



SHAMS TEXTILE MILLS LIMITED

9 MONTHS REPORT

March 31, 2019

(Un-Audited)



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COMPANY INFORMATION

Board of Directors

Muhammad Anwar	(Chairman)
Asif Bashir	
Adil Bashir	
Khurram Mazhar Karim	
Muhammad Shafiq Gill	(Nominee: NIT)
Shahid Arshad	
Sharik Bashir	

Chief Executive Officer

Khalid Bashir

Chief Financial Officer

Farooq Ahmad

Company Secretary

Tariq Javed

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 (Pvt) Ltd.
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
United Bank Limited
Habib Metropolitan Bank Limited

Registered Office

7-B-3, Aziz Avenue, Gulberg-5, Lahore
Ph: +92-423-576 0379, 576 0382
Fax: +92-423-576 0376
Email: info@shams.com.pk
Web: 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 quarter ended March 31, 2019.

General Review

During the quarter under review the textile industry has shown some signs of improvement with better of rates and slightly improved prices. However the devaluation of the Pakistani Rupee has resulted in increased cost of imports especially raw materials such as cotton, polyester and also some increase in energy costs. Your company was however able to improve its performance as compared to the previous quarter. We hope this trend will continue.

Operational Efficiencies:

The company production during this period reviewed satisfactory. Cotton products in the country again failed to achieve its targets with buyers chasing higher prices. The quality was also not up to the required standard. The management continuous to exercise strict measure to reduce cost.

Financial summary of the current quarter is as follow:

Rs. in million	31 March 2019	31 March 2018
SALES	3,584,921	3,451,751
COST OF SALES	(3,453,529)	(3,299,530)
GROSS PROFIT	131,392	152,221
DISTRIBUTION COST	(20,490)	(28,362)
ADMINISTRATIVE EXPENSES	(52,900)	(46,459)
OTHER EXPENSES	(1,780)	(2,906)
	(75,170)	(77,727)
OTHER INCOME	56,222	74,494
	8,855	21,518
PROFIT FROM OPERATIONS	65,077	96,012
FINANCE COST	(31,250)	(31,551)
PROFIT BEFORE TAXATION	33,827	64,461
TAXATION	(53,834)	(47,137)
(LOSS) / PROFIT AFTER TAXATION	(20,007)	17,324

Future Outlook:

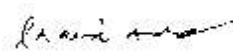
It is very difficult to predict the future outlook in view of the difficult economic condition's being faced by the country. The Rupee continuous to weaken and foreign exchange reserves continue to deplete. This may result in some curbs on import which may in turn impact our raw material prices. We are however hopeful of achieving better results through more efforts

ACKNOWLEDGEMENTS:

We would like to thank the Board of Directors for their guidance at all times to all employees and shareholders for their cooperation. For and On behalf of Board of Director.

For and On behalf of Board of Directors


Khalid Bashir
Chief Executive


Shahid Arshad
Director

26 April 2019
Lahore

ڈائریکٹر رپورٹ

ڈائریکٹر 31 مارچ 2019 کو ختم ہونے والے سہ ماہی کے لیے کمپنی کے اپریشنل نتائج پر اپنی رپورٹ پیش کرنے کے لیے خوش ہیں۔

عمومی جائزہ:

ٹیکسٹائل انڈسٹری کا جائزہ لینے کے تحت سہ ماہی کے دوران بہتر قیمتوں اور تھوڑی بہتر قیمتوں کے ساتھ کچھ بہتری کے نشان دکھائے ہیں۔ تاہم پاکستانی روپے کی تنزلی کے نتیجے میں درآمدات کی قیمتوں میں اضافہ ہوا ہے خاص طور پر خام مال، کپاس، پولیسٹر اور توانائی کے اخراجات میں کچھ اضافہ بھی ہوا ہے۔ تاہم آپ کی کمپنی گزشتہ سہ ماہی کے مقابلے میں اپنی کارکردگی کو بہتر بنانے میں کامیاب رہی۔

آپریشنل صلاحیتیں:

اس عرصے کے دوران کمپنی کی پیداوار اطمینان بخش رہی۔ ملک میں کپاس کی مصنوعات اپنے اعلیٰ قیمتوں کے مقاصد کو حاصل کرنے میں ناکام رہی ہیں۔ خام مال کی کوالٹی ضروری معیار کے مطابق نہیں تھی۔ انتظامیہ سخت پیمائش کا استعمال کرتے ہوئے لاگت کو کم کرنے میں مسلسل کوشاں ہے۔

موجودہ سہ ماہی کے مالی خلاصہ کی تفصیل درج ذیل ہے۔

31 مارچ 2018ء	31 مارچ 2019ء	(مبلغ لین میں)
3,451,751 (3,299,530)	3,584,921 (3,453,529)	فروخت فروخت کی لاگت
152,221 (28,362) (46,459) (2,906) (77,727)	131,392 (20,490) (52,900) (1,780) (75,170)	خام مواد تعمیر کی لاگت انتظامی اخراجات دیگر اخراجات
74,494 21,518	56,222 8,855	دیگر آمدنی
96,012 (31,551)	65,077 (31,250)	آپریشن سے نفع مالیاتی اخراجات
64,461 (47,137)	33,827 (53,834)	ٹیکسیشن سے پہلے نفع ٹیکسیشن
17,324	(20,007)	ٹیکسیشن کے بعد (تقصان) / نفع

مستقبل کی امکانات:

مستقبل کے نقطہ نظر کی پیشگوئی کرنا بہت ہی مشکل ہے خاص کر ملک کو جس مشکل اقتصادی حالت کا سامنا کرنا پڑا ہے۔ روپیہ کی قدر مسلسل کمزور اور غیر ملکی کرنسی کے ذخائر میں مسلسل کمی کا سامنا ہے۔ اس کے نتیجے میں کچھ درآمدات مختصر ہو سکتی ہیں جس کا اثر ہمارے خام مال کی قیمتوں پر پڑ سکتا ہے۔ تاہم ہمیں امید ہے کہ ہم زیادہ کوششوں کے ذریعے بہتر نتائج حاصل کر سکتے ہیں۔

اظہار تشکر:

ہم اس موقع پر اپنے تمام حصص داروں، شرکاء، کارکنوں اور اپنے ملازمین کے کام کو سرہاتے ہیں۔ ہم بورڈ آف ڈائریکٹرز کا ان کی رہنمائی اور ان کے مشوروں کا شکریہ ادا کرتے ہیں۔

(Signature)

شاہد ارشد

ڈائریکٹر

(Signature)

خالد بشیر

چیف ایگزیکٹو

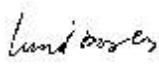
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SHAMS TEXTILE MILLS LIMITED

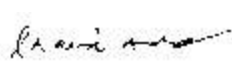
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As At 31 March 2019

	Un Audited 31 March 2019 Note	Audited 30 June 2018 (Rupees in thousands)
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 25,000,000 (30 June 2018: 25,000,000) ordinary shares of Rupees 10 each	250,000	250,000
Issued, subscribed and paid-up share capital 8,640,000 (30 June 2018: 8,640,000) ordinary shares of Rupees 10 each	86,400	86,400
Reserves	706,886	718,028
Accumulated loss	(179,211)	(123,360)
Total equity	614,075	681,068
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing	4 17,302	27,103
Deferred income tax liability	32,232	21,163
	49,534	48,266
CURRENT LIABILITIES		
Trade and other payables	878,916	657,409
Accrued mark-up	9,085	3,032
Short term borrowings	392,123	322,772
Current portion of long term financing	13,067	25,567
Unclaimed dividend	4,398	3,838
	1,297,589	1,012,618
Total liabilities	1,347,123	1,060,884
CONTINGENCIES AND COMMITMENTS	5 -	-
TOTAL EQUITY AND LIABILITIES	1,961,198	1,741,952

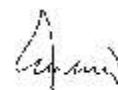
The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



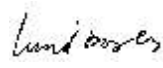
Director

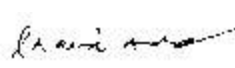


Chief Financial Officer

SHAMS TEXTILE MILLS LIMITED

		Un Audited 31 March 2019 (Rupees in thousands)	Audited 30 June 2018
	Note		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	838,345	890,604
Long term investments		39,725	-
Long term security deposits		1,576	1,576
		879,646	892,180
CURRENT ASSETS			
Stores and spare parts		53,125	65,276
Stock-in-trade		693,206	336,358
Trade debts		173,146	180,720
Advances		5,660	54,772
Short term prepayments		2,094	-
Other receivables		45,620	52,899
Short term investments		-	50,867
Sales tax refundable		58,178	44,870
Taxation - net		43,557	59,250
Cash and bank balances		6,966	4,760
		1,081,552	849,772
TOTAL ASSETS		1,961,198	1,741,952


Chief Executive


Director

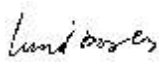

Chief Financial Officer

SHAMS TEXTILE MILLS LIMITED

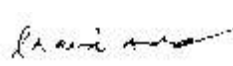
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
(Un-Audited)
For The Nine Months Ended 31 March 2019

	Note	NINE MONTHS ENDED		QUARTER ENDED	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
(Rupees in thousand)					
REVENUE		3,584,921	3,451,751	1,285,197	1,177,841
COST OF SALES	7	(3,453,529)	(3,299,530)	(1,233,062)	(1,118,673)
GROSS PROFIT		131,392	152,221	52,135	59,168
DISTRIBUTION COST		(20,490)	(28,362)	(10,434)	(11,656)
ADMINISTRATIVE EXPENSES		(52,900)	(46,459)	(17,905)	(16,042)
OTHER EXPENSES		(1,780)	(2,906)	(730)	(1,258)
		(75,170)	(77,727)	(29,069)	(28,956)
		56,222	74,494	23,066	30,212
OTHER INCOME		8,855	21,518	2,945	3,819
PROFIT FROM OPERATIONS		65,077	96,012	26,011	34,031
FINANCE COST		(31,250)	(31,551)	(12,139)	(7,528)
PROFIT BEFORE TAXATION		33,827	64,461	13,872	26,503
TAXATION		(53,834)	(47,137)	(15,423)	(11,202)
(LOSS) / PROFIT AFTER TAXATION		(20,007)	17,324	(1,551)	15,301
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		(2.32)	2.01	(0.18)	1.77

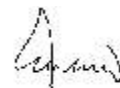
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Chief Executive



Director



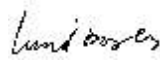
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(Un-audited)

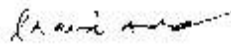
For The Nine Months Ended 31 March 2019

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	(Rupees in thousand)			
(LOSS) / PROFIT AFTER TAXATION	(20,007)	17,324	(1,551)	15,301
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss:				
Items that may be reclassified subsequently to profit or loss:				
Reclassification adjustment for gain included in profit or loss	-	(8,394)	-	-
Deficit arising on remeasurement of available for sale investments to fair value	(11,142)	(1,136)	(7,454)	6,862
Other comprehensive loss for the period - net of tax	(11,142)	(9,530)	(7,454)	6,862
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(31,149)	7,794	(9,005)	22,163

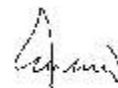
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Chief Executive



Director



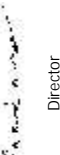
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)
For The Nine Months Ended 31 March 2019

	SHARE CAPITAL					Reserves				TOTAL EQUITY
	Premium on issue of right shares	Capital		Sub total	General reserve	Revenue		Sub total	Total reserves	
		Fair value reserve				Unappropriated profit / accumulated loss)				
	(Rupees in thousands)									
Balance as at 30 June 2017 (Audited)	86,400	86,400	43,695	-	130,095	600,000	730,095	(224,544)	591,951	
Transaction with owners - Final dividend for the year ended 30 June 2014 @ Rupees per share	-	-	-	-	-	-	-	17,324	17,324	
Profit for the nine months ended 31 March 2018	-	-	(9,530)	-	(9,530)	-	(9,530)	-	(9,530)	
Other comprehensive loss for the nine months ended 31 March 2018	-	-	(9,530)	-	(9,530)	-	(9,530)	-	(9,530)	
Total comprehensive loss for the nine months ended 31 March 2018	-	-	(9,530)	-	(9,530)	-	(9,530)	17,324	7,794	
Balance as at 31 March 2018 (Un-audited)	86,400	86,400	34,165	-	120,565	600,000	720,565	(207,220)	599,745	
Profit for the 03 months year ended 30 June 2018	-	-	-	-	-	-	-	83,860	83,860	
Other comprehensive income for the 03 months year ended 30 June 2018	-	-	(2,537)	-	(2,537)	-	(2,537)	-	(2,537)	
Total comprehensive income for the 03 months year ended 30 June 2018	-	-	(2,537)	-	(2,537)	-	(2,537)	83,860	81,323	
Balance as at 30 June 2018 (Audited)	86,400	86,400	31,628	-	118,028	600,000	718,028	(123,360)	681,068	
Adjustment on adoption of IFRS 9 (Note 3.2.1)	-	-	(31,628)	31,628	-	-	-	(4,470)	(4,470)	
Adjustment on adoption of IFRS 15 (Note 3.2.2)	-	-	-	-	-	-	-	(11,070)	(11,070)	
Adjusted total equity as at 01 July 2018	86,400	86,400	-	31,628	118,028	600,000	718,028	(138,900)	665,528	
Transaction with owner - Dividend for the year ended 30 June 2018 @ Rs 2.35 per share	-	-	-	-	-	-	-	(20,304)	(20,304)	
Loss for the nine months ended 31 March 2019	-	-	-	(11,142)	(11,142)	-	(11,142)	(20,007)	(20,007)	
Other comprehensive loss for the nine months ended 31 March 2019	-	-	-	-	-	-	-	-	-	
Total comprehensive loss for the nine months ended 31 March 2019	-	-	-	(11,142)	(11,142)	-	(11,142)	(20,007)	(11,142)	
Balance as at 31 March 2019 (Un-audited)	86,400	86,400	-	20,486	106,886	600,000	706,886	(179,211)	614,075	

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


Chief Executive


Director

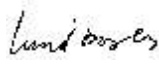

Chief Financial Officer

SHAMS TEXTILE MILLS LIMITED

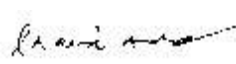
CONDENSED INTERIM STATEMENT OF CASH FLOW (Un-Audited)
For The Nine Months Ended 31 March 2019

	Note	Nine Months Ended	
		31 March 2019	31 March 2018
(Rupees in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	31,064	409,243
Finance cost paid		(25,192)	(37,719)
Income tax paid		(27,071)	(25,726)
Net cash (used in) / generated from operating activities		(21,199)	345,798
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(7,112)	(37,522)
Proceeds from sale of investments		-	11,548
Dividend received		168	-
Proceeds from sale of property, plant and equipment		3,055	35
Net cash used in investing activities		(3,889)	(25,939)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(22,301)	(52,066)
Short term borrowings - net		69,351	(264,582)
Dividend paid		(19,756)	(9)
Net cash from / (used in) financing activities		27,294	(316,657)
Net (decrease) / increase in cash and cash equivalents		2,206	3,202
Cash and cash equivalents at the beginning of the period		4,760	4,608
Cash and cash equivalents at the end of the period		6,966	7,810

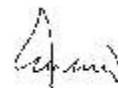
The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (Un-Audited)**
For The Nine Months Ended 31 March 2019

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 Act, 2017) 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.

2. BASIS OF PREPARATION

2.1 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.

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2018. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2018 except for the changes in accounting policies as stated in note 3.2 to these condensed interim financial statements.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements 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 these condensed interim financial statements, 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 2018.

3.2 CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF CERTAIN INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The following changes in accounting policies have taken place effective from 01 July 2018:

3.2.1 IFRS 9 "Financial Instruments"

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other

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comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results.

Key changes in accounting policies resulting from application of IFRS 9

(i) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses.

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Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income/ (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

ii. Impairment

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iii. Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these condensed interim financial statements as there is no hedge activity carried on by the Company during the period ended 31 March 2019.

iv. Impacts of adoption of IFRS 9 on these condensed interim financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

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Financial assets (01 July 2018)

	Available for Sales (AFS)	FVTOCI	Trade debts categorized as:	
			Loans and receivables	Amortised cost
Rupees in thousands				
Opening balance (before reclassification)	50,867	-	180,720	-
Adjustment on adoption of IFRS 9:				
- Reclassification of equity investments from available for sale to FVTOCI	(50,867)	50,867	-	-
- Reclassification of trade debts	-	-	(180,720)	180,720
- Recognition of expected life time credit losses on trade debts	-	-	-	(4,470)
Opening balance (after reclassification)	-	50,867	-	176,250

The impact of these changes on the Company's reserves and equity is as follows:

Reserves and equity (01 July 2018)

	Effect on accumulated loss	Effect on fair value reserve of AFS investments	Effect on fair value reserve of FVTOCI investments
Opening balance (before reclassification)	(123,360)	31,628	-
Adjustment on adoption of IFRS 9 reclassification of fair value reserve of AFS investments to fair value reserve of FVTOCI investments	-	(31,628)	31,628
Adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts	(4,470)	-	-
Opening balance (after reclassification)	(127,830)	-	31,628

Effect on total equity as a result of adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts is Rupees 4.470 million and there is no effect on total equity as a result of adjustment on adoption of IFRS 9 reclassification of fair value reserve of AFS investments to fair value reserve of FVTOCI investments.

Equity investments previously classified as available-for-sale

The Company elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale, as these investments are not held for trading. As a result, assets with a fair value of Rupees 50.867 million were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income (FVTOCI) and fair value gains of Rupees 31.628 million were reclassified from the available-for-sale financial assets reserve to the financial assets at fair value through other comprehensive income reserve on 01 July 2018.

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of financial instruments of the Company were as follows:

	Measurement category		Carrying amounts		
	Original	New	Original	New	Difference
	(IAS 39)	(IFRS 9)	Rupees in thousand		
Non-current financial assets					
Long term investments	Available for sale	FVTOCI	-	50,867	50,867
Long term security deposits	Loans and receivables	Amortised cost	1,576	1,576	-
Current financial assets					
Trade debts	Loans and receivables	Amortised cost	180,720	176,250	(4,470)
Advances	Loans and receivables	Amortised cost	184	184	-
Other receivables	Loans and receivables	Amortised cost	4,571	4,571	-
Short term investments	Available for sale	FVTOCI	50,867	-	(50,867)
Cash and bank balances	Loans and receivables	Amortised cost	4,760	4,760	-

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	Measurement category		Carrying amounts		
	Original	New	Original	New	Difference
	(IAS 39)	(IFRS 9)	Rupees in thousand		
Non-current financial liabilities					
Long term financing	Amortised cost	Amortised cost	27,103	27,103	-
Current financial liabilities					
Trade and other payable	Amortised cost	Amortised cost	635,480	635,480	-
Accrued mark-up	Amortised cost	Amortised cost	3,032	3,032	-
Short term borrowings	Amortised cost	Amortised cost	322,772	322,772	-
Current portion of long term financing	Amortised cost	Amortised cost	25,567	25,567	-
Unclaimed dividend	Amortised cost	Amortised cost	3,838	3,838	-

3.2.2 IFRS 15 'Revenue from Contracts with Customers'

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results.

i) Key changes in accounting policies resulting from application of IFRS 15

The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Otherwise, control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company

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and the Company has an enforceable right to payment for performance completed to date.

- b) Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered.
- c) Interest
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.
- d) Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.
- ii) Impacts of adoption of IFRS 15 on these condensed interim financial statements as on 01 July 2018
The following adjustments were made to the amounts recognized in the condensed interim financial statements at 01 July 2018.

Statement of financial position

	30 June 2018 Reported	Adjustment	30 June 2018 Restated
Rupees in thousands			
Current assets			
Stock in trade	336,358	71,001	407,359
Trade debts	180,720	(82,653)	98,067
Current liabilities			
Trade and other payables	657,409	(583)	656,826
Equity			
Reserves	594,668	(11,070)	583,598

3.2.3 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

	Unaudited 31 March 2019	Audited 30 June 2018
(Rupees in thousands)		
4. LONG TERM FINANCING - SECURED		
Opening balance	52,670	120,502
Add: Obtained during the period / year	-	-
Less: Repaid during the period / year	22,301	67,832
	30,369	52,670
Less: Current portion shown under current liabilities	13,067	25,567
	17,302	27,103

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5. CONTINGENCIES AND COMMITMENTS

Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

Commitments

Letters of credit for other than capital expenditures amounted to Rupees 6.942 million (30 June 2018: Rupees 103.383 million).

	Un-audited 31 March 2019	Audited 30 June 2018
(Rupees in thousands)		
6. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 6.1)	838,345	887,854
Capital work-in-progress (Note 6.2)	-	2,750
	838,345	890,604
6.1 Operating fixed assets		
Opening book value	887,854	879,749
Add: Cost of additions during the period / year (Note 6.1.1)	9,862	86,746
Less: Book value of deletions during the period / year (Note 6.1.2)	1,561	29
Less: Depreciation charged during the period / year	57,810	78,612
Closing book value	838,345	887,854
6.1.1 Cost of additions		
Plant and machinery	2,595	28,858
Vehicles	7,267	7,009
Residential and other buildings on freehold land	-	50,879
	9,862	86,746
6.1.2 Book value of deletions		
Plant and machinery	235	-
Vehicles	1,326	29
	1,561	29
6.2 Capital work-in-progress		
Advance against purchase of vehicles	-	2,750
	-	2,750

	Un-Audited			
	Nine Months Ended 31 March 2019	31 March 2018	Quarter Ended 31 March 2019	31 March 2018
(Rupees in thousand)				
7 COST OF SALES				
Raw materials consumed	2,868,801	2,148,174	977,398	772,161
Salaries, wages and other benefits	255,883	231,471	88,826	79,749
Stores and spare parts consumed	69,910	69,461	19,704	21,809
Packing materials consumed	56,679	57,004	18,485	20,367
Repair and maintenance	11,546	17,101	2,246	5,393
Fuel and power	419,102	359,179	134,985	134,903
Insurance	5,483	5,132	1,852	1,756
Other factory overheads	4,657	6,051	1,805	2,773
Depreciation	52,597	56,032	17,546	18,942
	3,744,658	2,949,605	1,262,847	1,057,853

SHAMS TEXTILE MILLS LIMITED

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	Un-Audited			
	Nine months ended		Quarter ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	(Rupees in thousand)			
Work-in-process:				
Opening stock	45,449	33,878	51,173	34,485
Closing stock	(41,895)	(28,309)	(41,895)	(28,309)
	3,554	5,569	9,278	6,176
Cost of goods manufactured	3,748,212	2,955,174	1,272,125	1,064,029
Finished goods:				
Opening stock	176,788	469,235	432,408	179,523
Closing stock	(471,471)	(124,879)	(471,471)	(124,879)
	(294,683)	344,356	(39,063)	54,644
	3,453,529	3,299,530	1,233,062	1,118,673

	Un-audited	
	Nine Months Ended	
	31 March 2019	31 March 2018
	(Rupees in thousand)	

8. CASH GENERATED FROM OPERATIONS

Profit before taxation	33,827	64,461
Adjustments for non-cash charges and other items:		
Depreciation	57,810	58,260
Gain on sale of property, plant and equipment	(1,494)	(6)
Finance cost	31,250	31,551
Gain on sale of investment	-	(9,272)
Reversal of provision for slow moving and obsolete items	-	(5,000)
Dividend income	(168)	(150)
Working capital changes (Note 8.1)	(90,161)	269,249
	31,064	409,093

8.1 Working capital changes

(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	12,151	4,724
- Stock-in-trade	(285,847)	186,344
- Trade debts	(79,549)	(45,450)
- Advances	49,112	1,529
- Short term prepayments	(2,094)	(2,092)
- Other receivables	7,279	2,206
- Sales tax refundable	(13,308)	3,485
	(312,256)	150,746
Increase in trade and other payables	222,095	118,503
	(90,161)	269,249

9. 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 these 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.

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Recurring fair value measurements At 31 March 2019	Level 1	Level 2	Level 3	Total
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Rupees in thousand

Financial assets

Investments at fair value through other comprehensive income	39,725	-	-	39,725
Total financial assets	39,725	-	-	39,725

Recurring fair value measurements At 30 June 2018	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

Rupees in thousand

Financial assets

Available for sale financial assets	50,867	-	-	50,867
Total financial assets	50,867	-	-	50,867

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.

10. TRANSACTION 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:

i. Transactions	Un-Audited			
	Nine Months Ended 31 March 2019	31 March 2018	Quarter ended 31 March 2019	31 March 2018

(Rupees in thousand)

Associated companies

Sale of goods and services	1,633	1,844	133	-
Purchase of goods and services	164	173	62	41
Insurance premium	9,008	8,899	448	735
Rent expense	1,800	1,710	600	600
Purchase of operating fixed assets	-	4,212	-	-
Electricity purchased	1,065	22,093	-	117

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	Un-Audited			
	Nine Months Ended 31 March 2019	31 March 2018	Quarter ended 31 March 2019	31 March 2018

(Rupees in thousand)

Other related parties				
Company's contribution to employees' provident fund trust	4,229	4,157	1,510	1,409
Remuneration of Chief Executive, Director and Executives	23,526	23,721	7,842	7,909

ii. Period end balances	As at 31 March 2019 (Un-audited)		
	Associated Companies	Other related Parties	Total

(Rupees in thousand)

Trade and other payables	4,457	105,950	110,407
Long term investments	4,397	-	4,397
Other receivables	640	-	640

	As at 30 June 2018 (Audited)		
	Associated Companies	Other related Parties	Total

(Rupees in thousand)

Trade and other payables	332	38,846	39,178
Trade debts	4,052	-	4,052
Short term investments	5,728	-	5,728
Other receivables	2,756	-	2,756

11. 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 2018.

12. 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 26 April, 2019.

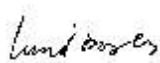
13. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim statement of financial position 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 statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

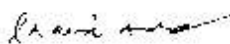
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

14. GENERAL

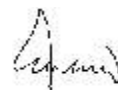
Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



Chief Executive



Director



Chief Financial Officer

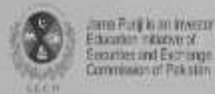
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