



Saif Group

**Half Year Report
(Un-audited)
31 December, 2017**

Cetrified ISO 9001:2008
Certified ISO 14001:2004



Saif Textile Mills Limited

ENTITY RATING OF SAIF TEXTILE MILLS LIMITED

Long Term	A-
Short Term	A2

CREDIT RATING AGENCY



The Pakistan Credit Rating Agency Limited

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Osman Saifullah Khan	Chairman/ Director
Jehangir Saifullah Khan	Director
Hoor Yousafzai	Director
Assad Saifullah Khan	Director
Jehannaz Saifullah Khan	Director
Rana Muhammad Shafi	Director
Muhammad Danish	Director
Zaheen-ud-Din-Qureshi	Chief Executive

AUDIT COMMITTEE

Muhammad Danish	Chairman
Jehangir Saifullah Khan	Member
Assad Saifullah Khan	Member

HR & REMUNERATION COMMITTEE

Osman Saifullah Khan	Chairman
Hoor Yousafzai	Member
Assad Saifullah Khan	Member

CHIEF FINANCIAL OFFICER

Noman Ahmad

COMPANY SECRETARY

Sabir Khan

HEAD OF INTERNAL AUDIT

Salman Shafiq

LEGAL ADVISOR

Dr. Pervez Hassan
Hassan & Hassan, Advocates
Salahuddin Saif & Aslam
(Attorneys at Law)

AUDITORS

M/s Shinewing Hameed Chaudhri & Co.
Chartered Accountants
HM House, 7-Bank Square, Lahore

BANKERS

Allied Bank Limited
Askari Bank Limited
Bank Alfalah
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Industrial and Commercial Bank of China Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Summit Bank Limited
The Bank of Punjab
United Bank Limited

HEAD OFFICE

City Centre Plaza
3rd Floor Plot # 40 Main Bank Road Saddar
Rawalpindi
Telephone: +92-51-5700824-5700825-26
Fax: +92-51-5700829
Email: stm@saifgroup.com

REGISTERED OFFICE

APTMA House, Tehkal Payan, Jamrud Road,
Peshawar
Telephone: +92-91-5843870, 5702941
Fax: +92-91-5840273
Email: peshawar@saifgroup.com

SHARES REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Ltd.
HM House, 7-Bank Square, Lahore
Telephone: +92-42-37235081-37235082
Fax: +92-42-37358817
Email: info@hmaconsultants.com

MILLS

Industrial Estate, Gadoon Amazai,
District Swabi
Telephone: +92-0938-270313, 270429
Fax: +92-0938-270514
Email: stmgdn@saifgroup.com

CYBER

www.saiftextile.com

DIRECTORS' REVIEW REPORT

Dear Shareholders,

On behalf of the Board, it gives me pleasure to present the Company's financial statements reviewed by the Auditors for the half year ended December 31, 2017. Our commentary on the salient features of the Company's performance follows below.

Company's turnover, despite far adverse market conditions, remained largely stagnant during the period (Rs 3,799 million vs Rs 3,783 million in HY17). The export sales grew by 25% over the last period while local sales declined by 1.74%. During the period under review the Company posted a gross profit of Rs 389.97 million (Gross Margin: 10.26%) in the period compared to a gross profit of Rs 370.28 million (Gross Margin: 9.8 %) for the corresponding period last year and earned a profit before tax of Rs 12.15 million compared to a profit of Rs 24.41 million in the last corresponding period. The profitability declined due to adverse impact of devaluation of PKR causing exchange loss of Rs 23.00 million on account of foreign currency loan facility availed by the company.

Management of your company is focusing on producing value added yarns mainly for local apparel and knitwear markets and that has helped to move out partially from the traditional power looms and shuttles markets. Rising input cost is a major challenge ahead and the Management is doing its best to minimize the impact by the use of technology and process improvements.

We remain committed to the difficult task of generating economic activity in the Khyber Pakhtunkhwa province. We would like to conclude with the customary, but very much heartfelt, appreciation for the support of our valued customers and our banking partners. We would also like to highlight the hard work put in by the members of our corporate family. We look forward to the same dedication and cooperation in the days ahead. We will continue to look at ways to create value for all shareholders.

for and on behalf of the Board



Place: Islamabad
Dated: 27 February, 2018

ZAHEEN-UD-DIN QURESHI
Chief Executive

ڈائریکٹر نظر ثانی رپورٹ

محترم شیئر ہولڈرز

یہ میرے لئے خوشی کا موقع ہے کہ میں بورڈ کی جانب سے نصف سال اختتامی 31 دسمبر، 2017 مدت کیلئے کمپنی ہذا کی نظر ثانی شدہ مالیاتی رپورٹ پیش کر رہا ہوں۔ کمپنی ہذا کی کارکردگی کے نمایاں خدوخال / خصوصیات کے بارے میں ہماری توضیحی رائے درج ذیل ہے:

مارکیٹ کی خراب صورت حال کے باوجود موجودہ مدت کے دوران کمپنی کا زیادہ تر کاروبار یکساں رہا (مبلغ 3799 ملین روپے بمقابلہ مبلغ 3783 ملین 2017 کے نصف سال)۔ برآمدات کی سیلز (فروخت) میں گزشتہ مدت کے دوران 25% کا اضافہ ہوا جبکہ مقامی سیلز میں 1.74% کی کمی واقع ہوئی۔ زیر جائزہ مدت کے دوران، کمپنی ہذا نے گزشتہ سال کے اسی مدت کے دوران کے مجموعی منافع مبلغ 370.28 ملین روپے (شرح کی منافع 9.8%) کی نسبت حالیہ سال کے اسی مدت میں مجموعی منافع مبلغ 389.97 ملین روپے (منافع کی شرح 10.26%) حاصل کی اور گزشتہ سال کے اسی مدت کے دوران ٹیکس کی کٹوتی سے قبل منافع 24.41 ملین روپے کے مقابلے میں مبلغ 12.15 ملین روپے کا منافع حاصل کیا۔ پاکستانی روپے میں کمی کے برے اثرات کی وجہ سے منافع میں کمی واقع ہوئی اور کمپنی ہذا کو فارن کرنسی قرضے کی حاصل شدہ سہولت کی مدد میں مبلغ 23.00 ملین روپے کا نقصان ہوا۔

آپ کی کمپنی کی انتظامیہ مارکیٹ کیلئے مقامی لباس اور نئی ہوئی پوشاک تیار کرنے کیلئے قدر افزودہ سوت کی بنانے میں اپنی توجہ مرکوز کیے ہوئے ہے جس سے عارضی طور پر روایتی پاورلوم (کپڑے بننے کی مشین) اور شٹل مارکیٹ سے باہر نکلنے (چھوڑنے) میں مدد ملے گی۔ مستقبل میں بڑھتی ہوئی ان پٹ لاگت سب سے بڑا مسئلہ (چیلنج) ہے اور انتظامیہ ہذا ٹیکنالوجی کے استعمال اور تیاری کے مرحلے میں بہتری لاکر اس کے اثرات کو کم سے کم کرنے کی پوری سعی کر رہی ہے۔

ہم خمیر پختونخواہ صوبے میں معاشی سرگرمیوں کو پیدا کرنے کی مشکل کام کو کرنے کا عہد کیے ہوئے ہیں (پر قائم ہیں)۔ اب ہم روایت کے مطابق رپورٹ کا اختتام کرتے ہیں مگر اپنے معزز صارفین اور بینکوں کے شرکات داروں کے معاونت کی تہد سے شکر گزار ہیں۔ ہم اپنی کارپوریٹ فیملی ممبران کے انتھک محنت کے بھی ممنون ہیں۔ ہم مستقبل میں ان سے اسی دلچسپی اور تعاون کی امید کرتے ہیں۔ ہم اپنے تمام شیئر ہولڈرز کیلئے گراں قدر خدمات سرانجام دیتے رہے گے۔



ذین الدین قریشی

چیف ایگزیکٹو

اسلام آباد

تاریخ: 27 فروری 2018

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Saif Textile Mills Limited (the Company) as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six months period ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

Without qualifying our conclusion, we draw your attention to the note 11.1.2 to the condensed interim financial information which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.966.250 million.

PLACE: LAHORE
Dated 27, February 2018

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Nafees ud din

CONDENSED INTERIM BALANCE SHEET

AS AT 31 DECEMBER 2017

	Note	Un-audited 31 December, 2017 (Rupees in thousand)	Audited 30 June, 2017
Assets			
Non-Current Assets			
Property, plant and equipment	6	4,584,675	4,485,732
Intangible assets		10,793	12,102
Long term loans		14,136	13,652
Long term deposits		9,553	9,453
		4,619,157	4,520,939
Current Assets			
Stores, spare parts and loose tools		452,761	324,401
Stock-in-trade	7	2,017,488	2,029,069
Trade debts		996,646	1,017,609
Loans and advances		55,524	74,146
Trade deposits and short term prepayments		2,536	1,356
Other receivables		72,571	101,646
Investments		5,202	6,270
Deposit for shares	8	-	-
Taxation - net		310,164	325,065
Taxes refundable		110,826	211,343
Cash and bank balances		29,696	27,019
		4,053,414	4,117,924
		8,672,571	8,638,863
Equity and Liabilities			
Share Capital and Reserves			
Authorized capital			
30,000,000 ordinary shares of Rs.10 each		300,000	300,000
Issued, subscribed and paid up capital			
26,412,880 ordinary shares of Rs.10 each		264,129	264,129
Reserves		265,981	265,981
Unappropriated profit		1,059,572	1,049,296
		1,589,682	1,579,406
Surplus on Revaluation of Property, Plant and Equipment		677,567	693,647
Non-Current Liabilities			
Sub-ordinated loan		552,500	525,000
Long term financing	9	780,095	863,676
Liabilities against assets subject to finance lease		22,926	17,221
Long term deposits		5,699	5,097
Staff retirement benefits - gratuity		140,626	135,379
Deferred taxation - net		79,506	120,162
		1,581,352	1,666,535
Current Liabilities			
Trade and other payables		593,407	589,080
Accrued mark-up		212,850	196,882
Short term borrowings	10	3,526,402	3,429,881
Current portion of non-current liabilities		491,311	483,432
		4,823,970	4,699,275
Contingencies and commitments	11		
		8,672,571	8,638,863

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

ZAHEEN UD DIN QURESHI
Chief Executive Officer

ASSAD SAIFULLAH KHAN
Director

NOMAD AHMAD
Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

	Quarter ended		Six months period ended	
	31 Dec., 2017	31 Dec., 2016	31 Dec., 2017	31 Dec., 2016
				(Rupees in thousand)
Sales - net	2,054,485	1,936,970	3,799,440	3,783,271
Cost of sales	(1,832,685)	(1,765,603)	(3,409,469)	(3,412,993)
Gross profit	221,800	171,367	389,971	370,278
Distribution cost	(48,608)	(41,051)	(80,507)	(73,384)
Administrative expenses	(50,625)	(55,795)	(97,173)	(110,365)
Other income	6,554	4,357	12,967	8,312
Other expenses	(3,443)	(4,354)	(5,243)	(5,454)
Profit from operations	125,678	74,524	220,015	189,387
Finance cost	(92,772)	(85,230)	(184,582)	(162,134)
	32,906	(10,706)	35,433	27,253
Exchange fluctuation loss	(23,247)	(2,824)	(23,284)	(2,838)
Profit / (loss) before taxation	9,659	(13,530)	12,149	24,415
Taxation	8,827	(12,657)	8,460	(31,121)
Profit / (loss) after taxation	18,486	(26,187)	20,609	(6,706)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss)	18,486	(26,187)	20,609	(6,706)

(Rupees)

Earning / (loss) per share

- basic and diluted

0.70	(0.99)	0.78	(0.25)
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The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

ZAHEEN UD DIN QURESHI
Chief Executive Officer

ASSAD SAIFULLAH KHAN
Director

NOMAN AHMAD
Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

	Note	Six months period ended	
		31 December, 2017	31 December, 2016
		(Rupees in thousand)	
Cash flow from operating activities	12	381,793	244,134
Cash flow from investing activities			
Additions to property, plant and equipment		(228,092)	(89,258)
Sale proceeds of operating fixed assets / insurance claims received		13,051	701
Net cash used in investing activities		(215,041)	(88,557)
Cash flow from financing activities			
Long term financing			
- obtained		133,932	-
- repaid		(210,981)	(181,293)
Liabilities against assets subject to finance lease - net		7,051	8,610
Short term borrowings - net		96,521	173,621
Dividend paid		(21,984)	(8)
Finance cost paid		(168,614)	(155,777)
Net cash used in financing activities		(164,075)	(154,847)
Net increase in cash and cash equivalents		2,677	730
Cash and cash equivalents - at beginning of the period		27,019	37,264
Cash and cash equivalents - at end of the period		29,696	37,994

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



ZAHEEN UD DIN QURESHI
Chief Executive Officer



ASSAD SAIFULLAH KHAN
Director



NOMAN AHMAD
Chief Financial Officer

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


FOR THE QUARTER ENDED 31 DECEMBER, 2017

	Revenue reserves			Unappropriated profit	Total	
	Share capital	Capital reserve	Revenue reserve			Sub -total
(Rupees in thousand)						
Balance as at July 01, 2016	264,129	115,981	150,000	265,981	990,419	1,520,529
Total comprehensive loss for the six months period ended December 31, 2016	-	-	-	-	(6,706)	(6,706)
Surplus on revaluation of property, plant and equipment on account of incremental depreciation realised during the period - net of deferred taxation	-	-	-	-	18,300	18,300
Balance as at December 31, 2016	264,129	115,981	150,000	265,981	1,002,013	1,532,123
Balance as at July 01, 2017	264,129	115,981	150,000	265,981	1,049,296	1,579,406
Transaction with owners						
Cash dividend for the year ended June 30, 2017 at the rate of Re.1.0 per share	-	-	-	-	(26,413)	(26,413)
Total comprehensive income for the six months period ended December 31, 2017	-	-	-	-	20,609	20,609
Surplus on revaluation of property, plant and equipment realised during the period						
- net of deferred taxation	-	-	-	-	15,406	15,406
- on account of incremental depreciation for the period	-	-	-	-	674	674
- upon sale of revalued assets	-	-	-	-	16,080	16,080
Balance as at December 31, 2017	264,129	115,981	150,000	265,981	1,059,572	1,589,682

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



ZAHEEN UD DIN QURESHI
Chief Executive Officer



ASSAD SAIFULLAH KHAN
Director



NOMAN AHMAD
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

Saif Textile Mills Limited (the Company) is a Public Limited Company incorporated in Pakistan on December 24, 1989 under the Companies Ordinance, 1984 and its shares are quoted on Pakistan Stock Exchange. The Company's Mills are located in Industrial Estate, Gadoon Amazai, District Sawabi and the registered office of the Company is located at APTMA House, Tehkal Payan, Jamrud Road, Peshawar.

The Company is principally engaged in manufacture and sale of yarn.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Companies Act, 2017 has been promulgated with effect from May 30, 2017. However, as per the requirements of Circular # 23 of 2017 dated October 4, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) and related clarification issued by the Institute of Chartered Accountants of Pakistan through its Circular # 17 of 2017 dated October 6, 2017, companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance).

2.2 This condensed interim financial information of the Company for the six months period ended December 31, 2017 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the six months period ended December 31, 2017 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2017.

2.3 This condensed interim financial information is being submitted to the shareholders as required by the section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

the preparation of audited annual financial statements for the year ended June 30, 2017.

4. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial period beginning on July 1, 2017. These considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

4.1 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial period beginning on July 1, 2017 and have not been early adopted by the Company:

- (a) IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognize transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.
- (b) IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 1, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements

- 4.2 In addition to the foregoing, the Companies Act, 2017 which is not effective on these condensed interim financial statements has added certain disclosure requirements which will be applicable in the future.

**NOTES TO THE CONDENSED INTERIM FINANCIAL
INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017**

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Except for the matter detailed in note 6.2, judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2017.

	Note	Un-audited 31 December, 2017	Audited 30 June, 2017
		(Rupees in thousand)	
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	4,583,828	4,471,486
Capital work-in-progress		847	14,246
		4,584,675	4,485,732
6.1 Operating fixed assets - tangible			
Book value at beginning of the period / year		4,471,486	4,578,808
Additions during the period / year	6.1.1	241,491	219,887
Disposals costing Rs.36.477 million (June 30, 2017: Rs.14.864 million) - at net book value		(12,293)	(6,151)
Depreciation charge for the period / year		(116,856)	(321,058)
Book value at end of the period / year		4,583,828	4,471,486
6.1.1 Additions during the period / year:			
Buildings on leasehold land		75,178	12,139
Plant & machinery		138,627	167,872
Generators		4,384	11,000
Electric installations		1,033	1,014
Air conditioning equipment		3,880	1,172
Furniture & fixtures		918	1,767
Office equipment		4,170	6,059
Telephone installations		316	731
Weighing scales		-	2
Vehicles:			
- owned		1,238	5,283
- leased		11,747	12,848
		241,491	219,887

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

- 6.2 The management, during the current period, in order to ascertain the useful life of plant & machinery, generators, electric installations and air conditioning equipment has carried-out an internal exercise and assessed their remaining useful life. Keeping in consideration the assessed useful life of aforementioned assets, the depreciation rate of aforementioned assets has been reduced to 5% per annum from 7.5% per annum. The aforementioned revision has been accounted for as change in accounting estimates in accordance with the requirements of IAS 8 (Accounting policies, changes in accounting estimates and errors). The effect of this change in accounting estimate has been recognised prospectively in the profit and loss account of the current period. Had there been no revision, profit before taxation and the carrying value of operating fixed assets would have been lower by Rs.39.812 million. Accordingly, earning per share of Re.0.78 for the period ended December 31, 2017 would have been loss per share of Re.0.73.

	Un-audited 31 December, 2017	Audited 30 June, 2017
	(Rupees in thousand)	
7. STOCK-IN-TRADE		
Raw materials	1,111,936	1,180,215
Work-in-process	171,119	141,902
Finished goods	734,433	706,952
	2,017,488	2,029,069

8. DEPOSIT FOR SHARES

There has been no change in the status of the Company's complaint filed before the Wafaqi Muhtasib for recovery of this deposit along with penalty since the date of preceding annual audited financial statements of the Company for the year ended June 30, 2017.

	Un-audited 31 December, 2017	Audited 30 June, 2017
	(Rupees in thousand)	
9. LONG TERM FINANCING - Secured		
Balance at beginning of the period / year	1,341,764	1,373,565
Add: disbursements during the period / year	133,932	342,974
Less: repayments made during the period / year	(210,981)	(374,775)
Balance at end of the period / year	1,264,715	1,341,764
Less: current portion grouped under current liabilities	484,620	478,088
	780,095	863,676

- 9.1 The Company has arranged long term finance facility (LTFF) amounting Rs.400 million from United Bank Limited to retire import documents under SBP scheme for imported plant and machinery. During the period, the bank against the said facility has disbursed Rs.133.932 million in eleven tranches of different amounts. Each tranche is repayable in twenty quarterly installments and carries mark-up at the rate of 5% per annum along with the bank's margin. This LTFF along with the demand finance facility are secured against first joint pari passu hypothecation charge over present and future fixed and current assets of the Company for Rs.667 million.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

9.2 Except for the above, all other term and conditions of the long term financing are the same as disclosed in audited annual financial statements of the Company for the year ended June 30, 2017. Effective mark-up rates charged, during the current period, ranged from 5% to 8.40% (June 30, 2017: 5% and 8.61%) per annum.

10. SHORT TERM BORROWINGS

Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.4.072 billion (June 30, 2017: Rs.4.072 billion) and are secured against pledge of stocks, charge on fixed and current assets of the Company and lien over underlying export documents. These finance facilities, during the current period, carried mark-up at the rates ranging from 6.69% to 7.95% (June 30 ,2017: 6.55% to 8.55%) per annum and are expiring on various dates by October, 2018.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 Guarantees aggregating Rs.208.203 million (June 30, 2017: Rs.205.203 million) have been issued by banks of the Company to different parties including Government institutions and Sui Northern Gas Pipeline Limited.

11.1.2 The Company had challenged the levy of Gas Infrastructure Development Cess (GIDC) by filing a petition before the Peshawar High Court, Peshawar (PHC). GIDC was levied on supply of natural gas under the GIDC Act, 2011. Constitutionality of the said Act was challenged before the PHC, which had declared the same as constitutional. The order of the PHC was assailed before the Supreme Court of Pakistan (SCP), which met the same fate there. After enactment of the GIDC Act, 2015, it was challenged before the PHC, which dismissed the said petition. The Company, thereafter, has filed a petition before the SCP, which is pending adjudication.

Sui Northern Gas Pipelines Ltd., along with gas bill for the month of December, 2017, has raised GIDC demands aggregating Rs.966.250 million (June 30, 2017: Rs.801.141 million), which are payable in case of an adverse judgment by the SCP. No provision with respect to these GIDC demands has been made in the books of account as the management expects a favorable judgment by the SCP due to meritorious legal grounds.

Un-audited 31 December, 2017	Audited 30 June, 2017
(Rupees in thousand)	

11.2 Commitments

- letters of credit for purchase of raw materials
- letters of credit for capital expenditure

344,105	155,419
77,732	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

	Un-audited	
	Six months period ended	
	31 December,	31 December,
	2017	2016
	(Rupees in thousand)	
12. CASH GENERATED FROM OPERATIONS		
Profit for the period - before taxation	12,149	24,415
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	118,165	158,395
Staff retirement benefits - gratuity (net)	5,247	(16,007)
Gain on sale of operating fixed assets - net	(758)	(138)
Finance cost	184,582	162,134
Exchange fluctuation loss on sub-ordinated loan	27,500	500
Exchange fluctuation (gain) / loss (others) - net	(4,216)	2,338
Adjustment on remeasurement of investments to fair value - net	1,068	(1,811)
Profit before working capital changes	343,737	329,826
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(128,360)	16,056
Stock-in-trade	11,581	(95,526)
Trade debts	25,179	(62,223)
Loans and advances	18,622	31,122
Trade deposits and short term prepayments	(1,180)	(5,286)
Other receivables	29,075	87
Taxes refundable	100,517	(26,883)
(Decrease) / increase in trade and other payables	(102)	83,890
	55,332	(58,763)
Cash generated from operating activities	399,069	271,063
Income taxes paid	(17,294)	(32,644)
Long term deposits from employees	602	3,581
Long term loans	(484)	2,134
Long term deposits	(100)	-
Net cash generated from operating activities	381,793	244,134

**NOTES TO THE CONDENSED INTERIM FINANCIAL
INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017**

**Un-audited
31 December,
2017** Audited
30 June,
2017
(Rupees in thousand)

13. TRANSACTIONS WITH RELATED PARTIES

13.1 Period / year end balances are as follows:

Trade and other payables	133,519	79,666
Other receivables	11,479	3,960

13.2 Significant transactions with related parties are as follows:

Relationship	Nature of transactions	Un-audited	
		Six months period ended 31 December, 2017	31 December, 2016
(Rupees in thousand)			
Associated Companies	Purchase of fixed assets	1,250	750
	Sale of fixed assets	6,684	-
	Purchase of goods and services	201,500	300,970
	Dividend paid	13,097	-
	Remuneration and other benefits	42,108	46,284
Key management personnel			

14. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There has been no change in the Company's sensitivity to these risks since June 30, 2017, except for the change in exposure from liquidity risks due to increase in borrowings and general exposure due to fluctuations in foreign currency and interest rates. There have been no change in risk management objectives and policies of the Company during the current period.

This condensed interim financial information does not include all financial risk management information and disclosures as required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statement as at June 30, 2017.

15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2017, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial information of the Company for the half year ended December 31, 2016.

16. GENERAL

16.1 This condensed interim financial information was approved by the Board of Directors and authorised for issue on 27 February 2018.

16.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.



ZAAHEN UD DIN QURESHI
Chief Executive Officer



ASSAD SAIFULLAH KHAN
Director



NOMAD AHMAD
Chief Financial Officer

Saif Textile Mills Limited

**Head Office : 3rd Floor, City Centre,
Plot No-40, Main Bank Road, Saddar, Rawalpindi
Tel: +92-51-5700824-8 | Mob: +92-300-5000395**