------------------------------|-----------------------------|----------------------|----------------------|----------------------|
| | December 31, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 |
| | ----- (Unaudited) ----- | | | |
| | ----- Rupees in '000' ----- | | | |
| 9. COST OF GOODS SOLD | | | | |
| Opening stock- finished goods | 144,637 | 247,210 | 257,492 | 178,393 |
| Cost of goods manufactured | 2,525,997 | 2,140,977 | 1,267,262 | 1,113,908 |
| | 2,670,634 | 2,388,187 | 1,524,754 | 1,292,301 |
| Purchase of yarn | 375 | - | - | - |
| Closing stock- finished goods | (263,637) | (256,656) | (263,637) | (256,656) |
| Cost of manufactured goods sold | 2,407,372 | 2,131,531 | 1,261,117 | 1,035,645 |
| Cost of raw material sold | - | 310,792 | - | 310,792 |
| | 2,407,372 | 2,442,323 | 1,261,117 | 1,346,437 |

| | Note | Half year ended | | Quarter ended | |
|--------------|-----------------------------------|-----------------------------|--------------|---------------|--------------|
| | | December 31, | December 31, | December 31, | December 31, |
| | | 2016 | 2015 | 2016 | 2015 |
| | | ----- (Unaudited) ----- | | | |
| | | ----- Rupees in '000' ----- | | | |
| 9.1 | Cost of goods manufactured | | | | |
| | Raw material Consumed | 1,994,906 | 1,611,907 | 1,015,225 | 858,757 |
| | Packing material | 36,760 | 38,906 | 16,800 | 16,845 |
| | Stores and spares | 39,081 | 30,093 | 19,307 | 14,825 |
| | Salaries, wages and benefits | 173,064 | 154,346 | 80,000 | 80,229 |
| | Fuel and power | 195,646 | 219,507 | 92,332 | 103,730 |
| | Insurance | 5,764 | 4,934 | 2,852 | 1,499 |
| | Repairs and maintenance | 2,882 | 7,253 | 1,968 | 4,979 |
| | Depreciation | 67,649 | 68,336 | 34,153 | 34,340 |
| | Other overheads | 12,252 | 9,574 | 6,654 | 5,200 |
| | Work-in-process | 2,528,004 | 2,144,856 | 1,269,291 | 1,120,404 |
| | Opening stock | 29,730 | 27,163 | 29,708 | 24,546 |
| | Closing stock | (31,737) | (31,042) | (31,737) | (31,042) |
| | | (2,007) | (3,879) | (2,029) | (6,496) |
| | | 2,525,997 | 2,140,977 | 1,267,262 | 1,113,908 |
| 9.1.1 | Raw material consumed | | | | |
| | Opening stock | 556,362 | 682,397 | 461,746 | 537,269 |
| | Purchases - net | 2,902,624 | 2,484,098 | 2,017,559 | 1,876,076 |
| | | 3,458,986 | 3,166,495 | 2,479,305 | 2,413,345 |
| | Closing stock | (1,464,080) | (1,554,588) | (1,464,080) | (1,554,588) |
| | | 1,994,906 | 1,611,907 | 1,015,225 | 858,757 |

9.2 Net realizable value of finished goods was lower than its cost, which resulted in write down of Rs. 3.20 million (December 31, 2015: 16.17 million) charged to cost of goods sold.

10. TAXATION

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred tax is provided using the balance sheet liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. After considering, the effects on deferred taxation on the portion of income subject to final tax regime.

11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings 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 party | Nature of transactions | Half year ended | |
|-----------------------------|---------------------------|-----------------------------|--------------|
| | | December 31, | December 31, |
| | | 2016 | 2015 |
| | | ----- Unaudited ----- | |
| | | ----- Rupees in '000' ----- | |
| Associated undertakings | Share of expense received | 1,215 | 2,280 |
| | Share of expense paid | 3,491 | 487 |
| | Licensing fee received | 2,124 | 2,124 |
| | Rent income | 300 | 300 |
| | Purchase of machinery | 60 | 1,989 |
| | Purchase of power | 189,346 | 205,392 |
| | Purchase of yarn | 375 | - |
| | Sale of raw material | - | 276,460 |

| | | Half year ended | |
|---------------------------------|--------------------------|-----------------------------|----------------------|
| | | December 31, 2016 | December 31, 2015 |
| | | ----- Unaudited ----- | ----- |
| | | ----- Rupees in '000' ----- | |
| Directors | Remuneration | 4,154 | 3,565 |
| | Meetings fee | 60 | 55 |
| | Rent expense | 1,814 | 1,814 |
| Key management personnel | Remuneration | 36,501 | 22,477 |
| | | Unaudited | Audited |
| | | December 31, | June 30, |
| | | 2016 | 2016 |
| | | ----- Rupees in '000' ----- | |
| Outstanding balance | | | |
| Associated undertakings | Other receivables | 354 | 354 |
| | Trade and other payables | 144,346 | 199,658 |

12. FAIR VALUE HIERARCHY

The Company's free hold land, building and plant and machinery are stated at revalued amounts, being the fair value at the date of revaluation, less subsequent depreciation and subsequent impairment losses, if any. The fair value measurements of the Company's free hold land, building and plant and machinery as at June 30, 2015 were performed by Iqbal A.Narjee & Company (Private) Limited (valuer) on the basis of market value or depreciated replacement values as applicable. The valuer is listed on panel of Pakistan Banks Association and has appropriate qualification and experience in the fair value measurement of properties, plant and machinery.

Information about fair value hierarchy and assets classified under the hierarchy are as follows:

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 (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

| | Level 1 | Level 2 | Level 3 | Total |
|--|--------------------------|-----------|---------|-----------|
| | ----- Rupees '000' ----- | | | |
| As at December 31, 2016 (unaudited) | | | | |
| Free hold land | - | 696,000 | - | 696,000 |
| Building on free hold land | - | 478,309 | - | 478,309 |
| Plant and machinery | - | 1,979,113 | - | 1,979,113 |
| Long-term investment - listed shares | 664 | - | - | 664 |
| As at June 30, 2016 (audited) | | | | |
| Free hold land | - | 696,000 | - | 696,000 |
| Building on free hold land | - | 490,573 | - | 490,573 |
| Plant and machinery | - | 2,029,749 | - | 2,029,749 |
| Long-term investment - listed shares | 699 | - | - | 699 |

There were no transfers between levels of fair value hierarchy during the period.

As at December 31, 2016 and June 30, 2016, there were no other financial assets and financial liabilities that warranted classification under above levels.

The carrying value of all other financial assets and liabilities approximate their fair values.

13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved and authorized for issue on **February 25, 2017** by the Board of Directors of the Company.



ADEEL SHAHID ANWAR TATA
CHIEF EXECUTIVE



ANWAR AHMED TATA
CHARIMAN / DIRECTOR

31 دسمبر 2016ء کو ختم ہونے والی ششماہی کیلئے کمپنی کے مالیاتی حسابات (غیر آڈٹ شدہ) آپ کے سامنے پیش کیا جا رہا ہے۔

زیر نظر مدت کے دوران کمپنی کو ٹیکس سے قبل مبلغ 7.708 ملین روپے کا خسارہ ہوا جس کا موازنہ گزشتہ سال کی اسی مدت کے دوران ٹیکس سے قبل مبلغ 182.74 ملین روپے خسارے سے تھوڑی بہت بہتری کے ساتھ کیا جاسکتا ہے۔

ٹیکسٹائل کی صنعت:

بدقسمتی سے ایک بار پھر ہم موجودہ حکومت کی عدم توجہی کی وجہ سے ٹیکسٹائل کی صنعت میں دباؤ کا شکار ہیں۔ اخراجات مستقل طور پر بڑھ رہے ہیں جس میں لیبر، خام مال وغیرہ شامل ہیں۔ ایک طویل عرصہ سے منتظر باآخر ”ٹیکسٹائل پیکیج“ کا اعلان کر دیا گیا کہ یہ کافی ہے لیکن ہمیں امید ہے کہ اس کی وجہ سے ٹیکسٹائل سیکٹر میں کچھ ترقی ہوگی اور یہ گرتی ہوئی برآمدات کے اضافے میں معاون ثابت ہوگا۔

ٹیکسٹائل کا پوچھ:

دیگر پیکٹوں کی طرح آپ کی کمپنی بھی دو ہولڈنگ ٹیکسٹائل کی صنعت میں دباؤ میں ہے۔ حکومت کی موجودہ ٹیکس پالیسی کاروبار اور صنعت کیلئے معاون نہیں ہے باوجود اس کے کہ پہلے ہی موجودہ ٹیکس ادا کنندہ بہت زیادہ دباؤ ہے، حکومت انہی سے زیادہ سے زیادہ ٹیکسز حاصل کرنے کے درپے ہے۔ ٹیکس ادا کنندہ یہ چاہتا ہے کہ وہ کم سے کم ٹیکس ادا کرے چاہے کمپنی کو خسارہ ہی کیوں نہ ہو اور دو ہولڈنگ ٹیکس سیکٹر میں پروگرام اس طرح سے ہے کہ کم سے کم ٹیکس کے حوالے سے ٹیکس کی کوئی زیادہ ہو۔ کم سے کم ٹیکس کی ذمہ داری جو گزشتہ سال 0.5% تھی اب اس میں اضافہ کی وجہ سے 1% کر دیا گیا ہے۔

دو ہولڈنگ ٹیکسز کے باوجود ہم گورنمنٹ کی جانب سے مانگ کردہ مختلف ٹیکسز جیسا کہ سروسز پر SRB، کسٹم ڈیوٹی، ٹیکسٹائل ٹیکس، تعلیمی ٹیکس، کاؤن ٹیکس، ہوش سیکورٹی اور EOBI وغیرہ کی مدد میں حکومت کے خزانے میں بھاری رقم کی ادائیگی کر رہے ہیں۔

خام مال:

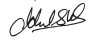
ایک بار پھر کاؤن کی فصل میں شدید ناکامی کا سامنا ہے۔ ٹیکسٹائل کی صنعت نے حکومت کو کاؤن ٹیکس کے حوالے سے کم ٹیکس روپے کی ادائیگی کی ہے لیکن اس کے باوجود پاکستان کے زرعی اداروں نے کان کے بیج یا وائرس/کپڑے مارادوہیات کا چھڑکاؤ کے ذریعے معیار میں بہتری کیلئے کوئی تحقیق نہیں کی۔ اس وجہ سے کاؤن کی کوآپریٹو ہرساں خراب ہو رہی ہے اس کے علاوہ فصل کی مقدار میں بھی کمی واقع ہو رہی ہے۔ ہم پاکستانی کاؤن کیلئے کافی زیادہ قیمت ادا کر رہے ہیں مگر حکومت کاؤن کی فصل سے متعلق معاملات کو ابھی تک مسلسل نظر انداز کئے ہوئے ہے اور اس کی فصلوں کیلئے کوئی اصلاحی اقدام یا پالیسی مرتب نہیں کی جو کہ برآمدات کے سلسلے میں 70% ریو فیو فر اہم کرتا ہے۔ لہذا ہم کاؤن کی درآمدات جو کہ زیادہ ہوگئی پڑتی ہے پر مجبور ہیں۔

مستقبل پر نظر:

حکومت نے ٹیکسٹائل صنعت کیلئے کچھ اعلانات کئے ہیں لیکن اسے کبھی حالت میں ”ٹیکسٹائل پیکیج“ نہیں کہا جاسکتا۔ ہمارا ملک جو کہ پہلے ہی خام مال میں کمی کا شکار ہے اور 4% حاندرد ادائیگی ڈیوٹی ادا کر کے خام مال خرید رہی ہے جو کہ حکومت کی سراسر غلط پالیسی ہے لہذا اس 4% سے دستبردار کی کو پیکیج نہیں تصور کیا جاسکتا۔ لہذا ہمیں آنے والے مہینوں کا انتظار کرنا ہے کہ یارن پر 4% کی ڈیوٹی کی سطح پر واپس ہوتی ہے جو کہ بہت کم اور بہت تاخیر سے ہوئی ہے اور غیر حقیقی آپیکھیج ریٹ پالیسی کے خلاف ہے حکومت کو چاہئے کہ وہ فوری اقدامات کرتے ہوئے ٹیکسٹائل سیکٹر اور آئیٹم ٹیکس کی مدد میں توجہ شدہ رقم واپس کرے۔

اظہار تشکر:

ہم یہاں اپنے اُن تمام اہم ممبران جو کہ کمپنی کی کامیابی اور بہتری کیلئے اپنا کردار ادا کر رہے ہیں اور ہمارے ٹیکسٹائل خرد خریداران اور صارفین جنہوں نے کمپنی پر اعتماد کیا کے بے حد مشکور ہیں۔


صدر لیٹل شاہد انوار خان
چیف ایگزیکٹو

کراچی

مورخہ: 25 فروری 2017

BOOK POST

Printed Matter



If Undelivered please return to :
SALFI TEXTILE MILLS LIMITED
6th Floor, Textile Plaza, M. A. Jinnah Road,
Karachi-74000