

**CONSOLIDATED INTERM FINANCIAL STATEMENTS
(UNAUDITED)
DECEMBER 31, 2019**



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ZAHIDJEE TEXTILE MILLS LIMITED

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ZAHIDJEE TEXTILE MILLS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS- DECEMBER 31, 2019

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

Mr. Muhammad Sharif

Chairman

Mr. Muhammad Zahid

Chief Executive**Directors**

Mr. Ahmad Zahid

Miss Mehreen Zahid

Mr. Sajjad Hussain Shah

Mr. Faisal Masood Afzal

Brig (R) Wali Muhammad

Audit CommitteeBrig (R) Wali Muhammad
(Chairman)

Mr. Sajjad Hussain Shah

Mr. Faisal Masood Afzal

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 Commercial Bank Limited

Bank Al-Falah Limited

Bank Islami Pakistan Limited

Faysal Bank Limited

JS Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Samba Bank Limited

The Bank of Punjab

United Bank Limited

HR & Remuneration CommitteeMr. Ahmad Zahid
(Chairman)

Mr. Faisal Masood Afzal

Miss Mehreen Zahid

AuditorsRSM Avais Hyder Liaquat Nauman
Chartered Accountants**Export Office**

20, Bilal Road, Civil Lines

Faisalabad

Tel: 041-2409223-4

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, 2019.

OPERATING FINANCIAL RESULTS

	Half year ended December 31,		Increase / (Decrease) %
	2019	2018	
Net Sales - (Rs. In '000')	7,409,606	6,398,961	15.79
Gross Profit - (Rs. In '000')	993,821	710,126	39.95
Profit for the period before taxation - (Rs. In '000')	672,730	438,598	53.38
Net Profit for the period - (Rs. In '000')	633,334	400,432	58.16
Gross profit %	13.41%	11.10%	
Net Profit after Taxation %	8.55%	6.26%	
Earnings Per Share (Rs.)	3.31	2.09	

General market conditions were not feasible for the manufacturing concerns due to prevailing inflation in the country. But the management has proven its ability by procurement of Raw material at attractive prices, efficient utilization of finance facilities and controlled administration cost that had made possible a healthier bottom line. At the Close of the Half year the Sales increase 15.79 % as compare to proceeding period and as a result the Company posted a net profit of Rs. 633 million as compare to Rs.400 million in proceeding period.

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

The Company is continues working on the expansion of production facilities and has plan to import state of the art Murata Vortex Spinning Machinery that will increase the production capacity and profitability of the Company

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 28, 2020
Lahore

ڈائریکٹرز رپورٹ

ہمیں بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کے 31 دسمبر 2019ء کو ختم ہونے والی مدت کے لئے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

آپریٹنگ رزلٹ:

آپریٹنگز کے رزلٹ درج ذیل ہیں۔

دسمبر 31	دسمبر 31	
2019	2018	
روپے	روپے	
7,409,606	6,398,961	فروخت
993,821	710,126	خام منافع
672,730	438,598	قبل از ٹیکس منافع
<u>633,334</u>	<u>400,432</u>	خالص منافع
3.30 روپے	2.09 روپے	منافع فی کس حصہ

مجموعی مارکیٹ صورت حال صنعتوں کے لیے موزوں نہ تھی جس کی وجہ ملک میں موجودہ افراط زر ہے لیکن کمپنی کی انتظامیہ نے خام مال کی اچھے نرخوں میں خریداری اور مالی قرضہ جات کا صحیح استعمال اور انتظامیہ لاگت پر کنٹرول کر کے اپنی صلاحیت کو ثابت کیا جس کی وجہ سے ایک اچھا منافع ممکن ہوا ہے نصف مالی سال کے اختتام پر فروخت میں 15.75 فی صد پچھلے سال کے مقابلے میں اضافہ ہوا ہے جس کے نتیجے میں کمپنی نے خالص منافع 633 ملین جو کہ پچھلے سال میں 400 ملین تھا کمپنی نے اتنا کیش فلو کمایا ہے جس سے وہ اپنی مالی ادائیگیاں وقت پر کر سکیں۔

مستقبل کی حکمت عملی

کمپنی پیداواری گنجائش میں اضافے کا منصوبہ بنایا ہوا ہے جس کے لیے کمپنی موراثہ ور ٹیکس مشینری کو درآمد کرنے کا ارادہ رکھتی ہے جس سے پیداواری گنجائش اور منافع میں اضافہ ہوگا۔

ذیلی کمپنی اور مشترکہ مالی رپورٹس

زاہد جی ٹاور (پریویٹ) لمیٹڈ ذیلی کمپنی ہے اس لیے کمپنی نے مشترکہ ششماہی مالی رپورٹس ساتھ دی ہیں ذیلی کمپنی کی مالی رپورٹس کے علاوہ یہ تمام رپورٹس رپونگ کے عالمی معیار کے مطابق ہیں۔

اعترافات

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

محمد شریف

چیرمین

محمد زاہد

چیف ایگزیکٹو

تاریخ 28 فروری 2020

لاہور

5 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, 2019 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, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2019.

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.


RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

PLACE: LAHORE

DATED: February 28, 2020

ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2019

	Note	Un-audited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
NON - CURRENT ASSETS			
Property, plant and equipment	3	6,577,633,011	6,083,842,156
Intangible assets		726,447	1,122,691
Investment in subsidiary	4	359,200,000	359,200,000
Long term security deposits		4,476,224	4,476,224
		6,942,035,682	6,448,641,071
CURRENT ASSETS			
Stores, spares and loose tools		159,510,437	154,006,894
Stock in trade		3,177,574,873	2,604,242,302
Trade debts		1,534,934,379	1,231,079,982
Loans, advances and deposits		92,622,799	91,503,251
Prepayments		6,575,589	31,027,305
Other receivables		115,016,724	71,311,336
Short term investment	5	73,530,743	72,984,572
Tax refunds due from Government		286,072,204	357,244,603
Cash and bank balances		91,101,899	83,459,305
		5,536,939,647	4,696,859,550
CURRENT LIABILITIES			
Trade and other payables		514,087,508	404,701,777
Interest / markup payable		91,780,733	82,218,408
Short term borrowings		3,707,540,409	3,215,569,584
Unclaimed dividend		1,204,621	1,204,621
Current portion of long term finance		184,598,425	187,575,041
Provision for taxation - income tax		103,964,596	154,504,721
		4,603,176,292	4,045,774,152
		7,875,799,037	7,099,726,469
NON - CURRENT LIABILITIES			
Long term finance		1,156,526,079	790,419,327
Deferred liability			
Deferred taxation	6	329,352,267	394,642,812
		1,485,878,346	1,185,062,139
CONTINGENCIES AND COMMITMENTS			
	7	-	-
Net worth		<u>6,389,920,691</u>	<u>5,914,664,330</u>
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		1,194,212,671	1,228,748,321
Revenue reserves		2,915,238,517	2,405,446,506
		6,389,920,691	5,914,664,330
		<u>6,389,920,691</u>	<u>5,914,664,330</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

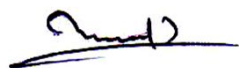


CHIEF FINANCIAL OFFICER

ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Quarter ended December 31,		Half year ended December 31,	
		2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
Sales	9	3,672,305,602	3,338,602,322	7,385,452,155	6,431,731,710
Cost of goods sold	10	3,334,490,408	2,940,183,557	6,391,630,793	5,688,832,173
Gross profit		337,815,194	398,418,765	993,821,362	742,899,537
Trading (loss) / profit	11	(922,926)	(246,483)	(922,926)	(45,311)
Other income		2,245,447	3,122,913	6,137,308	10,958,552
		339,137,715	401,295,195	999,035,744	753,812,778
Distribution cost		47,460,994	30,476,281	71,838,232	53,140,477
Administrative expenses		32,654,306	36,427,533	64,319,358	66,556,208
Other operating expenses		3,253,531	14,299,748	35,625,593	25,683,841
Finance cost		97,516,808	97,006,430	154,522,362	169,834,246
		180,885,639	178,209,992	326,305,545	315,214,773
Profit for the period before taxation		158,252,076	223,085,203	672,730,199	438,598,005
Provision for taxation	12	(5,532,904)	(24,721,005)	44,825,607	38,165,810
Profit for the period		163,784,980	247,806,208	627,904,592	400,432,195
Earnings per share - Basic and diluted		0.86	1.29	3.28	2.09

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, 2019

	<u>Quarter ended December 31,</u>		<u>Half year ended December 31,</u>	
	2019	2018	2019	2018
	Rupees	Rupees	Rupees	Rupees
Profit for the period	163,784,980	247,806,208	627,904,592	400,432,195
Item that will not be subsequently reclassified to profit or loss				
Incremental depreciation on revalued assets for the period	14,951,914	19,702,349	34,771,101	39,433,011
Related deferred tax	4,224,680	5,671,026	9,824,614	11,314,190
Surplus realised on disposal of property, plant and equipment	-	26,795	-	26,795
Related deferred tax	-	10,944	-	10,944
	19,176,594	25,411,114	44,595,715	50,784,940
Total comprehensive income for the period	<u>182,961,574</u>	<u>273,217,322</u>	<u>672,500,307</u>	<u>451,217,135</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

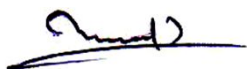

ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended December 31,	
	2019 Rupees	2018 Rupees
(a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	672,730,199	438,598,005
Adjustments for :		
Depreciation of property, plant and equipment	251,923,404	268,913,844
Amortization on intangible assets	396,244	436,244
Balances written off	174,183	323,466
Balances written back	(697,649)	(787,752)
Loss on disposal of operating assets	44,557	2,162,456
Fair value adjustment of short term investment	(546,171)	(4,976,221)
Finance cost	154,522,362	169,834,246
Operating cash flows before working capital changes	1,078,547,129	874,504,288
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(5,503,543)	(16,240,698)
Stock in trade	(573,332,571)	(968,834,208)
Trade debts	(304,028,580)	(344,601,922)
Loans, advances and deposits	48,038,786	34,150,985
Prepayments	24,451,716	(8,428,618)
Other receivables	(43,705,388)	17,138,216
Tax refunds due from Government	(26,783,161)	27,450,176
Increase / (Decrease) in current liabilities		
Trade and other payables	110,083,380	(58,056,449)
	(770,779,361)	(1,317,422,518)
Cash generated from / (used in) operating activities	307,767,768	(442,918,230)
Finance cost paid	(144,960,037)	(128,841,955)
Income tax paid	(101,798,987)	(24,001,474)
Net cash generated from / (used in) operating activities	61,008,744	(595,761,659)
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(745,772,687)	(127,523,881)
Proceeds from disposal of operating assets	13,872	338,400
Net cash (used in) investing activities	(745,758,815)	(127,185,481)

(c) CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing obtained	469,219,961	69,135,000
Long term financing repaid	(106,089,825)	(132,718,423)
Increase in short term borrowings - net	491,970,825	884,399,750
Dividend paid	(162,708,296)	(66,997,385)
Net cash generated from financing activities	<u>692,392,665</u>	<u>753,818,942</u>
Net increase in cash and cash equivalents (a+b+c)	7,642,594	30,871,802
Cash and cash equivalents at the beginning of the period	83,459,305	24,778,023
Cash and cash equivalents at the end of the period	<u><u>91,101,899</u></u>	<u><u>55,649,825</u></u>

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


CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

11 ZAHIDJEE TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	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, 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
Transactions 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
Other comprehensive income Items that will not 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
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
	-	-	(39,459,806)	(39,459,806)	-	50,784,940	50,784,940	11,325,134
Adjustment of deferred tax for the period	-	-	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
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	381,226,602	381,226,602	381,226,602
Other comprehensive income Items that will not be subsequently reclassified to profit or loss	-	-	-	-	-	-	-	-
Incremental depreciation on revalued assets for the period	-	-	(50,929,284)	(50,929,284)	-	39,843,738	39,843,738	(11,085,546)
Related deferred tax	-	-	11,085,546	11,085,546	-	11,085,546	11,085,546	22,171,092
Surplus realised on disposal of property, plant and equipment	-	-	(19,969,006)	(19,969,006)	-	15,123,625	15,123,625	(4,845,381)
Related deferred tax	-	-	4,845,381	4,845,381	-	4,845,381	4,845,381	9,690,762
	-	-	(54,967,363)	(54,967,363)	-	70,898,290	70,898,290	15,930,927
Adjustment of deferred tax for the period	-	-	1,390,491	1,390,491	-	-	-	1,390,491
Balance as at June 30, 2019 (Audited)	1,914,210,990	366,258,513	1,228,748,321	1,595,006,834	300,000,000	2,105,446,506	2,405,446,506	5,914,664,330
Transactions with owners								
Dividend paid (Rs. 0.35 per share of Rs. 10 each)	-	-	-	-	-	(162,708,296)	(162,708,296)	(162,708,296)
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	627,904,592	627,904,592	627,904,592
Other comprehensive income Items that will not be subsequently reclassified to profit or loss	-	-	-	-	-	-	-	-
Incremental depreciation on revalued assets for the period	-	-	(44,595,715)	(44,595,715)	-	34,771,101	34,771,101	(9,824,614)
Related deferred tax	-	-	9,824,614	9,824,614	-	9,824,614	9,824,614	19,649,228
	-	-	(34,771,101)	(34,771,101)	-	44,595,715	44,595,715	9,824,614
Adjustment of deferred tax for the period	-	-	235,451	235,451	-	-	-	235,451
Balance as at December 31, 2019 (Unaudited)	1,914,210,990	366,258,513	1,194,212,671	1,560,471,184	300,000,000	2,615,238,517	2,915,238,517	6,389,920,699

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

12 ZAHIDJEE TEXTILE MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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, Sheikhpura 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, 2019.

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, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

IFRS 16 – Leases

This standard replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

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

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

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2020 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2019.

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

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, 2019.

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, 2019.

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, 2019.

	Un-audited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
Note		

3. PROPERTY, PLANT AND EQUIPMENT

Operating assets	3.1	5,527,067,031	5,670,179,524
Capital work in progress	3.2	912,163,890	304,454,328
Non operating land		16,203,950	16,203,950
Advance against purchase of land		121,710,140	92,300,354
Advances for capital expenditure		488,000	704,000
		<u>6,577,633,011</u>	<u>6,083,842,156</u>

	Note	Un-audited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
3.1 Operating assets			
Book value at beginning of period / year		5,670,179,525	6,015,352,863
Additions during the period / year	3.1.1	108,869,339	236,115,064
Disposal during the period / year		(58,429)	(38,080,231)
Depreciation charge during the period / year		(251,923,404)	(543,208,171)
		<u>5,527,067,031</u>	<u>5,670,179,525</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	-	2,523,279
Plant and machinery	108,590,317	187,849,557
Electric installations	-	6,197,873
Factory equipment	101,220	25,248,208
Office equipment	140,302	3,117,398
Electric appliances	37,500	1,382,415
Furniture and fittings	-	960,090
Vehicles	-	8,836,244
	<u>108,869,339</u>	<u>236,115,064</u>

3.2 Capital work in progress

Civil work	327,461,290	206,314,603
Plant and machinery	584,702,600	98,139,725
	<u>912,163,890</u>	<u>304,454,328</u>

4. INVESTMENT IN SUBSIDIARY

Zahidjee Towers (Private) Limited

35,920,000 (June 30, 2019: 35,920,000) ordinary shares of Rs. 10/- each
fully paid in cash. Ownership interest 54.39% (June 30, 2019: 54.39%).

<u>359,200,000</u>	<u>359,200,000</u>
--------------------	--------------------

- 4.1** The principal object 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.

No provision for impairment has been made against investment in subsidiary as diminution in value is assessed to be temporary.

Un-audited December 31, 2019 Rupees	Audited June 30, 2019 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, 2019: 2,022,854)

ordinary shares of Rs.10/- each

Adjustment in fair value

72,984,572	87,690,721
546,171	(14,706,149)
<u>73,530,743</u>	<u>72,984,572</u>

Un-audited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
--	---------------------------------------

6. DEFERRED TAXATION

Opening balance	394,642,812	551,785,282
(Reversal) of deferred tax related to		
Incremental depreciation on revalued assets	(9,824,614)	(22,399,736)
Surplus realised on disposal of revalued assets	-	(4,856,325)
Provision of deferred tax on surplus	(235,451)	(1,721,574)
(Reversed) during the period	(55,230,480)	(128,164,835)
	<u>329,352,267</u>	<u>394,642,812</u>

6.1 It represents the following:

Deferred tax liability:		
Difference between accounting and tax bases of assets	388,999,761	410,296,403
Deferred tax asset:		
Carried forward losses / tax credits	(59,647,494)	(15,653,591)
	<u>329,352,267</u>	<u>394,642,812</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, 2019, except the followings;

Un-audited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
--	---------------------------------------

Contingencies

Bank guarantees issued in favour of :		
Sui Northern Gas Pipelines Limited for supply of gas.	98,849,000	86,820,000

Commitments

Under letters of credit for:		
Plant and machinery	232,207,572	510,988,862
Raw material and spare parts	457,470,069	180,017,589
Under contracts for purchase of land	114,173,680	143,583,466

8. SHARE CAPITAL

8.1 Authorised capital

December 31, 2019 Number of shares	June 30, 2019	December 31, 2019 Rupees	June 30, 2019 Rupees
<u>220,000,000</u>	<u>220,000,000</u>	<u>2,200,000,000</u>	<u>2,200,000,000</u>

8.2 Issued, subscribed and paid up capital

December 31, 2019 Number of shares	June 30, 2019		December 31, 2019 Rupees	June 30, 2019 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
78,916,915	78,916,915	Ordinary shares of Rs.10/- each issued as fully paid bonus shares.	789,169,150	789,169,150
<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,	
2019	2018	2019	2018
Rupees	Rupees	Rupees	Rupees

9. SALES

Export				
Cloth / made ups	693,037,227	609,982,187	1,318,879,069	1,052,749,241
Local				
Yarn	3,265,514,658	2,649,367,748	6,667,858,609	5,208,745,272
Cloth	49,376,373	2,977,469	72,072,225	12,869,744
Waste and left over	161,816,071	91,968,960	339,576,464	184,367,200
Conversion receipts	3,561,774	5,764,131	11,005,710	13,025,585
	3,480,268,876	2,750,078,308	7,090,513,009	5,419,007,801
Less : Sales tax	(529,880,794)	-	(1,028,134,163)	-
	3,643,425,309	3,360,060,495	7,381,257,915	6,471,757,042
Add: Export rebate / duty drawback	57,587,635	283,075	58,160,133	320,324
	3,701,012,944	3,360,343,570	7,439,418,048	6,472,077,366
Less: Commission and claims	28,707,342	21,741,248	53,965,893	40,345,656
	<u>3,672,305,602</u>	<u>3,338,602,322</u>	<u>7,385,452,155</u>	<u>6,431,731,710</u>

Note	Quarter ended December 31,		Half year ended December 31,	
	2019	2018	2019	2018
	Rupees	Rupees	Rupees	Rupees

10. COST OF GOODS SOLD

Cost of goods manufactured	10.1	3,367,439,226	2,928,965,768	6,467,921,673	5,726,879,982
Finished goods					
Opening stock		275,130,778	272,833,949	231,788,716	223,568,351
Closing stock		(308,079,596)	(261,616,159)	(308,079,596)	(261,616,159)
		(32,948,818)	11,217,789	(76,290,880)	(38,047,808)
		<u>3,334,490,408</u>	<u>2,940,183,557</u>	<u>6,391,630,793</u>	<u>5,688,832,173</u>

		Quarter ended December 31,		Half year ended December 31,	
	Note	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
10.1 Cost of goods manufactured					
Raw material consumed	10.1.1	2,501,334,183	2,301,256,703	4,934,973,100	4,487,099,394
Packing material consumed		72,073,283	63,906,411	73,478,098	65,003,954
Salaries, wages and benefits		211,472,560	134,418,705	389,370,397	308,752,148
Retirement benefits		6,438,105	5,964,301	13,564,879	12,234,263
Stores and spares consumed		38,564,054	30,927,518	121,536,983	105,876,866
Fuel and power		396,835,435	201,461,057	645,443,119	433,547,134
Repairs and maintenance		38,938,595	36,483,875	43,713,986	40,461,876
Insurance		2,195,458	3,033,745	10,724,802	10,971,890
Depreciation		113,321,823	144,832,214	247,687,168	265,121,506
Other		3,760,607	3,434,983	5,499,470	4,883,493
		3,384,934,103	2,925,719,512	6,485,992,002	5,733,952,524

Work in process

Opening stock

Closing stock

108,606,411	94,417,937	108,030,960	84,099,139
(126,101,288)	(91,171,681)	(126,101,288)	(91,171,681)
(17,494,877)	3,246,256	(18,070,328)	(7,072,542)
<u>3,367,439,226</u>	<u>2,928,965,768</u>	<u>6,467,921,674</u>	<u>5,726,879,982</u>

10.1.1 Raw material consumed

Opening stock	1,804,164,715	2,744,733,016	2,264,422,626	2,679,385,635
Purchases including purchase expenses	3,440,563,457	3,159,623,179	5,413,944,463	5,410,813,251
	<u>5,244,728,172</u>	<u>5,904,356,195</u>	<u>7,678,367,089</u>	<u>8,090,198,886</u>
Closing stock	(2,743,393,989)	(3,603,099,492)	(2,743,393,989)	(3,603,099,492)
	<u>2,501,334,183</u>	<u>2,301,256,703</u>	<u>4,934,973,100</u>	<u>4,487,099,394</u>

11. TRADING (LOSS) / PROFIT

Sale of polyester / cotton	35,492,754	35,102,395	35,492,754	42,212,839
Cost of sales	(36,415,680)	(35,348,878)	(36,415,680)	(42,258,150)
	<u>(922,926)</u>	<u>(246,483)</u>	<u>(922,926)</u>	<u>(45,311)</u>

12. PROVISION FOR TAXATION

Current				
for the period	48,267,398	51,284,950	103,964,596	74,849,584
for prior period	(3,908,509)	(63,594,983)	(3,908,509)	(63,594,983)
Deferred	(49,891,793)	(12,410,972)	(55,230,480)	26,911,209
	<u>(5,532,904)</u>	<u>(24,721,005)</u>	<u>44,825,607</u>	<u>38,165,810</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

Relationship	Nature of transaction	Half year ended December 31,	
		2019 Rupees	2018 Rupees
Key management personnel	Remuneration	18,723,000	16,956,000
	Short term loan (repaid) / obtained	(85,051,141)	135,843,497

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 28, 2020 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.

15.4 Ocean freight was net off against export sale. Now, it has been grouped in proper head "Distribution Cost" for better presentation.

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

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

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS
DECEMBER 31, 2019**

ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2019

		(Un-audited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
	Note		
NON - CURRENT ASSETS			
Property, plant and equipment	4	7,140,099,058	6,649,166,582
Intangible assets		726,447	1,122,691
Investment property	5	98,014,120	99,913,504
Long term security deposits		4,476,224	4,476,224
		7,243,315,849	6,754,679,001
CURRENT ASSETS			
Stores, spares and loose tools		159,510,437	154,006,894
Stock in trade		3,177,574,873	2,604,242,302
Trade debts		1,534,934,379	1,231,079,982
Loans, advances and deposit		94,860,463	94,009,913
Prepayments		6,575,589	31,027,305
Other receivables		115,016,724	70,511,336
Short term investment	6	73,530,743	72,984,572
Tax refunds due from Government		290,324,818	361,739,764
Cash and bank balances		93,953,227	83,907,182
		5,546,281,253	4,703,509,250
CURRENT LIABILITIES			
Trade and other payables		515,968,583	404,845,352
Interest / mark up payable		91,780,733	82,218,408
Short term borrowings		3,724,540,409	3,232,569,584
Unclaimed dividend		1,204,621	1,204,621
Current portion of long term finance		184,598,425	187,575,041
Provision for taxation - income tax		104,441,958	155,346,335
		4,622,534,729	4,063,759,341
		8,167,062,373	7,394,428,910
NON - CURRENT LIABILITIES			
Long term finance		1,156,526,079	790,419,327
Deferred liability			
Deferred taxation	7	329,352,267	394,642,812
		1,485,878,346	1,185,062,139
CONTINGENCIES AND COMMITMENTS			
	8	-	-
Net worth		6,681,184,027	6,209,366,771
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		1,194,212,671	1,228,748,321
Revenue reserves		2,909,632,888	2,401,711,406
		6,384,315,062	5,910,929,230
Non-controlling interest		296,868,965	298,437,541
		6,681,184,027	6,209,366,771

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


CHIEF EXECUTIVE OFFICER

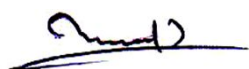

DIRECTOR


CHIEF FINANCIAL OFFICER

ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONDENSED INTERIM CONSOLIDATED
STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

		<u>Quarter ended December 31,</u>		<u>Half year ended December 31,</u>	
		2019	2018	2019	2018
	Note	Rupees	Rupees	Rupees	Rupees
Sales	10	3,672,305,602	3,338,602,322	7,385,452,155	6,431,731,710
Cost of goods sold	11	3,334,490,408	2,940,183,558	6,391,630,793	5,688,832,174
Gross profit		337,815,194	398,418,764	993,821,362	742,899,536
Trading (loss) / profit	12	(922,926)	(246,483)	(922,926)	(45,311)
Other income		3,355,945	3,124,730	8,338,559	12,907,746
		340,248,213	401,297,011	1,001,236,995	755,761,971
Distribution cost		47,460,994	30,476,281	71,838,232	53,140,477
Administrative expenses		36,870,792	37,449,024	69,485,537	68,585,810
Other operating expenses		3,253,531	14,299,748	35,625,593	25,683,841
Finance cost		97,516,808	97,006,430	154,522,362	169,834,246
		185,102,125	179,231,483	331,471,724	317,244,375
Profit for the period before taxation		155,146,088	222,065,529	669,765,271	438,517,596
Provision for taxation	13	(5,286,412)	(25,038,210)	45,299,785	38,633,191
Profit for the period		160,432,500	247,103,739	624,465,486	399,884,406
Attributable to:					
Shareholders of the Parent		161,961,566	247,136,657	626,034,062	400,134,252
Non-controlling interest		(1,529,066)	(32,918)	(1,568,576)	(249,846)
		160,432,500	247,103,739	624,465,486	399,884,406
Earnings per share - Basic and diluted					
Attributable to shareholders of the Parent					
(Rupees)		0.84	1.29	3.26	2.09

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

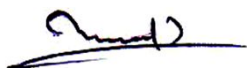


CHIEF FINANCIAL OFFICER

ZAHIDJEE TEXTILE MILLS LIMITED AND ITS SUBSIDIARY
CONDENSED INTERIM CONSOLIDATED STATEMENT OF
OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	<u>Quarter ended December 31,</u>		<u>Half year ended December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Profit for the period	160,432,500	247,103,739	624,465,486	399,884,406
Items that will not be subsequently reclassified to profit or loss				
Incremental depreciation on revalued assets for the period	14,951,914	19,702,349	34,771,101	39,433,011
related deferred tax	4,224,680	5,671,026	9,824,614	11,314,190
Surplus realised on disposal of property, plant and equipment	-	26,795	-	26,795
Related deferred tax	-	10,944	-	10,944
	19,176,594	25,411,114	44,595,715	50,784,940
Total comprehensive income for the period	<u>179,609,094</u>	<u>272,514,853</u>	<u>669,061,201</u>	<u>450,669,346</u>
Attributable to:				
Shareholders of the Parent	181,138,160	272,547,771	670,629,777	450,919,192
Non-controlling interest	<u>(1,529,066)</u>	<u>(32,918)</u>	<u>(1,568,576)</u>	<u>(249,846)</u>
	<u>179,609,094</u>	<u>272,514,853</u>	<u>669,061,201</u>	<u>450,669,346</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 AND ITS SUBSIDIARY
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended December 31,	
	2019 Rupees	2018 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	669,765,272	438,517,597
Adjustments for :		
Depreciation of property, plant and equipment	254,781,784	268,913,844
Depreciation on investment property	1,899,384	1,999,602
Amortization on intangible assets	396,244	436,244
loss on disposal of operating assets	44,557	2,162,456
Balances written off	174,183	323,466
Balances written back	(697,649)	(787,752)
Fair value adjustment of short term investment	(546,171)	(4,976,221)
Finance cost	154,522,362	169,834,246
Profit on deposit	(65,959)	-
Operating cash flows before working capital changes	1,080,274,007	876,423,482
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(5,503,543)	(16,240,698)
Stock in trade	(573,332,571)	(968,834,208)
Trade debts	(304,028,580)	(344,601,923)
Loans and advances	48,038,786	34,150,985
Prepayments	24,451,716	(8,428,618)
Other receivables	(43,709,472)	17,138,216
Tax refunds due from Government - sales tax	(26,783,161)	27,450,176
	(880,866,825)	(1,259,366,070)
Increase / (decrease) in current liabilities		
Trade and other payables	111,020,880	(58,026,449)
	(769,845,945)	(1,317,392,519)
Cash generated from / (used in) operating activities	310,428,062	(440,969,037)
Income tax paid	(102,121,789)	(24,297,277)
Finance cost paid	(144,960,037)	(128,841,955)
Net cash generated from / (used in) operating activities	63,346,236	(594,108,269)

Half year ended December 31,	
2,019	2,018
Rupees	Rupees

b) CASH FLOWS FROM INVESTING ACTIVITIES

Additions in property, plant and equipment	(745,772,687)	(128,826,863)
Proceeds from disposal of operating assets	13,872	338,400
Profit on deposit	65,959	-
Net cash (used in) investing activities	<u>(745,692,856)</u>	<u>(128,488,463)</u>

c) CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing obtained	469,219,961	69,135,000
Long term financing repaid	(106,089,825)	(132,718,423)
Increase in short term borrowings - net	491,970,825	884,399,750
Dividend paid	(162,708,296)	(66,997,385)
Net cash generated from financing activities	<u>692,392,665</u>	<u>753,818,942</u>
Net increase in cash and cash equivalents (a+b+c)	10,046,045	31,222,211
Cash and cash equivalents at the beginning of the period	83,907,182	24,926,168
Cash and cash equivalents at the end of the period	<u><u>93,953,227</u></u>	<u><u>56,148,379</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 AND ITS SUBSIDIARY COMPANY
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	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, 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
Transactions 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										
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	
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	-
	-	-	-	(39,459,806)	(39,459,806)	-	450,919,193	450,919,193	411,459,388	(249,846)
Adjustment of deferred tax for the period	-	-	-	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	1,650,148,052	1,950,148,052	5,512,942,748	298,908,432
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	380,665,064	380,665,064	380,665,064	(470,891)
Other comprehensive income										
Items that will not be subsequently reclassified to profit or loss										
Incremental depreciation on revalued assets for the period	-	-	-	(50,929,284)	(50,929,284)	-	39,843,738	39,843,738	(11,085,546)	-
Related deferred tax	-	-	-	11,085,546	11,085,546	-	11,085,546	11,085,546	22,171,092	-
Surplus realised on disposal of property, plant and equipment	-	-	-	(19,969,006)	(19,969,006)	-	15,123,625	15,123,625	(4,845,381)	-
Related deferred tax	-	-	-	4,845,381	4,845,381	-	4,845,381	4,845,381	9,690,762	-
	-	-	-	(54,967,363)	(54,967,363)	-	451,563,354	451,563,354	396,595,991	(470,891)
Adjustment of deferred tax for the period	-	-	-	1,390,491	1,390,491	-	-	-	1,390,491	-
Balance as at June 30, 2019 (Audited)	1,914,210,990	366,258,513	-	1,228,748,321	1,595,006,834	300,000,000	2,101,711,406	2,401,711,406	5,910,929,230	298,437,541
Transactions with owners										
Dividend paid (Rs. 0.35 per share of Rs. 10 each)	-	-	-	-	-	-	(162,708,296)	(162,708,296)	(162,708,296)	-
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	626,034,063	626,034,063	626,034,063	(1,568,576)
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	-	-	-	(44,595,715)	(44,595,715)	-	34,771,101	34,771,101	(9,824,614)	-
Related deferred tax	-	-	-	9,824,614	9,824,614	-	9,824,614	9,824,614	19,649,228	-
Incremental depreciation on of property, plant and equipment	-	-	-	-	-	-	-	-	-	-
Related deferred tax	-	-	-	-	-	-	-	-	-	-
	-	-	-	(34,771,101)	(34,771,101)	-	670,629,778	670,629,778	635,858,677	(1,568,576)
Adjustment of deferred tax for the period	-	-	-	235,451	235,451	-	-	-	235,451	-
Balance as at December 31, 2019 (Unaudited)	1,914,210,990	366,258,513	-	1,194,212,671	1,560,471,184	300,000,000	2,609,632,888	2,909,632,888	6,384,315,062	296,868,965

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 SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

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, 2019.

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 Company's accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

IFRS 16 – Leases

This standard replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

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

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

There are other new standards, amendments and IFRIC interpretations that are mandatory for accounting periods of the Company beginning on or after July 01, 2020 but are considered not to be relevant or not to have any significant effect on the Group's operations. The new standards, amendments and IFRIC interpretations that are relevant to the operations of the Group are disclosed in the published audited financial statements for the year ended June 30, 2019.

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, 2019.

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, 2019.

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, 2019.

	Note	Un-audited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	5,527,067,031	5,670,179,524
Non-operating land and building		578,669,997	581,528,376
Capital work in progress	4.2	912,163,890	304,454,328
Advance against purchase of land		121,710,140	92,300,354
Advances for capital expenditures		488,000	704,000
		<u>7,140,099,058</u>	<u>6,649,166,582</u>
4.1 Operating assets			
Book value at beginning of period / year		5,670,179,525	6,015,352,863
Additions during the period / year	4.1.1	108,869,339	236,115,064
Disposal during the period / year		(58,429)	(38,080,231)
Depreciation charge during the period / year		(251,923,404)	(543,208,171)
		<u>5,527,067,031</u>	<u>5,670,179,525</u>
4.1.1 Additions to operating assets, including transfer from capital work in progress, during the period / year were as follow			
Building on freehold land		-	2,523,279
Plant and machinery		108,590,317	187,849,557
Electric installations		-	6,197,873
Factory equipment		101,220	25,248,208
Office equipment		140,302	3,117,398
Electric appliances		37,500	1,382,415
Furniture and fittings		-	960,090
Vehicles		-	8,836,244
		<u>108,869,339</u>	<u>236,115,064</u>
4.2 Capital work in progress			
Civil work		327,461,290	206,314,603
Plant and machinery		584,702,600	98,139,725
		<u>912,163,890</u>	<u>304,454,328</u>
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,		75,975,354	79,984,084
Depreciation charge		(1,899,384)	(4,008,730)
Closing net book value as at December 31,		<u>74,075,970</u>	<u>75,975,354</u>
Closing balance as at December 31,			
Cost		79,984,084	79,984,084
Accumulated depreciation		(5,908,114)	(4,008,730)
Net book value		<u>74,075,970</u>	<u>75,975,354</u>
Total		<u>98,014,120</u>	<u>99,913,504</u>
Annual rate of depreciation (%)		5%	5%

5.1 The fair value of investment property as at December 31, 2019 approximates its cost.

Un-audited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
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6. SHORT TERM INVESTMENT

Financial assets at fair value through profit or loss

Quoted security

Habib Metropolitan Bank Limited

2,022,854 (June 30, 2019: 2,022,854)

ordinary shares of Rs.10/- each

Adjustment in fair value

72,984,572	87,690,721
546,171	(14,706,149)
<u>73,530,743</u>	<u>72,984,572</u>

7. DEFERRED TAXATION

Opening balance

394,642,812 551,785,282

(Reversal) of deferred tax related to

Incremental depreciation on revalued assets

(9,824,614) (22,399,736)

Surplus realised on disposal of revalued assets

- (4,856,325)

(Reversal) / provision of deferred tax on surplus

(235,451) (1,721,574)

Provision for the period

(55,230,480) (128,164,835)

<u>329,352,267</u>	<u>394,642,812</u>
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7.1 It represents the following:

Deferred tax liability:

Difference between accounting and tax bases of assets

388,999,761 410,296,403

Deferred tax asset:

Carried forward losses / tax credits

(59,647,494) (15,653,591)

<u>329,352,267</u>	<u>394,642,812</u>
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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, 2019, except the followings;

(Un-audited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
--	---

Contingencies

Bank guarantees issued in favour of :

Sui Northern Gas Pipelines Limited for supply of gas.

98,849,000 86,820,000

Commitments

Under letters of credit for raw material and spare parts

Under letters of credit for:

Plant and machinery

232,207,572 510,988,862

Raw material and spare parts

457,470,069 180,017,589

Under contracts for purchase of land

114,173,680 143,583,466

9. SHARE CAPITAL

9.1 Authorised capital

Un-audited December 31, 2019 Number of shares	Audited June 30, 2019	Un-audited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
<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, 2019 Number of shares	Audited June 30, 2019		Un-audited December 31, 2019 Rupees	Audited June 30, 2019 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
78,916,915	78,916,915	Ordinary shares of Rs.10/- each issued as fully paid bonus shares.	789,169,150	789,169,150
191,421,099	191,421,099		1,914,210,990	1,914,210,990

Quarter ended December 31,		Half year ended December 31,	
2019	2018	2019	2018
Rupees	Rupees	Rupees	Rupees

10. SALES

Export				
Cloth / made ups	693,037,227	609,982,187	1,318,879,069	1,052,749,241
Local				
Yarn	3,265,514,658	2,649,367,748	6,667,858,609	5,208,745,272
Cloth	49,376,373	2,977,469	72,072,225	12,869,744
Waste and left over	161,816,071	91,968,960	339,576,464	184,367,200
Conversion receipts	3,561,774	5,764,131	11,005,710	13,025,585
	3,480,268,876	2,750,078,308	7,090,513,008	5,419,007,801
Less : Sales tax	(529,880,794)	-	(1,028,134,163)	-
	3,643,425,309	3,360,060,495	7,381,257,915	6,471,757,042
Add: Export rebate / duty drawback	57,587,635	283,075	58,160,133	320,324
	3,701,012,944	3,360,343,570	7,439,418,048	6,472,077,366
Less: Commission and claims	28,707,342	21,741,248	53,965,893	40,345,656
	<u>3,672,305,602</u>	<u>3,338,602,322</u>	<u>7,385,452,155</u>	<u>6,431,731,710</u>

	Quarter ended December 31,		Half year ended December 31,	
	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
11. COST OF GOODS SOLD				
Cost of goods manufactured	3,367,439,226	2,928,965,768	6,467,921,674	5,726,879,982
Finished goods				
Opening stock	275,130,778	272,833,949	231,788,716	223,568,351
Closing stock	(308,079,596)	(261,616,159)	(308,079,596)	(261,616,159)
	(32,948,818)	11,217,790	(76,290,880)	(38,047,808)
	<u>3,334,490,408</u>	<u>2,940,183,558</u>	<u>6,391,630,794</u>	<u>5,688,832,174</u>
11.1 Cost of goods manufactured				
Raw material consumed	2,501,334,183	2,301,256,703	4,934,973,100	4,487,099,394
Packing material consumed	72,073,283	63,906,411	73,478,098	65,003,954
Salaries, wages and benefits	211,472,560	134,418,705	389,370,397	308,752,148
Retirement benefits	6,438,105	5,964,301	13,564,879	12,234,263
Stores and spares consumed	38,564,054	30,927,518	121,536,983	105,876,866
Fuel and power	396,835,435	201,461,057	645,443,119	433,547,134
Repairs and maintenance	38,938,595	36,483,875	43,713,986	40,461,876
Insurance	2,195,458	3,033,745	10,724,802	10,971,890
Depreciation	113,321,823	144,832,214	247,687,168	265,121,506
Other	3,760,607	3,434,983	5,499,470	4,883,493
	<u>3,384,934,103</u>	<u>2,925,719,512</u>	<u>6,485,992,002</u>	<u>5,733,952,524</u>
Work in process				
Opening stock	108,606,411	94,417,937	108,030,960	84,099,139
Closing stock	(126,101,288)	(91,171,681)	(126,101,288)	(91,171,681)
	(17,494,877)	3,246,256	(18,070,328)	(7,072,542)
	<u>3,367,439,226</u>	<u>2,928,965,768</u>	<u>6,467,921,674</u>	<u>5,726,879,982</u>
11.1.1 Raw material consumed				
Opening stock	1,804,164,715	2,744,733,016	2,264,422,626	2,679,385,635
Purchases including purchase expenses	<u>3,440,563,457</u>	<u>3,159,623,179</u>	<u>5,413,944,463</u>	<u>5,410,813,251</u>
	5,244,728,172	5,904,356,195	7,678,367,089	8,090,198,886
Closing stock	<u>(2,743,393,989)</u>	<u>(3,603,099,492)</u>	<u>(2,743,393,989)</u>	<u>(3,603,099,492)</u>
	<u>2,501,334,183</u>	<u>2,301,256,703</u>	<u>4,934,973,100</u>	<u>4,487,099,394</u>
12. TRADING (LOSS) / PROFIT				
Sale of polyester / cotton	35,492,754	35,102,395	35,492,754	42,212,839
Cost of sales	<u>(36,415,680)</u>	<u>(35,348,878)</u>	<u>(36,415,680)</u>	<u>(42,258,150)</u>
	<u>(922,926)</u>	<u>(246,483)</u>	<u>(922,926)</u>	<u>(45,311)</u>
13. PROVISION FOR TAXATION				
Current				
for the period	48,517,074	51,602,154	104,441,958	75,316,965
for prior period	(3,911,693)	(63,594,983)	(3,911,693)	(63,594,983)
Deferred	<u>(49,891,793)</u>	<u>(12,410,972)</u>	<u>(55,230,480)</u>	<u>26,911,209</u>
	<u>(5,286,412)</u>	<u>(24,403,801)</u>	<u>45,299,785</u>	<u>38,633,191</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,	
		2019 Rupees	2018 Rupees
Key management personnel	Remuneration	18,723,000	16,956,000
	Short term loan (repaid) / obtained	(85,051,141)	135,843,497

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on February 28, 2020 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** Ocean freight was net off against export sale. Now, it has been grouped in proper head "Distribution Cost" for better presentation.

17. Figures have been rounded off to the nearest of Rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER