



SHAMS TEXTILE MILLS LIMITED

# HALF YEARLY REPORT

31 December 2016

(Un-Audited)





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## COMPANY INFORMATION

**Board of Directors**

Muhammad Anwar	(Chairman)
Khalid Bashir	(Chief Executive)
Asif Bashir	
Khurram Mazhar Karim	
Muhammad Asif	(Nominee: NIT)
Shahid Arshad	
Sharik Bashir	

**Chief Financial Officer**

Farooq Ahmad

**Head of Internal Audit**

Tariq Javed

**Company Secretary**

Hashim Tariq

**Audit Committee**

Khurram Mazhar Karim	(Chairman)
Muhammad Anwar	(Member)
Asif Bashir	(Member)

**Human Resource & Remuneration Committee**

Asif Bashir	(Chairman)
Muhammad Anwar	(Member)
Khurram Mazhar Karim	(Member)

**Share Registrar**

Corptec Associates Private Limited  
503-E, Johar Town, Lahore.

**Auditors**

Riaz Ahmad & Company  
Chartered Accountants

**Bankers**

Allied Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
The Bank of Punjab  
Bank Islami Limited  
United Bank Limited  
Habib Metropolitan Bank Limited

**Registered Office**

7-B-III, Aziz Avenue, Gulberg-V, Lahore  
Ph: +92-423-576 0379, 576 0382  
Fax: +92-423-576 0376  
Email: [info@shams.com.pk](mailto:info@shams.com.pk)  
Web: [www.shams.com.pk](http://www.shams.com.pk)

**Project Locations**

Kotla Kahloon, District Nankana Sahib, Punjab  
3-KM, Faisalabad Road, Chiniot, Punjab

## DIRECTORS' REPORT

The Directors are pleased to present their report on the operational results of the Company for the half year ended December 31, 2016.

**General Review**

Pakistan's textile industry continues to struggle. Cost of doing business remains high resulting in making our products uncompetitive. The world demand for Pakistani yarn and grey fabrics is at best very sluggish and our export has continued to suffer and decline. The industry has also faced financial constraints due to huge funds blocked in draw backs and tax refunds with Government of Pakistan. The position on the energy front has eased somewhat as Government has made available LNG to the Textile industry though at a much higher price than natural gas.

Your Company can not be isolated from the general business environment and has hence continued to suffer. Our raw material costs have continued to spiral affecting gross margins and ultimately causing huge losses to the Company.

**Financial summary:**

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	(Rupees in thousand)			
SALES	<b>1,931,130</b>	1,640,322	<b>975,410</b>	767,716
COST OF SALES	<b>(1,875,818)</b>	(1,615,294)	<b>(952,637)</b>	(769,299)
GROSS PROFIT / (LOSS)	<b>55,312</b>	25,028	<b>22,773</b>	(1,583)
<b>OPERATING COST</b>	<b>(50,455)</b>	(66,508)	<b>(21,553)</b>	(25,799)
	<b>4,857</b>	(41,480)	<b>1,220</b>	(27,382)
OTHER INCOME	<b>2,428</b>	7,340	<b>768</b>	4,718
FINANCE COST	<b>(18,938)</b>	(18,085)	<b>(9,020)</b>	(9,586)
LOSS BEFORE TAXATION	<b>(11,653)</b>	(52,225)	<b>(7,032)</b>	(32,250)
TAXATION	<b>(18,889)</b>	(15,622)	<b>(9,330)</b>	(6,896)
LOSS AFTER TAXATION	<b>(30,542)</b>	(67,847)	<b>(16,362)</b>	(39,146)

**Future Outlook:**

The management does not expect any improvement in the overall business scenario in the near future. Although energy cost are expected to be lower others factors such as slag demand for our products will continue to impact our results. However efforts will be continued towards improvements where ever possible.

For and On behalf of Board of Directors

**Khalid Bashir**  
Chief Executive

**15 February, 2017**

## ڈائریکٹر رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے ششماہی 31 دسمبر 2016ء کے فنانشل پیش کرتا ہوں۔

### عام تاثر:

پاکستان کی ٹیکسٹائل کی صنعت مسلسل جدوجہد کرتی ہے۔ کام کرنے کی لاگت زیادہ ہونے کی وجہ سے ہماری مصنوعات مارکیٹ کا مقابلہ نہیں کر پار ہیں ہیں۔ دنیا میں پاکستانی دھاگے اور کپڑے کی طلب بہت کم ہے جسکی وجہ سے برآمدات بہت زیادہ متاثر ہیں۔ ٹیکسٹائل کی صنعت مالیاتی بحران کا بھی شکار ہے جسکی وجہ ایک بڑی رقم پاکستانی گورنمنٹ کی طرف ٹیکس کی واپسی کی مد میں جمع ہے۔ توانائی کی کمی کسی حد تک گورنمنٹ نے ایل این جی ٹیکسٹائل صنعت کو سونپی گیس سے زیادہ قیمت پر دے کر پوری کی ہے۔

آپ کی کمپنی ان کاروباری حالات سے علیحدہ نہیں رہ سکتی جس کی وجہ سے مسلسل نقصان ہوتا ہے۔ ہمارے خام مال کی لاگت میں اضافہ ہمارے خام منافع پر اثر انداز ہو رہا ہے جس کی وجہ سے کمپنی کو بہت نقصان ہو رہا ہے۔

(ملیہ ملین میں)

سہ ماہی		شش ماہی		
31 دسمبر 2015ء	31 دسمبر 2016ء	31 دسمبر 2015ء	31 دسمبر 2016ء	
767,716	<b>975,410</b>	1,640,332	<b>1,931,130</b>	فروخت
(769,299)	<b>(925,637)</b>	(1,615,294)	<b>(1,875,818)</b>	لاگت فروخت
(1,583)	<b>22,773</b>	25,028	<b>55,312</b>	خام منافع/(نقصان)
(25,799)	<b>(21,553)</b>	(66,508)	<b>(50,455)</b>	آپریٹنگ خرچہ
(27,382)	<b>1,220</b>	(41,480)	<b>4,857</b>	
4,718	<b>768</b>	7,340	<b>2,428</b>	دیگر آمدنی
(9,586)	<b>(9,020)</b>	(18,085)	<b>(18,938)</b>	فنانشل خرچہ
(32,250)	<b>(7,032)</b>	(52,225)	<b>(11,653)</b>	ٹیکسیشن سے پہلے (نقصان)
(6,896)	<b>(9,330)</b>	(15,622)	<b>(18,889)</b>	ٹیکسیشن
(39,146)	<b>(16,362)</b>	(67,847)	<b>(30,542)</b>	ٹیکسیشن کے بعد (نقصان)

### مستقبل کے امکانات:

مستقبل قریب میں کاروباری حالات میں کوئی بہتری ممکن نہیں۔ اگرچہ توانائی کی قیمت میں کمی متوقع ہے لیکن ہماری مصنوعات کی طلب میں کمی کی وجہ سے کوئی خاطر خواہ اثر نہ ہوگا۔ تاہم بہتری کے لیے مینجمنٹ کوشش کر رہی ہے۔

خالد بشیر

چیف ایگزیکٹو

15 فروری 2017ء

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

We have reviewed the accompanying condensed interim balance sheet of **SHAMS TEXTILE MILLS LIMITED** as at 31 December 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan 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 and condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 31 December 2015 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2016.

**Scope of Review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended 31 December 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**RIAZ AHMAD & COMPANY  
Chartered Accountants**

**Name of engagement partner:  
Sarfray Mahmood**

**Date: 15 February 2017**

**LAHORE**

## CONDENSED INTERIM BALANCE SHEET

As At 31 December 2016

	<b>Un Audited</b>	Audited
	<b>31 December</b>	30 June
	<b>2016</b>	2016
<b>Note</b>	<b>(Rupees in thousands)</b>	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorized share capital</b>		
25,000,000 (30 June 2016: 25,000,000) ordinary shares of Rupees 10 each	<b>250,000</b>	250,000
<b>Issued, subscribed and paid up share capital</b>		
8,640,000 (30 June 2016: 8,640,000) ordinary shares of Rupees 10 each	<b>86,400</b>	86,400
Reserves	<b>727,664</b>	729,200
Accumulated loss	<b>(204,694)</b>	(174,152)
<b>Total equity</b>	<b>609,370</b>	641,448
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term financing	<b>5 84,203</b>	104,234
Deferred income tax liability	<b>7,265</b>	6,426
	<b>91,468</b>	110,660
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>588,605</b>	600,039
Accrued mark-up	<b>5,197</b>	6,243
Short term borrowings	<b>349,752</b>	582,060
Current portion of long term financing	<b>5 72,862</b>	73,127
	<b>1,016,416</b>	1,261,469
<b>Total liabilities</b>	<b>1,107,884</b>	1,372,129
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>6</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,717,254</b>	2,013,577

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

Chief Executive



	Un Audited 31 December 2016	Audited 30 June 2016
	Note	(Rupees in thousands)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	7	995,832
Long term security deposits		1,576
		<b>997,408</b>
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools		42,428
Stock-in-trade		628,707
Trade debts		85,118
Advances		47,859
Short term prepayments		5,026
Other receivables		1,663
Short term investments		64,323
Sales tax refundable		53,381
Taxation - net		78,847
Cash and bank balances		8,817
		<b>741,891</b>
		1,016,169
<b>TOTAL ASSETS</b>		<b>2,013,577</b>

Director

## SHAMS TEXTILE MILLS LIMITED

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (Un-Audited)**  
 For The Half Year Ended 31 December 2016

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Note	(Rupees in thousand)			
SALES	<b>1,931,130</b>	1,640,322	<b>975,410</b>	767,716
COST OF SALES	<b>8 (1,875,818)</b>	(1,615,294)	<b>(952,637)</b>	(769,299)
GROSS PROFIT / (LOSS)	<b>55,312</b>	25,028	<b>22,773</b>	(1,583)
DISTRIBUTION COST	<b>(22,799)</b>	(37,471)	<b>(8,163)</b>	(11,032)
ADMINISTRATIVE EXPENSES	<b>(27,314)</b>	(27,136)	<b>(13,276)</b>	(13,508)
OTHER EXPENSE	<b>(342)</b>	(1,901)	<b>(114)</b>	(1,259)
	<b>(50,455)</b>	(66,508)	<b>(21,553)</b>	(25,799)
OTHER INCOME	<b>4,857</b>	(41,480)	<b>1,220</b>	(27,382)
PROFIT / (LOSS) FROM OPERATIONS	<b>7,285</b>	(34,140)	<b>1,988</b>	(22,664)
FINANCE COST	<b>(18,938)</b>	(18,085)	<b>(9,020)</b>	(9,586)
LOSS BEFORE TAXATION	<b>(11,653)</b>	(52,225)	<b>(7,032)</b>	(32,250)
TAXATION	<b>(18,889)</b>	(15,622)	<b>(9,330)</b>	(6,896)
LOSS AFTER TAXATION	<b>(30,542)</b>	(67,847)	<b>(16,362)</b>	(39,146)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	<b>(3.53)</b>	(7.85)	<b>(1.89)</b>	(4.53)

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (Un-audited)**

For The Half Year Ended 31 December 2016

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	<b>(Rupees in thousand)</b>			
<b>LOSS AFTER TAXATION</b>	(30,542)	(67,847)	(16,362)	(39,146)
<b>OTHER COMPREHENSIVE (LOSS) / INCOME</b>				
<b>Items that will not be reclassified to profit or loss</b>	-	-	-	-
<b>Items that may be reclassified subsequently to profit or loss:</b>				
(Deficit)/surplus on remeasurement of available for sale investments	(1,536)	1,709	(6,664)	(31,665)
Other comprehensive (loss) / income for the period	(1,536)	1,709	(6,664)	(31,665)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	(32,078)	(66,138)	(23,026)	(70,811)

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

Chief Executive

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited)**  
For The Half Year Ended 31 December 2016

	Note	Half Year Ended	
		31 December 2016	31 December 2015
(Rupees in thousands)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from / (utilized in) operations</b>	<b>9</b>	<b>301,377</b>	(155,100)
Finance cost paid		<b>(19,984)</b>	(16,427)
Income tax paid		<b>(11,512)</b>	(14,810)
<b>Net cash generated from / (used in) operating activities</b>		<b>269,881</b>	(186,337)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		<b>(20,210)</b>	(15,841)
Proceeds from sale of property, plant and equipment		<b>87</b>	816
<b>Net cash used in investing activities</b>		<b>(20,123)</b>	(15,025)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		<b>16,268</b>	-
Repayment of long term financing		<b>(36,564)</b>	(36,564)
Short term borrowings - net		<b>(232,308)</b>	240,181
<b>Net cash (used in) / from financing activities</b>		<b>(252,604)</b>	203,617
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(2,846)</b>	2,255
<b>Cash and cash equivalents at the beginning of the period</b>		<b>8,817</b>	4,418
<b>Cash and cash equivalents at the end of the period</b>		<b>5,971</b>	6,673

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)  
For The Half Year Ended 31 December 2016

	SHARE CAPITAL	Reserves					Accumulated Loss	TOTAL EQUITY
		Capital		Revenue		Total reserves		
		Premium on issue of right shares	Fair value reserve	Sub total	General reserve			
(Rupees in thousands)								
Balance as at 30 June 2015 (Audited)	86,400	86,400	37,615	124,015	600,000	724,015	(63,054)	747,361
Loss for the half year ended 31 December 2015	-	-	-	-	-	-	(67,847)	(67,847)
Other comprehensive income for the half year ended 31 December 2015	-	-	1,709	1,709	-	1,709	-	1,709
Total comprehensive loss for the half year ended 31 December 2015	-	-	1,709	1,709	-	1,709	(67,847)	(66,138)
Balance as at 31 December 2015 (Un-audited)	86,400	86,400	39,324	125,724	600,000	725,724	(130,901)	681,223
Loss for the half year ended 30 June 2016	-	-	-	-	-	-	(43,251)	(43,251)
Other comprehensive income for the half year ended 30 June 2016	-	-	3,476	3,476	-	3,476	-	3,476
Total comprehensive loss for the half year ended 30 June 2016	-	-	3,476	3,476	-	3,476	(43,251)	(39,775)
Balance as at 30 June 2016 (Audited)	86,400	86,400	42,800	129,200	600,000	729,200	(174,152)	641,448
Loss for the half year ended 31 December 2016	-	-	-	-	-	-	(30,542)	(30,542)
Other comprehensive loss for the half year ended 31 December 2016	-	-	(1,536)	(1,536)	-	(1,536)	-	(1,536)
Total comprehensive loss for the half year ended 31 December 2016	-	-	(1,536)	(1,536)	-	(1,536)	(30,542)	(32,078)
Balance as at 31 December 2016 (Un-audited)	86,400	86,400	41,264	127,664	600,000	727,664	(204,694)	609,370

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

Chief Executive

Director

SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (Un-Audited)  
For The Half Year Ended 31 December 2016

**1. THE COMPANY AND ITS OPERATIONS**

Shams Textile Mills Limited ("the Company") is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and is listed on Pakistan Stock Exchange Limited. Its registered office is situated at 7-B-III, Aziz Avenue, Gulberg V, Lahore. The Company is engaged in the business of manufacturing, sale and trading of yarn and trading of cloth.

**2. BASIS OF PREPARATION**

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to the shareholders, as required by Section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the half year ended 31 December 2016 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

**3. ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

	<b>Un-audited</b>	Audited
	<b>31 December</b>	30 June
	<b>2016</b>	2016
	<b>(Rupees in thousands)</b>	
<b>5. LONG TERM FINANCING - SECURED</b>		
Opening balance	<b>177,361</b>	214,536
Add: Obtained during the period / year	<b>16,268</b>	35,952
Less: Repaid during the period / year	<b>36,564</b>	73,127
	<b>157,065</b>	177,361
Less: Current portion shown under current liabilities	<b>72,862</b>	73,127
	<b>84,203</b>	104,234

SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (Un-Audited)  
For The Half Year Ended 31 December 2016

**7. CONTINGENCIES AND COMMITMENTS**

**Contingencies**

Bank guarantees of Rupees 69.596 million (30 June 2016: Rupees 69.596 million) are given by the banks of the Company in favour of Sui Northern Gas Pipelines Limited against gas connections, Lahore Electric Supply Company Limited (LESCO) and Faisalabad Electric Supply Company Limited (FESCO) against electricity connections and Director Excise and Taxation, Karachi against infrastructure cess.

**Commitments**

- i. Contracts for capital expenditures amounted to Rupees Nil (30 June 2016: Rupees 17.908 million).
- ii. Letters of credit for other than capital expenditures amounted to Rupees 26.440 million (30 June 2016: Rupees 91.171 million).

	<b>Un-audited 31 December 2016 (Rupees in thousands)</b>	Audited 30 June 2016
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets (Note 7.1)	<b>926,652</b>	946,403
Capital work-in-progress (Note 7.2)	<b>47,135</b>	49,429
	<b>973,787</b>	995,832
<b>7.1 Operating fixed assets</b>		
Opening book value	<b>946,403</b>	999,647
Add: Cost of additions during the period / year (Note 7.1.1)	<b>22,504</b>	36,408
Less: Book value of deletions during the period / year (Note 7.1.2)	<b>67</b>	1,340
Less: Depreciation charged during the period / year	<b>42,188</b>	88,312
Closing book value	<b>926,652</b>	946,403
<b>7.1.1 Cost of additions</b>		
Plant and machinery	<b>16,803</b>	29,749
Vehicles	<b>5,701</b>	6,659
	<b>22,504</b>	36,408
<b>7.1.2 Book value of deletions</b>		
Vehicles	<b>67</b>	1,340
<b>7.2 Capital work-in-progress</b>		
Buildings	<b>47,135</b>	47,135
Advance against purchase of motor vehicles	-	2,250
Letter of credit	-	44
	<b>47,135</b>	49,429

SHAMS TEXTILE MILLS LIMITED

**SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (Un-Audited)**  
For The Half Year Ended 31 December 2016

	Un-Audited			
	Half year ended		Quarter ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
(Rupees in thousand)				
<b>8. COST OF SALES</b>				
Raw materials consumed	1,115,424	1,255,725	586,704	626,899
Salaries, wages and other benefits	122,471	119,837	62,828	51,484
Stores, spare parts and loose tools consumed	38,071	43,202	22,741	20,326
Packing materials consumed	29,655	36,471	17,003	18,924
Repair and maintenance	13,664	14,287	7,905	7,141
Fuel and power	180,635	183,876	98,965	93,836
Insurance	3,173	2,423	1,590	1,209
Other factory overheads	2,096	2,590	1,143	1,256
Depreciation	40,455	42,355	20,359	21,180
	<b>1,545,644</b>	1,700,766	<b>819,238</b>	842,255
Work-in-process:				
Opening stock	27,855	26,581	21,730	18,752
Closing stock	(29,894)	(30,709)	(29,894)	(30,709)
	<b>(2,039)</b>	(4,128)	<b>(8,164)</b>	(11,957)
Cost of goods manufactured	<b>1,543,605</b>	1,696,638	<b>811,074</b>	830,298
Finished goods:				
Opening stock	494,532	151,263	303,882	171,608
Closing stock	(162,319)	(232,607)	(162,319)	(232,607)
	<b>332,213</b>	(81,344)	<b>141,563</b>	(60,999)
	<b>1,875,818</b>	1,615,294	<b>952,637</b>	769,299

		Un-audited	
		Half Year Ended	
		31 December 2016	31 December 2015
(Rupees in thousand)			

**9. CASH GENERATED FROM / (UTILIZED IN) OPERATIONS**

<b>Loss before taxation</b>	<b>(11,653)</b>	(52,225)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	42,188	43,835
Gain on sale of property, plant and equipment	(20)	(691)
Finance cost	18,938	18,085
Working capital changes (Note 9.1)	251,924	(164,104)
	<b>301,377</b>	(155,100)

**9.1 Working capital changes**

(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(2,944)	14,356
- Stock-in-trade	194,283	(220,592)
- Trade debts	44,056	13,649
- Advances	41,972	24,724
- Short term prepayments	1,877	(2,270)
- Other receivables	(1,879)	(2,324)
- Sales tax refundable	(14,008)	(4,000)
	<b>263,357</b>	(176,457)
(Decrease) / increase in trade and other payables	(11,433)	12,353
	<b>251,924</b>	(164,104)



SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (Un-Audited)  
For The Half Year Ended 31 December 2016

**10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL STATEMENTS**

**(i) Fair value hierarchy**

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in this condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 31 December 2016	Level 1	Level 2	Level 3	Total
Rupees in thousand				
<b>Financial assets</b>				
Available for sale financial assets	62,786	-	-	62,786
<b>Total financial assets</b>	<b>62,786</b>	<b>-</b>	<b>-</b>	<b>62,786</b>

Recurring fair value measurements At 30 June 2016	Level 1	Level 2	Level 3	Total
Rupees in thousand				
<b>Financial assets</b>				
Available for sale financial assets	64,323	-	-	64,323
<b>Total financial assets</b>	<b>64,323</b>	<b>-</b>	<b>-</b>	<b>64,323</b>

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**ii. Valuation techniques used to determine fair values**

Specific valuation technique used to value financial instruments was use of quoted market prices.

**11. TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Company comprise associated undertakings, other related parties, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (Un-Audited)  
For The Half Year Ended 31 December 2016

i. Transactions	Un-Audited			
	Half year ended 31 December 2016	31 December 2015	Quarter ended 31 December 2016	31 December 2015
(Rupees in thousand)				
<b>Associated companies</b>				
Sale of goods and services	19,638	108,809	-	84,519
Purchase of goods and services	-	6,172	-	6,058
Insurance premium	1,972	6,902	240	884
Rent expense	120	120	60	60
Purchase of operating fixed assets	-	500	-	500
Insurance claim	15,180	4,135	9,437	291
Dividend received	-	48	-	48
<b>Other related parties</b>				
Purchase of goods and services	141	-	75	-
Electricity purchased	89,338	58,218	20,545	54,695
Rent expense	900	900	450	450
Company's contribution to employees' provident fund trust	2,489	2,573	1,339	1,243
Remuneration of Chief Executive, Director and Executives	14,641	13,919	7,320	6,960
<b>ii. Period end balances</b>				
As at 31 December 2016 (Un-audited)				
	Associated Companies	Other related Parties	Total	
(Rupees in thousand)				
Trade and other payables		269	49,917	50,186
Advances		1,106	-	1,106
Short term investments		20,346	-	20,346
As at 30 June 2016 (Audited)				
	Associated Companies	Other related Parties	Total	
(Rupees in thousand)				
Trade and other payables		12,270	48,690	60,960
Short term investments		22,505	-	22,505

**12. FINANCIAL RISK MANAGEMENT**

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

**13. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was approved by the Board of Directors of the Company and authorized for issue on 15 February, 2017.

**14. CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

**15. GENERAL**

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

Chief Executive

Director

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