



of Companies

HALF YEARLY ACCOUNTS
2018-2019
(UN - AUDITED)

UMER GROUP OF COMPANIES

BLESSED TEXTILES LIMITED

VISION

A leader company maintaining an excellent level of ethical and professional standards.



MISION STATEMENT

To become a top quality manufacturer of textile products in the local & international markets.

Directors' Review

On behalf of the board of directors of Blessed Textiles Limited, I am presenting the unaudited condensed interim financial statements for the half year ended December 31, 2018.

Significant financial performance of the half year ended December 31, 2018;

Profit after tax for the half year ended December 31, 2018 is PKR 207.894 million as compared to PKR 161.148 million for the corresponding period ended December 31, 2017.

Earnings per share for the half year ended December 31, 2018 is PKR 32.32 (PKR 25.05; December 2017).

Break-up value of the share as on December 31, 2018 is PKR 514.89 (PKR 505.57; June 2018).

During the half year ended December 31, 2018 profit after tax is increased by 29.01% as compared to corresponding period ended December 31, 2017.

Forthcoming view of textile sector

The competitiveness of Pakistan's textile industry has generally been based on local availability of high-quality cotton and there was a notion that the textile industry would remain competitive incessantly is not the situation any longer.

The current year statistics exhibited a bleak depiction where the expected produce of 10.78 million cotton bales in the ongoing financial year has been a decreased by 9.7% compared to the previous year besides being down by 24% from the initial target of 14.37 million bales.

Indisputably the textile industry has been a major source of foreign exchange earnings and employment for Pakistan and the industry was appeased by successive governments through various concessions such as grants, subsidies and tax-breaks with the presumption that this would help sustain and boost exports in a sustained manner.

Due to unavailability of adequate resources the textile industry generally been targeting low value-added markets in Europe and North America in addition to riddled with problems which include a liquidity issues, high cost of production, unreliable supply of utilities and raw material. Moreover, the recent raised in commercial lending by 1.5% leave little room for alternative financing forcing the sector in considerable liquidity constraints due to delay in processing of pending tax refunds and release of technology up-gradation funds.

The government need to address the issues on priority basis by devising a long term plan for the textile sector of the country else the sustainable growth of textile sector cannot be achieved.

Acknowledgement

The Board highly appreciates the contribution of employees, bankers, corporate regulators, stakeholders and other government authorities for their continuous support.

On behalf of the Board



Mohammad Amin

(Chief Executive)

Karachi: February 25, 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of BLESSED TEXTILES LIMITED Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **BLESSED TEXTILES LIMITED** [‘the Company’] as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows , condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the three-month period ended December 31, 2018 of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor’s review report is **ZUBAIR IRFAN MALIK**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Date: FEBRUARY 25, 2019
Place: LAHORE

BLESSED TEXTILES LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	Note	December 31, 2018 Rupees (Un-audited)	June 30, 2018 Rupees (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
6,500,000 (June 30, 2018: 6,500,000) ordinary shares of Rs. 10 each		65,000,000	65,000,000
Issued, subscribed and paid-up capital		64,320,000	64,320,000
General reserve		3,000,000,000	3,000,000,000
Accumulated profits		247,442,637	187,484,648
TOTAL EQUITY		3,311,762,637	3,251,804,648
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances - secured		1,530,843,082	1,543,019,632
Deferred liabilities	6	555,555,517	529,948,362
		2,086,398,599	2,072,967,994
CURRENT LIABILITIES			
Trade and other payables		490,415,607	487,985,016
Unclaimed dividend		5,084,882	3,877,973
Accrued interest/markup/profit		51,560,288	38,781,113
Short term borrowings - secured		2,947,835,034	3,146,462,335
Current portion of non-current liabilities		345,780,007	303,439,273
		3,840,675,818	3,980,545,710
TOTAL LIABILITIES		5,927,074,417	6,053,513,704
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		9,238,837,054	9,305,318,352

The annexed notes from 1 to 16 form an integral part of these interim financial statements.



CHIEF EXECUTIVE
February 25, 2019



CHIEF FINANCIAL OFFICER



DIRECTOR

BLESSED TEXTILES LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	Note	December 31, 2018 Rupees (Un-audited)	June 30, 2018 Rupees (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	3,639,369,499	3,595,552,344
Long term deposits - <i>unsecured, considered good</i>		14,394,095	14,144,095
		3,653,763,594	3,609,696,439
CURRENT ASSETS			
Stores, spares and loose tools		81,956,980	71,765,436
Stock in trade		3,907,887,497	3,893,102,492
Trade debts		610,603,588	926,183,117
Advances, deposits, prepayments and other receivables		188,750,076	150,108,121
Sales tax refundable		231,023,020	180,087,987
Advance income tax		338,368,469	334,546,794
Cash and bank balances		226,483,830	139,827,966
		5,585,073,460	5,695,621,913
TOTAL ASSETS		<u>9,238,837,054</u>	<u>9,305,318,352</u>

The annexed notes from 1 to 16 form an integral part of these interim financial statements.



CHIEF EXECUTIVE
February 25, 2019



CHIEF FINANCIAL OFFICER




DIRECTOR

BLESSED TEXTILES LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018

	Note	Six month ended		Three month ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		Rupees	Rupees	Rupees	Rupees
Sales - net		5,617,153,395	4,799,777,185	2,863,133,859	2,410,399,799
Cost of sales		4,990,803,312	4,333,747,868	2,537,147,285	2,158,874,320
Gross profit		626,350,083	466,029,317	325,986,574	251,525,479
Selling and distribution expenses		105,329,122	91,037,711	47,612,355	41,017,925
Administrative and general expenses		62,097,591	60,095,649	31,751,560	29,624,990
		167,426,713	151,133,360	79,363,915	70,642,915
Other income		458,923,370	314,895,957	246,622,659	180,882,564
		2,577,885	1,834,537	1,251,196	881,138
Operating profit		461,501,255	316,730,494	247,873,855	181,763,702
Finance cost		168,130,635	79,121,523	95,880,738	42,697,932
Other charges		20,287,144	16,463,543	10,584,765	9,700,775
		188,417,779	95,585,066	106,465,503	52,398,707
Profit before taxation		273,083,476	221,145,428	141,408,352	129,364,995
Provision for taxation	9	65,189,487	59,997,215	34,698,543	30,129,998
Profit after taxation		207,893,989	161,148,213	106,709,809	99,234,997
Earnings per share - basic and diluted		32.32	25.05	16.59	15.43

The annexed notes from 1 to 16 form an integral part of these interim financial statements.


CHIEF EXECUTIVE
February 25, 2019


CHIEF FINANCIAL OFFICER


DIRECTOR

BLESSED TEXTILES LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018

	Six month ended		Three month ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Profit after taxation	207,893,989	161,148,213	106,709,809	99,234,997
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>207,893,989</u>	<u>161,148,213</u>	<u>106,709,809</u>	<u>99,234,997</u>

The annexed notes from 1 to 16 form an integral part of these interim financial statements.



CHIEF EXECUTIVE
February 25, 2019



CHIEF FINANCIAL OFFICER




DIRECTOR

BLESSED TEXTILES LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018

	Share capital	Revenue reserves		Total equity
	Issued	General reserve	Accumulated profit	
	subscribed and paid-up capital			
	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2017 - Audited	64,320,000	2,800,000,000	108,958,561	2,973,278,561
Comprehensive income				
Profit after taxation	-	-	161,148,213	161,148,213
Other comprehensive income	-	-	-	-
	-	-	161,148,213	161,148,213
Transaction with owners				
Final dividend @ 153% i.e. Rs. 15.30 per ordinary share	-	-	(98,409,564)	(98,409,564)
Balance as at Dember 31, 2017 - Un-audited	<u>64,320,000</u>	<u>2,800,000,000</u>	<u>171,697,210</u>	<u>3,036,017,210</u>
Balance as at January 01, 2018 - Un-audited	64,320,000	2,800,000,000	171,697,210	3,036,017,210
Comprehensive income				
Profit after taxation	-	-	207,326,981	207,326,981
Other comprehensive income	-	-	8,460,457	8,460,457
Total comprehensive income	-	-	215,787,438	215,787,438
Transaction with owners				
Profit transferred to general reserve	-	200,000,000	(200,000,000)	-
Balance as at June 30, 2018 - Audited	<u>64,320,000</u>	<u>3,000,000,000</u>	<u>187,484,648</u>	<u>3,251,804,648</u>
Balance as at July 01, 2018 - Audited	64,320,000	3,000,000,000	187,484,648	3,251,804,648
Comprehensive income				
Profit after taxation	-	-	207,893,989	207,893,989
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	207,893,989	207,893,989
Transaction with owners				
Final dividend @ 230% i.e. Rs. 23 per ordinary share	-	-	(147,936,000)	(147,936,000)
Balance as at December 31, 2018 - Un-audited	<u>64,320,000</u>	<u>3,000,000,000</u>	<u>247,442,637</u>	<u>3,311,762,637</u>

The annexed notes from 1 to 16 form an integral part of these interim financial statements.


CHIEF EXECUTIVE
February 25, 2019


CHIEF FINANCIAL OFFICER



DIRECTOR

BLESSED TEXTILES LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018

	Six month ended	
	December 31, 2018	December 31, 2017
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	273,083,476	221,145,428
Adjustments for non-cash and other items		
Finance cost	168,130,635	79,121,523
Loss/(gain) on disposal of property, plant and equipment	47,471	(384,899)
Provision for employees retirement benefits	18,420,000	16,970,000
Depreciation	180,846,000	193,092,000
	367,444,106	288,798,624
Operating profit before changes in working capital	640,527,582	509,944,052
Changes in working capital		
Stores, spares and loose tools	(10,191,544)	(9,055,084)
Stock in trade	(14,785,005)	(512,474,088)
Trade debts	315,579,529	(54,441,039)
Advances, deposits, prepayments and other receivables	(38,641,955)	(24,518,186)
Sales tax refundable	(50,935,033)	107,927,004
Trade and other payables	2,430,591	232,688,274
Long term payables	22,161,935	20,099,517
	225,618,518	(239,773,602)
Net cash generated from operations	866,146,100	270,170,450
Payments for:		
Employees retirement benefits	(14,974,780)	(11,139,058)
Interest/markup/profit	(155,351,460)	(79,798,871)
Income tax	(69,011,162)	(44,761,759)
Net cash generated from operating activities	626,808,698	134,470,762
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(235,117,626)	(63,650,936)
Proceeds from disposal of property, plant and equipment	10,407,000	750,000
Long term deposit refunded	(250,000)	-
Net cash used in investing activities	(224,960,626)	(62,900,936)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finances obtained	172,191,000	28,868,000
Repayment of long term finances	(142,026,816)	(100,485,688)
Net (decrease)/increase in short term borrowings	(198,627,301)	165,566,817
Dividend paid	(146,729,091)	(97,368,029)
Net cash used in financing activities	(315,192,208)	(3,418,900)
NET INCREASE IN CASH AND CASH EQUIVALENTS	86,655,864	68,150,926
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	139,827,966	35,442,494
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	226,483,830	103,593,420

The annexed notes from 1 to 16 form an integral part of these interim financial statements.


CHIEF EXECUTIVE
February 25, 2019


CHIEF FINANCIAL OFFICER


DIRECTOR

BLESSED TEXTILES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018

1 LEGAL STATUS AND OPERATIONS

Blessed Textiles Limited [the Company] was incorporated in Pakistan as a Public Limited Company under the repealed Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. The Company is primarily engaged in the manufacture and sale of yarn and woven fabric, however, it is also engaged in the generation of electricity for self consumption. The registered office of the Company is situated at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. The manufacturing facility is located at 18 KM, Feroze Wattoan, Sheikhpura Road, District Sheikhpura in the Province of Punjab.

2 BASIS OF PREPARATION

The interim financial statements are un-audited and has been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2018.

This interim financial statements have been subjected to limited scope review by the auditors of the company, as required by the Companies Act, 2017 under section 237. The comparative condensed interim statement of financial position as at June 30, 2018 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and related notes to the condensed interim financial statements for the six month period ended December 31, 2017 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended December 31, 2018 and December 31, 2017 are neither audited nor reviewed.

2.1 Statement of compliance

These 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 comprises of:

- International Accounting Standard 34 - Interim Financial Reporting, issued by 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 Basis of measurement

These interim financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual

2.3 Judgments, estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4 Functional currency

These interim financial statements are prepared in Pak Rupees which is the Company's functional currency.

2.5 Date of authorisation for issue

These interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 25, 2019.

BLESSED TEXTILES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE PERIOD.

The following new and revised standards, interpretations and amendments are effective in the current period but, unless specified otherwise, are either not relevant to the Company or their application does not have any material impact on the interim financial statements of the Company other than presentation and disclosures.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customer.

- Identify the contract with customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contracts.
- Recognized revenue when (or as) the entity satisfies a performance obligation.

Clarifications to IFRS 15 - Revenue from Contracts with Customers

IFRS 15 - Revenue from Contracts with Customers have been amended to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

IFRIC 22 - Foreign Currency Transactions and Advances Consideration

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 - Share-based Payment)

IFRS 2 - Share-based Payment have been amended to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance Contracts)

IFRS 4 Insurance Contracts have been amended to provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

Transfers of Investment Property (Amendments to IAS 40 - Investment Property)

IAS 40 - Investment Property have following amendments:

- Paragraph 57 have been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
- The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

BLESSED TEXTILES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018

Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 1 - First-time Adoption of International Financial Reporting Standards and IAS 28 - Investments in Associates and Joint Ventures)

Annual improvements makes amendments to the following standards:

- IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.
- IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

	Effective date (reporting period / year ended on or after)
IFRS 9 - Financial Instruments (2014)	June 30, 2019
	Effective date (annual periods beginning on or after)
IFRS 16 - Leases (2016)	January 01, 2019
IFRS 17 - Insurance contracts (2017)	January 01, 2021
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)	January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	January 01, 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee Benefits)	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Definition of a Business (Amendments to IFRS 3 - Business Combinations)	January 01, 2020
Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	January 01, 2020
Other than afore mentioned standards, interpretations and amendments, IABS has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan [‘SECP’]:	
IFRS 1 - First Time Adoption of International Financial Reporting Standards	
IFRS 14 - Regulatory Defferal Accounts	
IFRS 17 – Insurance contracts (2017)	

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company’s financial statements other than in presentation/disclosures.

IFRS 9 - Financial Instruments

Finalised version of IFRS 9 - Financial Instruments: *Recognition and Measurement* which contains accounting requirement for financial instruments, replacing IAS 39 - Financial Instruments: *Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a ‘fair value through other comprehensive income’ category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity’s own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an ‘expected credit loss’ model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

BLESSED TEXTILES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018

- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

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

	December 31, 2018	June 30, 2018
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
6 DEFERRED LIABILITIES		
Employees retirement benefits	129,502,164	126,056,944
Long term payables - <i>Excise and Taxation</i>	80,808,917	73,370,210
Long term payables - <i>Gas Infrastructure Development Cess</i>	128,173,539	113,450,311
Deferred taxation	217,070,897	217,070,897
	<u>555,555,517</u>	<u>529,948,362</u>

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

7.1.1 Bills discounted/negotiated as at the reporting date amount to Rs. 862.058 million (June 30, 2018: Rs. 613.268 million).

7.1.2 There is no significant change in the status of remaining contingencies since June 30, 2018.

7.2 Commitments

	<i>Note</i>	December 31, 2018	June 30, 2018
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>
7.2.1 Commitments under irrevocable letters of credit for:			
- purchase of stores, spares and loose tools		26,383,603	43,783,091
- purchase of raw material		1,257,422,305	1,678,378,680
- capital expenditures			
		<u>1,283,805,907</u>	<u>1,722,161,771</u>
7.2.2 Commitments for capital expenditure (irrevocable letter of credits)		<u>274,016,021</u>	<u>15,044,611</u>
8 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	3,414,361,916	3,592,585,178
Capital work in progress		225,007,583	2,967,166
		<u>3,639,369,499</u>	<u>3,595,552,344</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018

	<i>Note</i>	December 31, 2018	June 30, 2018
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>
8.1 Operating fixed assets			
Net book value at the beginning of the period/year		3,592,585,178	3,868,751,584
Additions during the period/year			
Freehold land		-	2,601,500
Factory buildings		-	46,250,418
Plant and machinery		-	47,065,682
Equipment and other assets		-	10,734,409
Electric installation		-	430,000
Furniture and fixtures		396,000	300,000
Office equipments		-	1,254,876
Vehicles		12,681,209	8,386,850
		13,077,209	117,023,735
Net book value of assets disposed during the period/year		(10,454,471)	(6,525,531)
Depreciation for the period/year		(180,846,000)	(386,664,610)
Net book value at the end of the period/year		3,414,361,916	3,592,585,178
		Six month ended	Three month ended
	<i>Note</i>	December 31, 2018	December 31, 2017
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
		December 31, 2018	December 31, 2018
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>

9 PROVISION FOR TAXATION

Provision for taxation					
Current taxation	9.1	65,189,487	59,997,215	34,698,543	30,129,998
Deferred taxation	9.2	-	-	-	-
		65,189,487	59,997,215	34,698,543	30,129,998

9.1 Provision for current tax has been in accordance with the requirements of section 113 and 169 of the Income Tax Ordinance, 2001.

9.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.

10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the period or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Faisal Spinning Mills Limited	Associated company	Common directorship	18.49%
Bhanero Textiles Mills Limited	Associated company	Common directorship	N/A
Bhanero Energy Limited	Associated company	Common directorship	N/A
Admiral (Private) Limited	Associated company	Common directorship	N/A
Mohammad Amin	Key management personnel	Chief executive officer	4.39%
Adil Shakeel	Key management personnel	Director	6.91%
Mohammad Shaheen	Key management personnel	Director	1.07%

Transactions with key management personnel are limited to payment of short term employee benefits only. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an orderly transaction between market participants at the date of transaction.

There are no balances with related parties as at the reporting date. Names, basis of relationship, details of transactions with associated undertakings & related parties is as follows:

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018

		Six month ended	
		December 31, 2018	December 31, 2017
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
10.1	Transactions with related parties		
	Nature of relationship		
	Nature of transaction		
	Associated companies		
	Purchases	137,141,389	238,665,351
	Sales	667,049,815	608,195,324
	Service received	154,500	154,500
	Purchase of electricity	86,101,192	322,880,495
	Key management personnel		
	Short term employees benefits	11,700,000	16,970,000

11 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

	<i>Note</i>	December 31, 2018	June 30, 2018
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
Financial assets			
Cash in hand		23,353	-
Loans and receivables			
Long term deposits		14,394,095	14,144,095
Trade debts		610,603,588	926,183,117
Advances to employees		18,730,441	9,184,188
Security deposits		80,682,579	70,031,650
Bank balances		226,483,830	139,827,966
		950,894,533	1,159,371,016
		950,917,886	1,159,371,016
Financial liabilities			
Financial liabilities at amortized cost			
Long term finances		1,876,623,089	1,846,458,905
Short term borrowings		2,947,835,034	3,146,462,335
Accrued interest/markup		51,560,288	38,781,113
Trade creditors		226,411,384	225,895,934
Accrued liabilities		213,100,784	203,440,186
Unclaimed dividend		5,084,882	3,877,973
		5,320,615,461	5,464,916,446

12 FAIR VALUE MEASUREMENTS

12.1 Financial Instruments

There are no recurring or non-recurring fair value measurements as at the reporting date. The management considers the carrying amount of all the financial instruments to approximate their fair values.

12.2 Assets and liabilities other than financial instruments.

None of the assets and liabilities other than financial instruments are measured at fair value.

BLESSED TEXTILES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018

13 SEGMENT REPORTING

The Company has two reportable segments, which offer different products and are managed separately. The following summary describes the operations in each of the company's reportable segments.

Reportable segment	Principal activity
Spinning	Manufacture and sale of yarn
Weaving	Manufacture and sale of woven fabric

Information about operating segments is as follows:

	Six Month Period Ended December 31, 2018			
	Spinning Rupees (Un-audited)	Weaving Rupees (Un-audited)	Total Rupees (Un-audited)	
Revenue from external customers	4,079,715,742	1,537,437,653	5,617,153,395	
Inter-segment transfers	168,604,300	-	168,604,300	
Segment results	346,433,787	115,067,468	461,501,255	
	Six Month Period Ended December 31, 2017			
	Spinning Rupees (Un-audited)	Weaving Rupees (Un-audited)	Total Rupees (Un-audited)	
Revenue from external customers	3,481,240,291	1,318,536,894	4,799,777,185	
Inter-segment transfers	124,270,993	-	124,270,993	
Segment results	206,202,008	110,528,486	316,730,494	
	As at December 31, 2018			
	Spinning Rupees (Un-audited)	Weaving Rupees (Un-audited)	Un-allocated Rupees (Un-audited)	Total Rupees (Un-audited)
Segment assets	7,109,211,567	1,776,862,923	352,762,564	9,238,837,054
	As at June 30, 2018			
	Spinning Rupees (Un-audited)	Weaving Rupees (Un-audited)	Un-allocated Rupees (Un-audited)	Total Rupees (Un-audited)
Segment assets	7,294,516,948	1,662,110,515	348,690,889	9,305,318,352
	As at December 31, 2018			
	Spinning Rupees (Un-audited)	Weaving Rupees (Un-audited)	Un-allocated Rupees (Un-audited)	Total Rupees (Un-audited)
Segment liabilities	588,055,128	204,001,289	5,135,018,000	5,927,074,417
	As at June 30, 2018			
	Spinning Rupees (Audited)	Weaving Rupees (Audited)	Un-allocated Rupees (Audited)	Total Rupees (Audited)
Segment liabilities	501,257,156	256,037,021	5,296,219,527	6,053,513,704

14 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in these interim financial statements.

15 RECOVERABLE AMOUNTS AND IMPAIRMENT

BLESSED TEXTILES LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2018

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these interim financial statements.

16 GENERAL

16.1 There are no other significant activities since June 30, 2018 affecting the interim financial statements.

16.2 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE
February 25, 2019



CHIEF FINANCIAL OFFICER



DIRECTOR