

**CONDENSED INTERIM FINANCIAL INFORMATION
UNAUDITED
DECEMBER 31, 2018**



ZAHIDJEE TEXTILE MILLS LIMITED

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

Mr. Muhammad Sharif

Chief Executive

Mr. Muhammad Zahid

Directors

Mr. Ahmad Zahid

Miss Mahreen Zahid

Mr. Sajjad Hussain Shah

Mr. Faisal Masood Afzal

Brig (R) Wali Muhammad

Audit CommitteeBrig (R) Wali Muhammad
(Chairman)

Mr. Faisal Masood Afzal

Mr. Sajjad Hussain Shah

Company Secretary

Mr. Naveed Ashraf

Chief Financial Officer

Mr. Anwar-ul-Haq

Share Registrar

Corptec Associates (Private) Limited

503-E, Johar Town, Lahore

Tel: 042-35170335-6

Fax 042-35170338

E-mail: info@corptec.com.pk

Registered Office

2 H, Gulberg II, Jail Road, Lahore

Tel: 042-35777291-5

Bankers of the Company

Allied Bank Limited

Askari Bank Limited

Bank Al-Falah Limited

Bank Islami Pakistan Limited.

Faysal Bank Limited

Meezan Bank Limited

National Bank of Pakistan

The Bank of Punjab

United Bank Limited

HR& Remuneration Committee

Mr. Ahmad Zahid

(Chairman)

Mr. Faisal Masood Afzal.

Miss Mahreen Zahid

AuditorsRSM Avais Hyder Liaquat Nauman
Chartered Accountants**Export Office**20, Bilal Road, Civil Lines,
Faisalabad**Mills**

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

Directors' Report to the Members

Directors of Zahidjee Textile Mills Limited ("the Company") are pleased to present the Directors' Report for the half year ended 31 December, 2018.

OPERATING FINANCIAL RESULTS

	Half year ended December 31,		Increase / (Decrease) %
	2018	2017	
Net Sales - (Rs. In '000')	6,398,961	4,686,240	36.55
Gross Profit - (Rs. In '000')	710,129	482,289	47.24
Profit for the period before taxation - (Rs. In '000')	438,598	275,644	59.12
Net Profit for the period - (Rs. In '000')	400,432	291,256	37.48
Gross profit %	11.10%	10.29%	
Net Profit after Taxation %	6.26%	6.22%	
Earnings Per Share (Rs.)	2.09	1.52	

The increase in profit for the half year ended December 31, 2018 as compare to the corresponding period is mainly due to increase in production capacity of new spinning unit. Better management and efficient use of resources played its role to maintain profitability.

The company has been able to generate enough cash flow and discharged all its operating and financial liabilities in time.

GENERAL MARKET REVIEW AND FUTURE PROSPECTS

Due to significant increase in the discount rate and instability of Pak Rupee against the Dollar, cost of production has been increased and if we do not get matching yarn prices accordingly, there is risk of lower profit in second half year.

SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

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

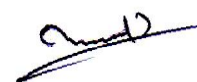
ACKNOWLEDGEMENTS

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



MUHAMMAD SHARIF
Chairman

For and on behalf of
the Board



MUHAMMAD ZAHID
Chief Executive Officer

Dated: February 26, 2019
Lahore

ڈائریکٹرز کا جائزہ

میں سال 31 دسمبر 2018 کو ختم ہونے والی ششماہی پر زاہد جی ٹیکسٹائل ملز لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے غیر آڈٹ شدہ مالیاتی گوشوارے ممبران کو پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

فی صد اضافہ	31 دسمبر 2017	31 دسمبر 2018	
	روپے	روپے	
36.55	4,686,240	6,398,961	خالص فروخت
47.24	482,289	710,129	خام منافع
59.12	275,644	438,598	قبل از ٹیکس منافع
37.48	291,256	400,432	ششماہی منافع
	10.29 %	11.10%	خام منافع فی صد
	6.22 %	6.26%	ششماہی منافع فی صد
	1.52	2.09	آمدنی فی حصص

31 دسمبر 2018 کو ختم ہونے والی ششماہی میں پچھلے سال دسمبر 2017ء کو ختم ہونے والی ششماہی سے زیادہ منافع نئے سپننگ پونٹ میں پیداواری گنجائش میں اضافہ کی وجہ سے ہوا۔

کمپنی نے بہتر انتظام اور ملازمین کی بہتر کارکردگی سے اپنی مالی پوزیشن کو قائم رکھا اور اپنی جاری مالی ذمہ داریوں کو ادا کرنے کے قابل رہی۔

مارکیٹ کی صورت حال اور مستقبل کا نقشہ

سود کی شرح میں زیادہ اضافے اور روپے کی قدر میں ڈالر کے مقابلے میں ناہواری کی وجہ سے پیداوار کی لاگت میں اضافہ ہوا ہے اگر دھاگے کی قیمتیں لاگت میں اضافے کے توازن سے نا بڑھیں تو آگے نصف سال میں منافع میں کمی ہونے کا اندیشہ ہے۔

ذیلی کمپنی اور مشترکہ مالی رپورٹس

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

اعترافات

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

محمد زاہد
چیف ایگزیکٹو

لاہور
26 فروری 2019ء

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of Zahidjee Textile Mills Limited****Report on review of Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Zahidjee Textile Mills Limited ("the Company") as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the three months ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2018.

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 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Hamid Masood.

Dated: February 26, 2019**Place: Faisalabad**


RSM Avais Hyder Liaquat Nauman
Chartered Accountants

ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Note	Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
NON - CURRENT ASSETS			
Property, plant and equipment	3	6,060,403,036	6,204,293,855
Intangible assets		1,532,268	1,968,512
Investment in subsidiary	4	359,200,000	359,200,000
Long term security deposits		4,450,142	4,450,142
		6,425,585,446	6,569,912,509
CURRENT ASSETS			
Stores, spares and loose tools		130,124,906	113,884,208
Stock in trade		3,955,887,332	2,987,053,124
Trade debts		1,316,052,970	971,774,514
Loans, advances and deposits		90,199,017	161,680,474
Prepayments		9,824,007	1,395,389
Other receivables		86,807,629	103,945,845
Short term investment	5	92,666,942	87,690,721
Tax refunds due from Government		358,174,900	358,543,569
Cash and bank balances		55,649,825	24,778,023
		6,095,387,528	4,810,745,867
CURRENT LIABILITIES			
Trade and other payables		723,080,155	781,924,356
Interest / markup payable		95,761,614	54,769,323
Short term borrowings		4,483,213,876	3,598,814,126
Unclaimed dividend		1,204,621	1,763,009
Current portion of long term finance		157,891,429	195,391,429
Provision for taxation - income tax		74,849,584	97,287,034
		5,536,001,279	4,729,949,277
		6,984,971,695	6,650,709,099
NON - CURRENT LIABILITIES			
Long term finance		901,815,111	927,898,534
Deferred liability			
Deferred taxation	6	567,040,274	551,785,282
		1,468,855,385	1,479,683,816
CONTINGENCIES AND COMMITMENTS			
	7	-	-
Net worth		5,516,116,310	5,171,025,283
Represented by			
SHARE CAPITAL AND RESERVES			
Share capital	8	1,914,210,990	1,914,210,990
Capital reserves			
Merger reserve		366,258,513	366,258,513
Surplus on revaluation of property, plant and equipment		1,282,325,193	1,321,453,916
Revenue reserves		1,953,321,614	1,569,101,864
		5,516,116,310	5,171,025,283
		5,516,116,310	5,171,025,283

The annexed notes form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER

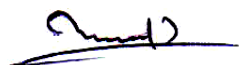

DIRECTOR


CHIEF FINANCIAL OFFICER

ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Note	Quarter ended December 31,		Half year ended December 31,	
		2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Sales	9	3,319,214,712	2,316,841,970	6,398,961,215	4,648,777,286
Cost of goods sold	10	2,940,183,557	2,095,102,987	5,688,832,173	4,203,951,322
Gross profit		379,031,155	221,738,983	710,129,042	444,825,964
Trading (loss) / profit	11	(246,483)	(2,479,939)	(45,311)	50,693
Other income		3,122,913	5,961,148	10,958,552	8,697,809
		381,907,585	225,220,192	721,042,283	453,574,466
Distribution cost		11,088,671	11,811,660	20,369,982	22,064,916
Administrative expenses		36,427,533	25,724,409	66,556,208	57,149,730
Other operating expenses		14,299,748	7,168,671	25,683,841	14,588,069
Finance cost		97,006,430	45,840,439	169,834,246	84,128,174
		158,822,382	90,545,179	282,444,278	177,930,889
Profit for the period before taxation		223,085,203	134,675,013	438,598,005	275,643,577
Provision for taxation	12	(24,721,005)	(30,886,186)	38,165,810	(15,612,539)
Profit for the period		247,806,208	165,561,199	400,432,195	291,256,116
Earnings per share - Basic and diluted		1.29	0.86	2.09	1.52

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

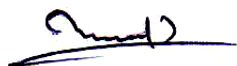


CHIEF FINANCIAL OFFICER

ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	<u>Quarter ended December 31,</u>		<u>Half year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Profit for the period	247,806,208	165,561,199	400,432,195	291,256,116
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>247,806,208</u>	<u>165,561,200</u>	<u>400,432,195</u>	<u>291,256,116</u>

The annexed notes form an integral part of these condensed interim financial statements.

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

ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

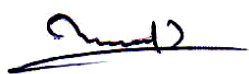
	Half year ended	
	December 31,	
	2018	2017
	Rupees	Rupees
(a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	438,598,005	275,643,577
Adjustments for :		
Depreciation of property, plant and equipment	268,913,844	119,184,854
Amortization on intangible assets	436,244	1,116,440
Balances written off	323,466	76,487
Balances written back	(787,752)	-
Loss / (gain) on disposal of operating assets	2,162,456	(34,893)
Fair value adjustment of short term investment	(4,976,221)	(2,933,138)
Finance cost	169,834,246	84,128,174
Operating cash flows before working capital changes	<u>874,504,288</u>	<u>477,181,501</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(16,240,698)	13,573,693
Stock in trade	(968,834,208)	(1,049,688,678)
Trade debts	(344,601,922)	(52,425,564)
Loans, advances and deposits	34,150,985	(72,363,819)
Prepayments	(8,428,618)	(77,795)
Other receivables	17,138,216	(7,624,994)
Tax refunds due from Government - sales tax	27,450,176	(13,395,168)
(Decrease) / Increase in current liabilities		
Trade and other payables	(58,056,449)	233,690,104
	<u>(1,317,422,518)</u>	<u>(948,312,222)</u>
Cash (used in) operating activities	(442,918,230)	(471,130,721)
Finance cost paid	(128,841,955)	(88,427,650)
Income tax paid	(24,001,474)	(28,736,360)
Net cash (used in) operating activities	<u>(595,761,659)</u>	<u>(588,294,731)</u>
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(127,523,881)	(391,089,758)
Proceeds from disposal of operating assets	338,400	112,000
Net cash (used in) investing activities	<u>(127,185,481)</u>	<u>(390,977,758)</u>

	Half year ended December 31, 2018 Rupees	2017 Rupees
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(c) CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing obtained	69,135,000	325,000,000
Long term financing repaid	(132,718,423)	(117,750,375)
Increase in short term borrowings - net	884,399,750	789,317,595
Dividend paid	(66,997,385)	-
Net cash generated from financing activities	<u>753,818,942</u>	<u>996,567,220</u>
Net increase in cash and cash equivalents (a+b+c)	30,871,802	17,294,731
Cash and cash equivalents at the beginning of the period	24,778,023	56,865,862
Cash and cash equivalents at the end of the period	<u><u>55,649,825</u></u>	<u><u>74,160,593</u></u>

The annexed notes form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

CHIEF FINANCIAL OFFICER

ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	CAPITAL RESERVES			REVENUE RESERVES			Total
		Merger reserve	Surplus on revaluation of property, plant and equipment	Sub total	General reserve	Unappropriated profit	Sub total	
----- R u p e e s -----								
Balance as at July 01, 2017 (Audited) - re-stated	1,823,058,090	366,258,513	1,372,514,179	1,738,772,692	300,000,000	979,818,325	1,279,818,325	4,841,649,107
Transaction with owners								
Bonus shares issued (One share for each twenty shares held)	91,152,900	-	-	-	-	(91,152,900)	(91,152,900)	-
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	291,256,116	291,256,116	291,256,116
Other comprehensive income	-	-	-	-	-	-	-	-
Incremental depreciation on revalued assets for the period	-	-	(26,708,092)	(26,708,092)	-	20,984,815	20,984,815	(5,723,277)
Related deferred tax	-	-	5,723,277	5,723,277	-	5,723,277	5,723,277	11,446,554
	-	-	(20,984,815)	(20,984,815)	-	26,708,092	26,708,092	5,723,277
Balance as at December 31, 2017 (Unaudited)	1,914,210,990	366,258,513	1,351,529,364	1,717,787,877	300,000,000	1,206,629,633	1,506,629,633	5,138,628,500
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	34,671,689	34,671,689	34,671,689
Other comprehensive income	-	-	-	-	-	-	-	-
Incremental depreciation on revalued assets for the period	-	-	(26,614,915)	(26,614,915)	-	20,479,102	20,479,102	(6,135,813)
Related deferred tax	-	-	6,135,813	6,135,813	-	6,135,813	6,135,813	12,271,626
	-	-	(20,479,102)	(20,479,102)	-	26,614,915	26,614,915	6,135,813
Surplus realised on disposal of property, plant and equipment	-	-	(1,185,627)	(1,185,627)	-	859,512	859,512	(326,115)
Related deferred tax	-	-	326,115	326,115	-	326,115	326,115	652,230
	-	-	(859,512)	(859,512)	-	1,185,627	1,185,627	326,115
Adjustment of deferred tax for the year	-	-	(8,736,834)	(8,736,834)	-	-	-	(8,736,834)
Balance as at June 30, 2018 (Audited)	1,914,210,990	366,258,513	1,321,453,916	1,687,712,429	300,000,000	1,269,101,864	1,569,101,864	5,171,025,283
Transaction with owners								
Dividend paid (Rs. 0.35 per share of Rs. 10 each)	-	-	-	-	-	(66,997,385)	(66,997,385)	(66,997,385)
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	400,432,195	400,432,195	400,432,195
Items that may be subsequently reclassified to profit or loss								
Incremental depreciation on revalued assets for the period	-	-	(50,747,201)	(50,747,201)	-	39,433,011	39,433,011	(11,314,190)
Related deferred tax	-	-	11,314,190	11,314,190	-	11,314,190	11,314,190	22,628,380
	-	-	(39,433,011)	(39,433,011)	-	50,747,201	50,747,201	11,314,190
Surplus realised on disposal of property, plant and equipment	-	-	(37,739)	(37,739)	-	26,795	26,795	(10,944)
Related deferred tax	-	-	10,944	10,944	-	10,944	10,944	21,889
	-	-	(26,795)	(26,795)	-	37,739	37,739	10,944
Adjustment of deferred tax for the year	-	-	331,083	331,083	-	-	-	331,083
Balance as at December 31, 2018 (Unaudited)	1,914,210,990	366,258,513	1,282,325,193	1,648,583,706	300,000,000	1,653,321,614	1,953,321,614	5,516,116,310

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1. STATUS AND ACTIVITIES

- 1.1** Zahidjee Textile Mills Limited (the Company) is incorporated in Pakistan on July 17, 1990 as a public limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of Companies Act 2017 on May 30, 2017). The registered office of the Company is situated at 2-H Jail Road, Gulberg II, Lahore in the province of Punjab. The Company is currently listed on Pakistan Stock Exchange Limited. The principal business of the Company is export of all kinds of value added fabrics and textile made-ups. The Company is also engaged in the business of manufacturing and sale of yarn. The weaving unit is located at 32-KM, Tandlianwala Road, Satyana, District Faisalabad and spinning units are located at 32-KM, Sheikhpora Road, Faisalabad and M-3 Industrial Estate, Faisalabad, in the province of Punjab.
- 1.2** Pursuant to scheme of arrangement approved by the Honorable Lahore High Court, Lahore, assets, liabilities and reserves of Zahidjee Fabrics Limited were merged with the assets, liabilities and reserves of Zahidjee Textile Mills Limited with effect from July 01, 2006.
- 1.3** These condensed interim financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

- 2.1.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (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.

- 2.1.2** These condensed interim financial statements are un-audited but subject to limited scope review by the auditors of the Company and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.
- 2.1.3** These condensed interim financial statements do not include all the information required for complete set of financial statements, and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2018.

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

2.2.1 Standards, interpretations and amendments to published approved accounting standards that are effective:

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2018 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

IFRS 9 'Financial Instruments' - This standard replaces guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The changes laid down by this standard do not have any significant impact on these unconsolidated condensed interim financial statements of the company.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts', and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

As a result of application of IFRS 15, freight charges relating to exports that were classified in distribution costs, have now been netted off against Revenue from Exports.

2.2.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant :

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

2.3 Basis of preparation

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

2.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2018 except as disclosed in 2.2.1.

2.5 Estimates, judgments and risk management policies

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

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

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in these condensed interim financial statements are the same as those disclosed in the published audited financial statements for the year ended June 30, 2018.

2.5.2 Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2018.

	Note	Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
3. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	3.1	5,785,762,079	6,015,352,863
Capital work in progress	3.2	186,997,643	135,894,269
Non operating lands		16,203,950	16,203,950
Advance against purchase of land		69,846,551	35,662,080
Advances for capital expenditure		1,592,813	1,180,693
		<u>6,060,403,036</u>	<u>6,204,293,855</u>
3.1 Operating assets			
Book value at beginning of period / year		6,015,352,863	5,218,559,749
Additions during the period / year	3.1.1	41,823,916	1,053,687,714
Disposal during the period / year		(2,500,856)	(3,823,119)
Depreciation charge during the period / year		(268,913,844)	(253,071,481)
		<u>5,785,762,079</u>	<u>6,015,352,863</u>
3.1.1 Additions to operating assets, including transfer from capital work in progress, during the period / year were as follows			
Building on freehold land		1,511,021	205,888,979
Plant and machinery		38,801,893	828,666,449
Electric installations		801,139	13,602,304
Factory equipment		-	1,457,739
Office equipment		152,300	219,353
Electric appliances		281,873	1,181,080
Furniture and fittings		275,690	406,160
Vehicles		-	2,265,650
		<u>41,823,916</u>	<u>1,053,687,714</u>
3.2 Capital work in progress			
Civil work		164,532,724	135,014,249
Plant and machinery		22,464,919	880,020
		<u>186,997,643</u>	<u>135,894,269</u>
4. Investment in subsidiary			
Zahidjee Towers (Private) Limited			
35,920,000 (June 30, 2018: 35,920,000) ordinary shares of Rs. 10/- each			
fully paid in cash. Ownership interest 54.39% (June 30,2018: 54.39%).		<u>359,200,000</u>	<u>359,200,000</u>

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

	Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
5. Short term investment		
Financial assets at fair value through profit or loss		
Quoted security		
Habib Metropolitan Bank Limited		
2,022,854 (June 30, 2017: 2,022,854)		
ordinary shares of Rs.10/- each	87,690,721	66,855,325
Adjustment in fair value	4,976,221	20,835,396
	<u>92,666,942</u>	<u>87,690,721</u>

6. Deferred taxation		
Opening balance	551,785,282	416,519,161
(Reversal) of deferred tax related to		
Incremental depreciation on revalued assets	(11,314,190)	(11,859,090)
Realised on disposal of revalued assets	(10,944)	(326,115)
(Reversal) / provision of deferred tax on surplus	(331,083)	8,736,834
Provision for the period	26,911,209	138,714,492
	<u>567,040,274</u>	<u>551,785,282</u>

6.1 It represents the following:

Deferred tax liability:		
Difference between accounting and tax bases of assets	596,173,462	577,947,411
Deferred tax asset:		
Carried forward losses / tax credits	(29,133,188)	(26,162,129)
	<u>567,040,274</u>	<u>551,785,282</u>

7. CONTINGENCIES AND COMMITMENTS

There is no significant change in contingencies and commitments since the date of published audited financial statements for the year ended June 30, 2018, except the followings;

	Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
Contingencies		
Income tax demand not acknowledged due to pending appeals	42,853,422	89,527,190
Sales tax demand not acknowledged due to pending appeals	18,883,675	80,617,996
Commitments		
Under letters of credit for raw material and spare parts	427,099,980	343,950,652

8. Share capital**8.1 Authorised capital**

December 31, 2018	June 30, 2018	December 31, 2018 Rupees	June 30, 2018 Rupees
Number of shares			
<u>220,000,000</u>	<u>220,000,000</u>	<u>2,200,000,000</u>	<u>2,200,000,000</u>

8.2 Issued, subscribed and paid up capital

December 31, 2018 Number of shares	June 30, 2018 Number of shares		December 31, 2018 Rupees	June 30, 2018 Rupees
89,462,580	89,462,580	Ordinary shares of Rs. 10/- each fully paid in cash.	894,625,800	894,625,800
23,041,604	23,041,604	Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Court.	230,416,040	230,416,040
53,228,370	53,228,370	Ordinary shares of Rs.10/- each issued as fully paid bonus shares.	532,283,700	532,283,700
16,573,255	16,573,255	Ordinary shares of Rs.10/- each issued during the period as fully paid bonus shares.	165,732,550	165,732,550
9,115,290	9,115,290	Ordinary shares of Rs.10/- each issued during the period as fully paid bonus shares.	91,152,900	91,152,900
<u>191,421,099</u>	<u>191,421,099</u>		<u>1,914,210,990</u>	<u>1,914,210,990</u>

Quarter ended December 31,		Half year ended December 31,	
2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees

9. Sales

Export

 Cloth / made ups
 Less : Freight

609,982,187	452,925,605	1,052,749,241	1,023,267,856
19,387,610	17,717,490	32,770,495	37,463,152
590,594,577	435,208,115	1,019,978,746	985,804,704

Local

 Yarn
 Cloth
 Waste and left over
 Conversion receipts

2,649,367,748	1,806,010,946	5,208,745,272	3,493,757,687
2,977,469	432,119	12,869,744	11,799,511
91,968,960	82,683,998	184,367,200	176,484,388
5,764,131	7,885,606	13,025,585	11,158,380
<u>2,750,078,308</u>	<u>1,897,012,669</u>	<u>5,419,007,801</u>	<u>3,693,199,966</u>
3,340,672,885	2,332,220,784	6,438,986,547	4,679,004,670
283,075	-	320,324	-
3,340,955,960	2,332,220,784	6,439,306,871	4,679,004,670
21,741,248	15,378,814	40,345,656	30,227,384
<u>3,319,214,712</u>	<u>2,316,841,970</u>	<u>6,398,961,215</u>	<u>4,648,777,286</u>

		Quarter ended December 31,		Half year ended December 31,	
	Note	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
10. COST OF GOODS SOLD					
Cost of goods manufactured	10.1	2,928,965,768	2,173,024,950	5,726,879,982	4,189,852,848
Finished goods					
Opening stock		272,833,949	188,952,096	223,568,351	280,972,533
Closing stock		(261,616,159)	(266,874,059)	(261,616,159)	(266,874,059)
		11,217,789	(77,921,963)	(38,047,808)	14,098,474
		<u>2,940,183,557</u>	<u>2,095,102,987</u>	<u>5,688,832,173</u>	<u>4,203,951,322</u>
10.1 Cost of goods manufactured					
Raw material consumed	10.1.1	2,301,256,703	1,708,198,612	4,487,099,394	3,275,081,631
Packing material consumed		63,906,411	27,362,507	65,003,954	52,251,875
Salaries, wages and benefits		134,418,705	109,418,535	308,752,148	250,481,986
Retirement benefits		5,964,301	5,053,560	12,234,263	10,404,375
Stores and spares consumed		30,927,518	42,005,618	105,876,866	88,373,653
Fuel and power		201,461,057	181,896,560	433,547,134	359,021,528
Repairs and maintenance		36,483,875	28,381,058	40,461,876	34,075,945
Insurance		3,033,745	3,296,687	10,971,890	7,254,736
Depreciation		144,832,214	67,782,855	265,121,506	115,245,688
Other		3,434,983	665,161	4,883,493	1,966,166
		<u>2,925,719,512</u>	<u>2,174,061,153</u>	<u>5,733,952,524</u>	<u>4,194,157,583</u>
Work in process					
Opening stock		94,417,937	94,155,370	84,099,139	90,886,838
Closing stock		(91,171,681)	(95,191,573)	(91,171,681)	(95,191,573)
		3,246,256	(1,036,203)	(7,072,542)	(4,304,735)
		<u>2,928,965,768</u>	<u>2,173,024,950</u>	<u>5,726,879,982</u>	<u>4,189,852,848</u>
10.1.1 Raw material consumed					
Opening stock		2,744,733,016	672,413,516	2,679,385,635	1,441,535,919
Purchases including purchase expenses		3,159,623,179	3,536,803,433	5,410,813,251	4,334,564,049
		5,904,356,195	4,209,216,949	8,090,198,886	5,776,099,968
Closing stock		(3,603,099,492)	(2,501,018,337)	(3,603,099,492)	(2,501,018,337)
		<u>2,301,256,703</u>	<u>1,708,198,612</u>	<u>4,487,099,394</u>	<u>3,275,081,631</u>
11. Trading (loss) / profit					
Sale of polyester / cotton		35,102,395	42,381,306	42,212,839	211,090,131
Cost of sales		(35,348,878)	(44,861,245)	(42,258,150)	(211,039,438)
		<u>(246,483)</u>	<u>(2,479,939)</u>	<u>(45,311)</u>	<u>50,693</u>
12. Provision for taxation					
Current					
for the period		51,284,950	(9,279,257)	74,849,584	-
for prior period		(63,594,983)	(870,502)	(63,594,983)	(870,502)
Deferred		(12,410,972)	(20,736,427)	26,911,209	(14,742,037)
		<u>(24,721,005)</u>	<u>(30,886,186)</u>	<u>38,165,810</u>	<u>(15,612,539)</u>

**13. AGGREGATE TRANSACTIONS
WITH RELATED PARTIES**

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

Relationship	Nature of transaction	Half year ended December 31,	
		2018 Rupees	2017 Rupees
Key management personnel	Remuneration	16,956,000	26,149,500
	Short term loan obtained / (repaid)	135,843,497	(73,000,000)

14. DATE OF AUTHORISATION FOR ISSUE

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

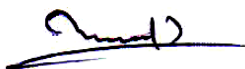
15. GENERAL

15.1 Provisions for taxation and workers' profit participation fund made in these condensed interim financial statements are subject to adjustment in annual financial statements.

15.2 There is no unusual item included in these condensed interim financial statements which is affecting assets, liabilities, equity, profit, other comprehensive income or cash flows of the Company.

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

16. Figures have been rounded off to the nearest Rupee.

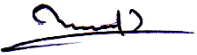
**CHIEF EXECUTIVE OFFICER****DIRECTOR****CHIEF FINANCIAL OFFICER**

CONSOLIDATED FINANCIAL INFORMATION DECEMBER 31, 2018

ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
	Note		
NON - CURRENT ASSETS			
Property, plant and equipment	4	6,627,030,445	6,769,618,281
Intangible assets		1,532,268	1,968,512
Investment property	5	101,922,632	103,922,234
Long term security deposits		4,450,142	4,450,142
		6,734,935,487	6,879,959,169
CURRENT ASSETS			
Stores, spares and loose tools		130,124,906	113,884,208
Stock in trade		3,955,887,332	2,987,053,124
Trade debts		1,316,052,970	971,774,514
Loans, advances and deposit		90,708,647	162,732,486
Prepayments		9,824,007	1,395,389
Other receivables		86,807,629	103,145,845
Short term investment	6	92,666,942	87,690,721
Tax refunds due from Government		362,670,061	362,759,339
Cash and bank balances		56,148,379	24,926,168
		6,100,890,873	4,815,361,794
CURRENT LIABILITIES			
Trade and other payables		724,767,730	782,781,931
Interest / mark up payable		95,761,614	54,769,323
Short term borrowings		4,500,213,876	3,615,814,126
Unclaimed dividend		1,204,621	1,763,009
Current portion of long term finance		157,891,429	195,391,429
Provision for taxation - income tax		75,280,525	97,809,388
		5,555,119,795	4,748,329,206
		7,280,706,565	6,946,991,757
NON - CURRENT LIABILITIES			
Long term finance		901,815,111	927,898,534
Deferred liability			
Deferred taxation	7	567,040,274	551,785,282
		1,468,855,385	1,479,683,816
CONTINGENCIES AND COMMITMENTS			
	8	-	-
Net worth		5,811,851,180	5,467,307,941
Represented by :			
Share capital	9	1,914,210,990	1,914,210,990
Capital reserve			
Merger reserve		366,258,513	366,258,513
Surplus on revaluation of property, plant and equipment		1,282,325,193	1,321,453,916
Revenue reserves		1,950,148,052	1,566,226,244
		5,512,942,748	5,168,149,663
Non-controlling interest		298,908,432	299,158,278
		5,811,851,180	5,467,307,941

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


CHIEF EXECUTIVE OFFICER

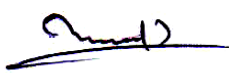

DIRECTOR


CHIEF FINANCIAL OFFICER

ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Note	Quarter ended December 31,		Half year ended December 31,	
		2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Sales	10	3,319,214,712	2,316,841,970	6,398,961,215	4,648,777,286
Cost of goods sold	11	2,940,183,558	2,095,102,987	5,688,832,174	4,203,951,322
Gross profit		379,031,154	221,738,983	710,129,041	444,825,964
Trading (loss) / profit	12	(246,483)	(2,479,939)	(45,311)	50,693
Other income		3,124,730	5,963,733	12,907,746	9,288,630
		381,909,402	225,222,777	722,991,476	454,165,287
Distribution cost		11,088,671	11,811,660	20,369,982	22,064,916
Administrative expenses		37,449,024	28,500,820	68,585,810	59,926,141
Other operating expenses		14,299,748	7,168,671	25,683,841	14,588,069
Finance cost		97,006,430	45,850,328	169,834,246	84,138,063
		159,843,873	93,331,479	284,473,879	180,717,189
Profit for the period before taxation		222,065,529	131,891,298	438,517,597	273,448,098
Provision for taxation	13	(25,038,210)	(30,745,009)	38,633,191	(15,471,362)
Profit for the period		247,103,739	162,636,307	399,884,406	288,919,460
Attributable to:					
Shareholders of the Parent		247,136,657	163,459,511	400,134,252	289,742,664
Non-controlling interest		(32,918)	(823,204)	(249,846)	(823,204)
		247,103,739	162,636,307	399,884,406	288,919,460
Earnings per share - Basic and diluted					
Attributable to shareholders of the Parent					
(Rupees)		1.29	0.85	2.09	1.51

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


CHIEF EXECUTIVE OFFICER

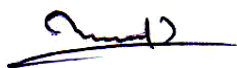

DIRECTOR


CHIEF FINANCIAL OFFICER

ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONDENSED INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	<u>Quarter ended December 31,</u>		<u>Half year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Profit for the period	247,103,739	162,636,307	399,884,406	288,919,460
Items that will not be subsequently reclassified to profit or loss				
Incremental depreciation on revalued assets for the period	-	12,736,379	-	20,984,815
related deferred tax	-	3,473,646	-	5,723,277
	-	16,210,025	-	26,708,092
Total comprehensive income for the period	<u>247,103,739</u>	<u>178,846,332</u>	<u>399,884,406</u>	<u>315,627,552</u>
Attributable to:				
Shareholders of the Parent	247,136,657	179,669,536	400,134,252	316,450,756
Non-controlling interest	(32,918)	(823,204)	(249,846)	(823,204)
	<u>247,103,739</u>	<u>178,846,332</u>	<u>399,884,406</u>	<u>315,627,552</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	<u>Half year ended</u> <u>December 31,</u>	
	2018 Rupees	2017 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	438,517,597	273,448,098
Adjustments for :		
Depreciation of property, plant and equipment	268,913,844	119,184,854
Depreciation on investment property	1,999,602	1,009,206
Amortization on intangible assets	436,244	1,116,440
(Gain) / loss on disposal of operating assets	2,162,456	(34,893)
Balances written off	323,466	76,487
Balances written back	(787,752)	-
Fair value adjustment of short term investment	(4,976,221)	(2,933,138)
Finance cost	169,834,246	84,138,063
Operating cash flows before working capital changes	<u>876,423,482</u>	<u>476,005,117</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(16,240,698)	13,573,693
Stock in trade	(968,834,208)	(1,049,688,678)
Trade debts	(344,601,923)	(52,425,564)
Loans and advances	34,150,985	(72,363,819)
Prepayments	(8,428,618)	(77,795)
Other receivables	17,138,216	(7,624,994)
Tax refunds due from Government - sales tax	27,450,176	(13,395,168)
	(1,259,366,070)	(1,182,002,326)
(Decrease) / increase in current liabilities		
Trade and other payables	(58,026,449)	233,695,153
	<u>(1,317,392,519)</u>	<u>(948,307,173)</u>
Cash (used in) operating activities	<u>(440,969,037)</u>	<u>(472,302,056)</u>
Income tax paid	(24,297,277)	(29,300,361)
Finance cost paid	(128,841,955)	(88,437,539)
Net cash (used in) operating activities	<u><u>(594,108,269)</u></u>	<u><u>(590,039,956)</u></u>

Half year ended	
December 31,	
2018	2017
Rupees	Rupees


b) CASH FLOWS FROM INVESTING ACTIVITIES

Additions in property, plant and equipment	(128,826,863)	(391,089,758)
Additions in investment property	-	(104,674,650)
Proceeds from disposal of operating assets	338,400	112,000
Net cash (used in) investing activities	(128,488,463)	(495,652,408)

c) CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing obtained	69,135,000	325,000,000
Long term financing repaid	(132,718,423)	(117,750,375)
Increase in short term borrowings - net	884,399,750	789,317,595
Loan from director	-	106,873,000
Dividend paid	(66,997,385)	-
Net cash generated from financing activities	753,818,942	1,103,440,220
Net increase in cash and cash equivalents (a+b+c)	31,222,211	17,747,856
Cash and cash equivalents at the beginning of the period	24,926,168	56,919,568
Cash and cash equivalents at the end of the period	56,148,379	74,667,424

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

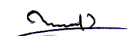


CHIEF FINANCIAL OFFICER

ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY COMPANY
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	CAPITAL RESERVES				REVENUE RESERVES			Total	Non controlling interest
		Merger reserve	Fair value reserve	Surplus on revaluation of property, plant and equipment	Sub total	General reserve	Unappropriated profit	Sub total		
----- R u p e e s -----										
Balance as at July 01, 2017 re-stated (Audited)	1,823,058,090	366,258,513	-	1,372,514,179	1,738,772,692	300,000,000	978,641,981	1,278,641,981	4,840,472,763	194,710,246
Transaction with owners										
Bonus shares issued (Three shares for each ten shares held)	91,152,900	-	-	-	-	-	(91,152,900)	(91,152,900)	-	-
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	289,742,664	289,742,664	289,742,664	(823,204)
Other comprehensive income										
Items that will not be subsequently reclassified to profit or loss										
Incremental depreciation on revalued assets for the period	-	-	-	(26,708,092)	(26,708,092)	-	20,984,815	20,984,815	(5,723,277)	-
	-	-	-	5,723,277	5,723,277	-	5,723,277	5,723,277	11,446,554	-
	-	-	-	(20,984,815)	(20,984,815)	-	316,450,756	316,450,756	295,465,941	(823,204)
Adjustment of deferred tax for the year	-	-		265,791	265,791	-	-	-	265,791	-
Balance as at December 31, 2017 (Unaudited)	1,914,210,990	366,258,513	-	1,351,795,155	1,718,053,668	300,000,000	1,203,939,837	1,503,939,837	5,136,204,495	193,887,042
Total comprehensive income for the period										
Issuance of shares by the Subsidiary	-	-	-	-	-	-	-	-	-	105,873,000
Profit for the period	-	-	-	-	-	-	34,485,865	34,485,865	34,485,865	(601,764)
Other comprehensive income										
Items that will not be subsequently reclassified to profit or loss										
Incremental depreciation on revalued assets for the period	-	-	-	(26,614,915)	(26,614,915)	-	20,479,102	20,479,102	(6,135,813)	-
Related deferred tax	-	-	-	6,135,813	6,135,813	-	6,135,813	6,135,813	12,271,626	-
Surplus realised on disposal of property, plant and equipment				(1,185,627)	(1,185,627)		859,512	859,512	(326,115)	
Related deferred tax				326,115	326,115		326,115	326,115	652,230	
	-	-	-	(21,338,614)	(21,338,614)	-	62,286,407	62,286,407	40,947,793	(601,764)
Adjustment of deferred tax for the year	-	-		(9,002,625)	(9,002,625)	-	-	-	(9,002,625)	-
Balance as at June 30, 2018 (Audited)	1,914,210,990	366,258,513	-	1,321,453,916	1,687,712,429	300,000,000	1,266,226,244	1,566,226,244	5,168,149,663	299,158,278
Transaction with owners										
Dividend paid (Rs. 0.35 per share of Rs. 10 each)	-	-	-	-	-	-	(66,997,385)	(66,997,385)	(66,997,385)	-
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	400,134,253	400,134,253	400,134,253	(249,846)
Other comprehensive income										
Items that will not be subsequently reclassified to profit or loss										
Fair value reserve on available for sale investment										
Increase in fair value	-	-	-	-	-	-	-	-	-	-
Incremental depreciation on revalued assets for the period	-	-	-	(50,747,201)	(50,747,201)	-	39,433,011	39,433,011	(11,314,190)	-
Related deferred tax				11,314,190	11,314,190		11,314,190	11,314,190	22,628,380	
Incremental depreciation on of property, plant and equipment	-	-	-	(37,739)	(37,739)	-	26,795	26,795	(10,944)	-
Related deferred tax	-	-	-	10,944	10,944	-	10,944	10,944	21,889	-
	-	-	-	(39,459,806)	(39,459,806)	-	450,919,193	450,919,193	411,459,388	(249,846)
Adjustment of deferred tax for the year	-	-	-	331,083	331,083	-	-	-	-	-
Balance as at December 31, 2018 (Unaudited)	1,914,210,990	366,258,513	-	1,282,325,193	1,648,583,706	300,000,000	1,650,148,052	1,950,148,052	5,512,942,748	298,908,432

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

**ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

1. GROUP STATUS AND ACTIVITIES

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

The Parent is incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of Companies Act 2017 on May 30, 2017). The registered office of the Company is situated at 2-H, Jail Road, Gulberg II, Lahore in the province of Punjab. The Company is currently listed on Pakistan Stock Exchange Limited. The principal business of the Company is export of all kinds of value added fabrics and textile made-ups. The Company is also engaged in the business of manufacturing and sale of yarn. The weaving unit is located at 32-KM, Tandlianwala Road, Satyana, District Faisalabad and spinning units are located at 32-KM, Sheikhpura Road, Faisalabad and M-3 Industrial Estate, Faisalabad, in the province of Punjab.

The Subsidiary is incorporated in Pakistan as a private limited company under the repealed Companies Ordinance, 1984 (Repealed with the enactment of Companies Act 2017 on May 30, 2017). The principal objective of subsidiary is to provide all kinds of services related to the business of Hotels, Restaurants, Resorts, Motels. Registered office of the subsidiary is situated at 20 Bilal Road, Civil Lines, Faisalabad in the province of Punjab.

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

2. BASIS OF CONSOLIDATION

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

- 3.1.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (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.

- 3.1.2** These condensed interim financial statements are un-audited but subject to limited scope review by the auditors of the Company and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

- 3.1.3** These condensed interim financial statements does not include all the information required for a complete set of financial statements, and should be read in conjunction with the published audited financial statements of the Group for the year ended June 30, 2018.

3.2 Changes in accounting standards, interpretations and amendments to published approved accounting standards

3.2.1 Standards, interpretations and amendments to published approved accounting standards that are effective:

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Group's accounting periods beginning on or after July 1, 2018 but are considered not to be relevant or have any significant effect on the Group's financial reporting, except as mentioned below:

IFRS 9 'Financial Instruments' - This standard replaces guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The changes laid down by this standard do not have any significant impact on these unconsolidated condensed interim financial statements of the Group.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts, and the related interpretations on revenue recognition. The changes laid down by this standard do not have any significant impact on these unconsolidated condensed interim financial statements of the Group.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

As a result of application of IFRS 15, freight charges relating to exports that were classified in distribution costs, have now been netted off against Revenue from Exports.

3.2.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant :

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 are considered not to be relevant for the Group's financial statements and hence have not been detailed here except as disclosed in 3.2.1

3.3 Basis of preparation

These condensed interim financial statements have been prepared under the historical cost convention except: -

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

3.4 Accounting policies and methods of computation

The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the published audited consolidated financial statements for the year ended June 30, 2018.

Investment property

Investment property which is property held to earn rentals and / or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on investment property is charged to income on reducing balance method at the rate of 5% per annum. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalised while no depreciation is charged for the month in which the property is disposed off.

Repairs and maintenance costs are charged to income during the period in which they are incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of investment property if any, are recognised in current income.

Rental Income

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

3.5 Estimates, judgments and risk management policies

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

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

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in these condensed interim consolidated financial statements are the same as those disclosed in the published audited consolidated financial statements for the year ended June 30, 2018.

3.5.2 Risk management policies and procedures are consistent with those disclosed in the published audited consolidated financial statements for the year ended June 30, 2018.

	Note	Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	5,785,762,079	6,015,352,863
Non-operating land and building		582,831,359	581,528,376
Capital work in progress	4.2	186,997,643	135,894,269
Advance against purchase of land		69,846,551	35,662,080
Advances for capital expenditures		1,592,813	1,180,693
		<u>6,627,030,445</u>	<u>6,769,618,281</u>
4.1 Operating assets			
Book value at beginning of period / year		6,015,352,863	5,218,559,749
Add: Addition during the period / year	4.1.1	41,823,916	1,053,687,714
Add: Revaluation surplus during the period / year		-	-
Less: disposal during the period / year		(2,500,856)	(3,823,119)
Depreciation charge during the period / year		(268,913,844)	(253,071,481)
		<u>5,785,762,079</u>	<u>6,015,352,863</u>
4.1.1 Additions to operating assets, including transfer from capital work in progress, during the period / year were as follow			
Free hold land		-	-
Building on freehold land		1,511,021	205,888,979
Plant and machinery		38,801,893	828,666,449
Electric installations		801,139	13,602,304
Factory equipment		-	1,457,739
Office equipment		152,300	219,353
Electric appliances		281,873	1,181,080
Furniture and fittings		275,690	406,160
Vehicles		-	2,265,650
		<u>41,823,916</u>	<u>1,053,687,714</u>
4.2 Capital work in progress			
Civil work		164,532,724	135,014,249
Plant and machinery		22,464,919	880,020
		<u>186,997,643</u>	<u>135,894,269</u>

	Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
5. Investment property		
Land		
Cost	23,938,150	23,938,150
Building		
For the period ended December 31,		
Opening net book value as at July 01,	79,984,084	-
Addition during the period	-	83,021,173
Depreciation charge	(1,999,602)	(3,037,089)
Closing net book value as at December 31,	<u>77,984,482</u>	<u>79,984,084</u>
Closing balance as at December 31,		
Cost	83,021,173	83,021,173
Accumulated depreciation	<u>(5,036,691)</u>	<u>(3,037,089)</u>
Net book value	<u>77,984,482</u>	<u>79,984,084</u>
Total	<u>101,922,632</u>	<u>103,922,234</u>
Annual rate of depreciation (%)	5%	5%

5.1 The fair value of investment property as at December 31, 2018 approximates its cost.

	Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
6. Short term investment		
Financial assets at fair value through profit or loss		
Quoted security		
Habib Metropolitan Bank Limited		
2,022,854 (June 30, 2017: 2,022,854)		
ordinary shares of Rs.10/- each	87,690,721	66,855,325
Adjustment in fair value	<u>4,976,221</u>	<u>20,835,396</u>
	<u>92,666,942</u>	<u>87,690,721</u>

7. Deferred taxation		
Opening balance	551,785,282	416,519,161
(Reversal) of deferred tax related to		
Incremental depreciation on revalued assets	(11,314,190)	(11,859,090)
Realised on disposal of revalued assets	(10,944)	(326,115)
(Reversal) / provision of deferred tax on surplus	(331,083)	8,736,834
Provision for the period	<u>26,911,209</u>	<u>138,714,492</u>
	<u>567,040,274</u>	<u>551,785,282</u>

7.1 It represents the following:

Deferred tax liability:		
Difference between accounting and tax bases of assets	596,173,462	577,947,411
Deferred tax asset:		
Carried forward losses / tax credits	<u>(29,133,188)</u>	<u>(26,162,129)</u>
	<u>567,040,274</u>	<u>551,785,282</u>

8. CONTINGENCIES AND COMMITMENTS

There is no significant change in contingencies and commitments since the date of published audited financial statements for the year ended June 30, 2018, except the followings;

	(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
Contingencies		
Income tax demand not acknowledged due to pending appeals	42,853,422	89,527,190
Sales tax demand not acknowledged due to pending appeals	18,883,675	80,617,996
Commitments		
Under letters of credit for raw material and spare parts	427,099,980	343,950,652

9. Share capital**9.1 Authorised capital**

Un-audited December 31, 2018	Audited June 30, 2018		Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
Number of shares				
<u>220,000,000</u>	<u>220,000,000</u>		<u>2,200,000,000</u>	<u>2,200,000,000</u>

9.2 Issued, subscribed and paid up capital

Un-audited December 31, 2018	Audited June 30, 2018		Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
Number of shares				
89,462,580	89,462,580	Ordinary shares of Rs. 10/- each fully paid in cash.	894,625,800	894,625,800
23,041,604	23,041,604	Ordinary shares of Rs.10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Court.	230,416,040	230,416,040
53,228,370	53,228,370	Ordinary shares of Rs.10/- each issued as fully paid bonus shares.	532,283,700	532,283,700
16,573,255	16,573,255	Ordinary shares of Rs.10/- each issued during the period as fully paid bonus shares.	165,732,550	165,732,550
9,115,290	9,115,290	Ordinary shares of Rs.10/- each issued during the period as fully paid bonus shares.	91,152,900	91,152,900
<u>191,421,099</u>	<u>191,421,099</u>		<u>1,914,210,990</u>	<u>1,914,210,990</u>

	Quarter ended December 31,		Half year ended December 31,	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
10. Sales				
Export				
Cloth / made ups	609,982,187	452,925,605	1,052,749,241	1,023,267,856
	19,387,610	17,717,490	32,770,495	37,463,152
	590,594,577	435,208,115	1,019,978,746	985,804,704
Local				
Yarn	2,649,367,748	1,806,010,946	5,208,745,272	3,493,757,687
Cloth	2,977,469	432,119	12,869,744	11,799,511
Waste and left over	91,968,960	82,683,998	184,367,200	176,484,388
Conversion receipts	5,764,131	788,560	13,025,585	11,158,380
	2,750,078,308	1,897,012,669	5,419,007,801	3,693,199,966
	3,340,672,885	2,332,220,784	6,438,986,547	4,679,004,670
Add: Export rebate / duty drawback	283,075.00	-	320,324	-
	3,340,955,960	2,332,220,784	6,439,306,871	4,679,004,670
Less: Commission and claims	21,741,248	15,378,814	40,345,656	30,227,384
	3,319,214,712	2,316,841,970	6,398,961,215	4,648,777,286

11. COST OF GOODS SOLD

Cost of goods manufactured	2,928,965,768	2,173,024,950	5,726,879,982	4,189,852,848
Finished goods				
Opening stock	272,833,949	188,952,096	223,568,351	280,972,533
Closing stock	(261,616,159)	(266,874,059)	(261,616,159)	(266,874,059)
	11,217,790	(77,921,963)	(38,047,808)	14,098,474
	2,940,183,558	2,095,102,987	5,688,832,174	4,203,951,322

11.1 Cost of goods manufactured

Raw material consumed	2,301,256,703	1,708,198,612	4,487,099,394	3,275,081,631
Packing material consumed	63,906,411	27,362,507	65,003,954	52,251,875
Salaries, wages and benefits	134,418,705	109,418,535	308,752,148	250,481,986
Retirement benefits	5,964,301	5,053,560	12,234,263	10,404,375
Stores and spares consumed	30,927,518	42,005,618	105,876,866	88,373,653
Fuel and power	201,461,057	181,896,560	433,547,134	359,021,528
Repairs and maintenance	36,483,875	28,381,058	40,461,876	34,075,945
Insurance	3,033,745	3,296,687	10,971,890	7,254,736
Depreciation	144,832,214	67,782,855	265,121,506	115,245,688
Other	3,434,983	665,161	4,883,493	1,966,166
	2,925,719,512	2,174,061,153	5,733,952,524	4,194,157,583
Work in process				
Opening stock	94,417,937	94,155,370	84,099,139	90,886,838
Closing stock	(91,171,681)	(95,191,573)	(91,171,681)	(95,191,573)
	3,246,256	(1,036,203)	(7,072,542)	(4,304,735)
	2,928,965,768	2,173,024,950	5,726,879,982	4,189,852,848

11.1.1 Raw material consumed

Opening stock	2,744,733,016	672,413,516	2,679,385,635	1,441,535,919
Purchases including purchase expenses	3,159,623,179	3,536,803,433	5,410,813,251	4,334,564,049
	5,904,356,195	4,209,216,949	8,090,198,886	5,776,099,968
Closing stock	(3,603,099,492)	(2,501,018,337)	(3,603,099,492)	(2,501,018,337)
	2,301,256,703	1,708,198,612	4,487,099,394	3,275,081,631

	Quarter ended December 31,		Half year ended December 31,	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
12. Trading (loss) / profit				
Sale of polyester / cotton	35,102,395	42,381,306	42,212,839	-
Cost of sales	(35,348,878)	(44,861,245)	(42,258,150)	-
	<u>(246,483)</u>	<u>(2,479,939)</u>	<u>(45,311)</u>	<u>-</u>
13. Provision for taxation				
Current				
for the period	51,602,154	(9,138,080)	75,316,965	141,177
for prior period	(63,594,983)	(870,502)	(63,594,983)	(870,502)
Deferred	(12,410,972)	(20,736,427)	26,911,209	(14,742,037)
	<u>(24,403,801)</u>	<u>(30,745,009)</u>	<u>38,633,191</u>	<u>(15,471,362)</u>

14. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

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


Relationship	Nature of transaction	Half year ended December 31,	
		2018 Rupees	2017 Rupees
Key management personnel	Remuneration	16,956,000	26,149,500
	Short term loan repaid	135,843,497	(73,000,000)
	Short term loan obtained	-	-

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial statements was authorised for issue on February 28, 2019 by the Board of Directors of the Parent.

16. GENERAL

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


CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

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