



**CONDENSED INTERIM FINANCIAL
ACCOUNTS
(UN-AUDITED)**

**For the Period Ended
December 31, 2018**

SANA Industries Limited

33-D-2, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400
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COMPANY INFORMATION

Board of Directors

Mr.Mohammed Younus Nawab	- Chairman
Mr.Ibrahim Younus	- Director
Mr.Ismail Younus	- Director
Mr.Mohammed Faizanullah	- Director
Mr.Mohammad Ishfaq	- Director
Mr.Mohammed Khalid Yousuf	- Director
Hafiz Mohammed Irfan Nawab	- Chief Executive

H.R. & Remuneration Committee

Mr.Mohammed Khalid Yousuf	- Chairman
Mr.Mohammad Ishfaq	- Member
Mr.Ibrahim Younus	- Member

Audit Committee

Mr.Mohammed Khalid Yousuf	- Chairman
Mr.Mohammad Ishfaq	- Member
Mr.Abdul Hameed	- Member
Mr.Mohammed Faizanullah	- Member
	and Secretary

C.F.O./Company Secretary

Mr.Abdul Hussain Antaria

Registered Office

33-D-2, Block 6, P.E.C.H.S
P.O.Box No.10651,
Karachi - 75700
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Fax : 32570833
E-mail : info@sanaindustries.com

Mills

B-186, Hub Industrial Trading Estate,
Hub Chowki, District Lasbela,
Balochistan.
Phone : 0853-363443 - 44
Fax : 0853-363422

Auditors

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Plot No. 180,
Block-A S.M.C.H.S.
Karachi.
Phone : 34549345-9

Legal Advisors

Zaki & Co.,
Advocates
21-A, Wahab Arcade,
M.A.Jinnah Road,
Karachi.
Phone : 32628998 / 32628999

Bankers

Habib Metropolitan Bank Limited
Islamic Banking Branch,
Jodia Bazar,
Karachi.
Phone : 32432528 - 30
Fax : 32432527

Share Registrars

Central Depository Co. of Pakistan Ltd.
Share Registrar Department
CDC House, 99-B, Block B, S.M.C.H.S.,
Karachi.
Phone : 111-111-500
Fax : 34326027

Website for financial data - <http://www.sana-industries.com/>

"DIRECTORS' REPORT

The Directors take pleasure in submitting the un-audited (Reviewed) accounts for the first half year ended 31st December, 2018, as required by the Securities and Exchange Commission of Pakistan, vide Circular No.2(52)SE/2001 dated 5/11/2001.

The results of the First half year have improved considerably as compared to the corresponding period of last year due to prevailing market conditions. During the period under review:-

- (a) the consolidated Net Loss, before tax, during the 'corresponding six months period of last year', amounting to Rs.2.42 million, has been converted to a profit of Rs.54.44 million.
- (b) the unconsolidated Net Loss before tax of Rs.20.59 million during the 'corresponding six months period of last year' has been converted to a Net Profit of Rs.34.71 million, before tax.

In order to facilitate our Share Holders, following comparisons of operating and financial data are annexed:

- | | |
|----------------------------------------------------------|---------|
| (a) Comparison with previous quarter | Annex-A |
| (b) Comparison with corresponding quarter of last year | Annex-B |
| (c) Comparison with corresponding six months period | Annex-C |
| (d) Comparison of Balance Sheet of the last two quarters | Annex-D |
| (e) Comparison of P&L Account of the last two quarters | Annex-E |

As required by SECP, unconsolidated as well as consolidated financial statement for the period are also attached.

FUTURE PROSPECTS

The Management has a neutral view of the future profitability of the Company, but the market conditions seem to be improving.

DIVIDEND

The Directors have decided to skip payment of any interim dividend for consolidation with the final dividend.

PERSONNEL

I would like to place on record my sincere appreciation for the devotion and loyalty of the staff and workers without whose efforts this success could not have been achieved. I look forward to the same devotion and cooperation in the years to come.

(Mohammed Irfan Nawab)
Chief Executive.

28th February, 2019.

ڈائریکٹرز رپورٹ

سیکورٹیز زاینڈ ایڈجسٹمنٹ آف پاکستان کے سرکل نمبر ۲ (۵۲) سی ای ۲۰۰۱ء بتاریخ ۰۵/۱۱/۲۰۰۱ء کے مطابق ۳۱ دسمبر ۲۰۱۸ء کو ختم ہونے والی سہ ماہی کے لئے ڈائیکٹرز غیر پڑتال شدہ اکاؤنٹس جمع کرنے میں خوشی رکھتے ہیں۔

الحمد للہ پہلی ششماہی کے نتائج گزشتہ سال کے مقابلے میں موجودہ مارکیٹ کے حالات کی وجہ سے بہتری ہوئی ہے

- (۱) گزشتہ ششماہی میں جمع شدہ خالص نقصان قبل از ٹیکس 2.42 ملین روپے کے نقصان سے اس ششماہی کے دوران 54.44 ملین روپے منافع ہوا ہے
- (۲) UNCONSOLIDATED ACCOUNTS میں گزشتہ سال ششماہی میں جمع شدہ خالص نقصان قبل از ٹیکس 20.59 ملین روپے سے 34.71 ملین روپے منافع ہوا ہے
- ہمارے حصص داران کی سہولت کے لئے مندرجہ ذیل آپریٹنگ اور فنانشل ڈیٹا ساتھ منسلک ہے۔

Annex-A	(۱) گزشتہ سہ ماہی سے موازنہ:
Annex-B	(ب) گزشتہ سال کی اسی سہ ماہی سے موازنہ
Annex-C	(پ) گزشتہ سال کی اسی ششماہی سے موازنہ
Annex-D	(ت) بیلنس شیٹ کا بہ لحاظ سہ ماہی سے موازنہ
Annex-E	(ث) نفع و نقصان کھاتہ جات کا بہ لحاظ سہ ماہی موازنہ
	مستقبل کے مسائل:

کمپنی کے مستقبل کے منافع کے بارے میں انتظامیہ زیادہ پر امید ہے اگر مارکیٹ کے حالات ایسے ہی رہے۔

ڈیوڈنڈ:

ڈائریکٹرز نے فیصلہ کیا ہے کہ حتمی فیصلہ تک کسی بھی طرح کے عبوری ڈیوڈنڈ کی ادائیگی کو روک دیا جائے۔

اظہار تشکر:

میں اپنے تمام اسٹاف و اراکین کا ان کی لگن اور وفاداری پر شکریہ ادا کرتا ہوں، کمپنی کی کامیابی اس کے ورکرز کی کوششوں کے بغیر ممکن نہیں ہے میں امید رکھتا ہوں کہ آپ آئندہ آنے والے سالوں میں بھی اسی لگن و جذبے کا مظاہرہ کریں گے۔

(محمد عرفان نواب)

چیف ایگزیکٹو

کراچی: ۲۸ فروری ۲۰۱۹ء

Comparison with previous quarter

Annexure A

Covering period FROM TO	01-Oct-2018 31-Dec-2018	01-Jul-2018 30-Sep-2018	VARIATION	
			Amount	Percentage
Turnover - net	541.42	592.90	(51.47)	-8.68%
Cost of Sales	465.72	528.85	(63.13)	-11.94%
Gross Profit	75.71	64.05	11.66	18.20%
G.P. Rate to Sales	13.98%	10.80%		3.18%
Administrative, Selling, Financial & Other expenses	51.95	37.74	14.22	37.67%
Other income	0.22	4.15	(3.94)	-94.79%
Net Profit before taxation	23.97	30.47	(6.50)	-21.33%
N.P. Rate to Sales	4.43%	5.14%		
Provision for Taxation	9.40	6.10	3.30	54.08%
Profit after Taxation	14.57	24.37	(9.80)	-40.21%
Attributable to:				
- Shareholders of the Holding Company	13.53	21.85	(8.32)	-38.06%
- Non - controlling interest	1.04	2.52	(1.48)	-58.78%
	14.57	24.37		
Earning per share (before tax)	2.79	3.55	(0.76)	-21.41%
Earning per share (after tax)	1.70	2.54	(0.84)	-33.07%

Comparison with corresponding quarter of last year

Annexure B

Covering period FROM TO	01-Oct-2018 31-Dec-2018	01-Oct-2017 31-Dec-2017	VARIATION	
			Amount	Percentage
Turnover - net	541.42	536.95	4.47	0.83%
Cost of Sales	465.72	502.06	(36.35)	-7.24%
Gross Profit	75.71	34.89	40.82	117.00%
G.P. Rate to Sales	13.98%	6.50%		
Administrative, Selling, Financial & Other expenses	51.95	30.87	21.08	68.30%
Other income	0.22	0.09	0.12	133.20%
Net Profit before taxation	23.97	4.11	19.86	482.96%
N.P. Rate to Sales	4.43%	0.77%		
Provision for Taxation	9.40	29.23	(19.83)	-67.84%
Profit / (Loss) after Taxation	14.57	(25.12)	39.69	-158.00%
Attributable to:				
- Shareholders of the Holding Company	13.53	(25.10)	38.63	-153.90%
- Non - controlling interest	1.04	(0.014)	1.05	-7510.60%
	14.57	(25.12)		
Earning per share (before tax)	2.79	0.48	2.31	481.25%
Earning / (Loss) per share (after tax)	1.70	(2.92)	4.62	-158.22%

Comparison with corresponding six months of last year

Annexure C

Covering period FROM TO	01-Jul-2018 31-Dec-2018	01-Jul-2017 31-Dec-2017	VARIATION	
			Amount	Percentage
Turnover - net	1,134.32	1,013.81	120.51	11.89%
Cost of Sales	994.56	954.51	40.05	4.20%
Gross Profit	139.76	59.30	80.46	135.67%
G.P. Rate to Sales	12.32%	5.85%		
Administrative, Selling, Financial & Other expenses	89.69	62.32	27.37	43.92%
Other income	4.37	0.60	3.77	632.75%
Net Profit / (Loss) before taxation	54.44	(2.42)	56.86	-2349.09%
N.P. / (Loss) Rate to Sales	4.80%	-0.24%		
Provision for Taxation	15.50	4.73	10.78	228.00%
Profit / (Loss) after Taxation	38.94	(7.15)	46.08	-644.77%
Attributable to:				
- Shareholders of the Holding Company	35.38	(15.40)	50.77	-329.74%
- Non - controlling interest	3.56	8.25	(4.69)	-56.86%
	38.94	(7.15)		
Earning / (Loss) per share (before tax)	6.33	(0.28)	6.61	-2360.71%
Earning / (Loss) per share (after tax)	4.53	(0.83)	5.36	-645.78%

COMPARISON OF BALANCE SHEET OF TWO QUARTERS

	1ST QUARTER 30-Sep-2018 Rupees	2ND QUARTER 31-Dec-2018 Rupees
ASSETS		
NON CURRENT ASSETS		
Property, Plant and equipments	654,250,416	655,908,719
Long-term deposits	6,403,551	6,403,551
	660,653,967	662,312,270
CURRENT ASSETS		
Stock-in-trade	150,049,715	216,472,125
Short term investment	-	1,705,555
Trade debts- unsecured, considered good	371,944,095	290,681,530
Advances	19,301,566	17,187,863
Deposits and pre-payments	6,335,455	4,976,440
Other receivables	38,674,350	40,337,945
Taxation - net	66,314,527	68,641,493
Cash and bank balances	16,397,257	7,818,160
	669,016,965	647,821,111
TOTAL ASSETS	1,329,670,933	1,310,133,381
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share Capital	85,937,500	85,937,500
Reserves	269,618,111	265,960,832
Attributable to equity holders of the parent	355,555,611	351,898,332
Non-controlling interest	29,992,607	31,031,489
	385,548,218	382,929,821
NON CURRENT LIABILITIES		
Diminishing Mushareqa	123,761,773	112,067,887
Long term Liabilities	33,484,836	21,727,498
Deferred Liabilities	40,209,973	50,006,139
	197,456,582	183,801,524
CURRENT LIABILITIES		
Trade and other payables	156,012,309	158,271,502
Finance cost Payable	9,494,872	9,303,669
Borrowings from Directors and related parties	72,385,000	86,135,000
Current portion of diminishing mushreqa arrangements	52,943,358	50,583,787
Current portion of long term liability	17,039,862	16,888,109
Unclaimed dividend	1,650,116	2,866,251
Morabaha Arrangements	437,140,616	419,353,718
Taxation - net	-	-
	746,666,133	743,402,036
CONTINGENCIES AND COMMITMENTS	-	-
TOTAL EQUITY AND LIABILITIES	1,329,670,933	1,310,133,381
Debt Equity Ratio	33.87%	32.43%
Current Ratio	0.90	0.87

COMPARISON OF PROFIT & LOSS ACCOUNT OF TWO QUARTERS.

	1ST QUARTER 30-Sep-2018 Rupees	2ND QUARTER 31-Dec-2018 Rupees	Y.T.D. 31-Dec-2018 Rupees
Net turnover	592,898,512	541,424,235	1,134,322,747
Cost of sales	(528,846,393)	(465,716,108)	(994,562,501)
Gross profit	64,052,119	75,708,127	139,760,246
G.P.Rate	10.80%	13.98%	12.32%
Selling and distribution expenses	(4,979,338)	(3,526,764)	(8,506,102)
General and administration expenses	(14,530,870)	(27,808,813)	(42,339,683)
Other operating expenses	(1,635,115)	(1,780,466)	(3,415,581)
Operating profit	42,906,796	42,592,084	85,498,880
Finance cost	(16,593,074)	(18,837,728)	(35,430,802)
Other income	4,154,466	216,282	4,370,748
Profit for the period before taxation	30,468,188	23,970,638	54,438,826
Provision for taxation			
- current	(8,684,155)	(7,733,187)	(16,417,342)
- prior year	-	(2,287,850)	(2,287,850)
- deferred (current)	2,582,284	619,502	3,201,786
	(6,101,871)	(9,401,535)	(15,503,406)
Profit / Loss after taxation	24,366,317	14,569,103	38,935,420
Attributable to:			
- Shareholders of the Holding Company	21,845,782	13,530,221	35,376,003
- Non - controlling interest	2,520,535	1,038,882	3,559,417
	24,366,317	14,569,103	38,935,420
Earning per share before taxation	3.55	2.79	6.33
Earning per share after taxation	2.84	1.70	4.53



Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REVIEW REPORT

To The Members of Sana Industries Limited

Report on Review of Unconsolidated Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Sana Industries Limited** ("the Company") as at **December 31, 2018** and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows and notes to the unconsolidated condensed interim financial statements for the half year ended (here-in-after referred to as the "unconsolidated interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated 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 of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarter ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

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 unconsolidated 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.

Other Matters

The financial statements as at June 30, 2018 and unconsolidated condensed interim financial information as at December 31, 2017 of the Company were audited and reviewed by another auditor whose reports dated September 28, 2018 and February 26, 2018 respectively, expressed an unqualified opinion and conclusion.

The engagement partner on the review resulting in this independent auditor's report is Mr. Muhammad Waseem.

Chartered Accountants
Karachi
Date

SANA INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at December 31, 2018


	Note	(Un-audited) December 31, 2018	(Audited) June 30, 2018
		-----Rupees-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	404,846,709	414,126,767
Investment property	6	77,681,302	83,217,171
Long term deposits		2,796,051	2,836,051
Investments		35,000,000	35,000,000
		<u>520,324,062</u>	<u>535,179,989</u>
Current assets			
Stock-in-trade		216,472,125	176,173,176
Short term investment		1,705,555	-
Trade debts - unsecured		196,140,329	201,099,321
Loans and advances		14,442,534	26,506,976
Trade deposits and short term prepayments		4,221,264	1,565,908
Other receivables		64,954,606	41,843,910
Taxation - net		39,633,373	44,711,863
Cash and bank balances		6,634,989	42,264,953
		<u>544,204,775</u>	<u>534,166,107</u>
Total assets		<u><u>1,064,528,837</u></u>	<u><u>1,069,346,096</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital	7	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up capital	7	<u>85,937,500</u>	<u>85,937,500</u>
Revenue reserve			
General reserves		132,500,000	132,500,000
Unappropriated profit		120,472,102	112,131,845
		<u>338,909,602</u>	<u>330,569,345</u>
Non-current liabilities			
Long term musharika	8	56,600,933	70,975,725
Deferred liabilities	9	50,757,020	45,776,132
		<u>107,357,953</u>	<u>116,751,857</u>
Current liabilities			
Trade and other payables		133,964,109	120,971,787
Finance cost payable		9,303,669	8,720,734
Loan from directors - unsecured	10	13,760,000	3,760,000
Current portion of long term musharika		39,013,535	55,453,527
Unclaimed dividend		2,866,251	1,650,116
Short term morabaha	11	419,353,718	431,468,730
		<u>618,261,282</u>	<u>622,024,894</u>
Contingencies and commitments	12		
Total equity and liabilities		<u><u>1,064,528,837</u></u>	<u><u>1,069,346,096</u></u>

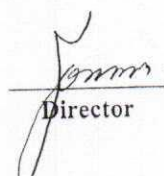
The annexed notes from 1 to 18 form an integral part of these unconsolidated condensed interim financial statements.

SANA INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
For the half year ended December 31, 2018 (Un-audited)

		Half Year Ended		Quarter Ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Note	----- Rupees -----			
Turnover - net	13	946,236,988	865,735,327	447,547,014	459,362,886
Cost of sales		(851,154,839)	(833,634,169)	(394,048,408)	(440,383,890)
Gross profit		95,082,149	32,101,158	53,498,606	18,978,996
Administrative expenses		(33,681,128)	(24,952,145)	(20,544,307)	(12,699,951)
Distribution expenses		(5,513,822)	(6,196,795)	(2,457,544)	(3,281,747)
Other operating expenses		(3,298,241)	(239,760)	(1,694,376)	(110,160)
		(42,493,191)	(31,388,700)	(24,696,227)	(16,091,858)
Operating profit		52,588,958	712,458	28,802,379	2,887,138
Finance costs		(29,363,555)	(23,550,782)	(15,766,957)	(11,887,265)
Other income		4,185,787	555,566	49,626	27,928
Rental income - net		7,301,239	1,691,153	3,870,755	1,457,862
		(17,876,529)	(21,304,063)	(11,846,576)	(10,401,475)
Profit / (loss) before taxation		34,712,429	(20,591,605)	16,955,803	(7,514,337)
Taxation	14	(9,184,672)	(12,651,991)	(6,621,108)	(37,308,676)
Profit / (loss) after taxation		25,527,757	(33,243,596)	10,334,695	(44,823,013)
Earning / (loss) per share - basic and diluted		2.97	(3.87)	1.20	(5.22)

The annexed notes from 1 to 18 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

SANA INDUSTRIES LIMITED

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the half year ended December 31, 2018 (Un-audited)

	<u>Half Year Ended</u>		<u>Quarter Ended</u>	
	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	----- Rupees -----			
Profit / (loss) after taxation	25,527,757	(33,243,596)	10,334,695	(44,823,013)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>25,527,757</u>	<u>(33,243,596)</u>	<u>10,334,695</u>	<u>(44,823,013)</u>

The annexed notes from 1 to 18 form an integral part of these unconsolidated condensed interim financial statement.


Chief Executive


Director


Chief Financial Officer



SANA INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the half year ended December 31, 2018 (Un-audited)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit / (loss) before taxation

Adjustments for:

- Depreciation
- Gain on sale of fixed assets
- Provision for gratuity
- Provision for Workers' Profit Participation Fund
- Provision for Workers' Welfare Fund
- Profit on bank accounts
- Finance cost

Operating profit before working capital changes

Decrease / (increase) in current assets

- Stock-in-trade
- Trade debts
- Loans and advances
- Trade deposits and short term prepayments
- Other receivables

Increase in current liabilities

- Trade and other payables

Cash generated from operations

Income tax paid

Staff Compensation benefit paid

Payment of Workers' profit participation fund

Finance cost paid

Net cash generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure

Proceeds from sale of operating fixed assets

Short term investments

Profit received from bank accounts

Long term deposits

Investment in subsidiary

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid

(Repayment) / borrowing under short term morabaha

Repayments under long term musharika

Borrowings / (Repayment) from related party

Net cash used in financing activities

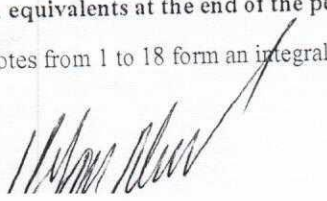
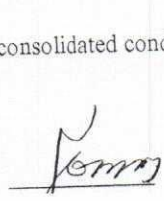
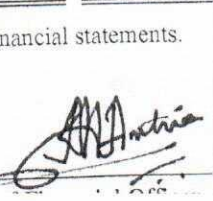
Net decrease in cash and cash equivalents

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents at the end of the period

Half Year Ended	
December 31, 2018	December 31, 2017
----- Rupees -----	
34,712,429	(20,591,605)
36,911,198	39,898,605
-	(495,563)
10,467,810	-
1,885,769	-
1,117,172	-
(92,601)	(60,003)
30,527,684	25,668,625
80,817,032	65,011,664
115,529,461	44,420,059
(40,298,949)	97,922,052
4,958,992	(70,031,155)
12,064,442	4,584,892
(2,655,356)	(3,075,179)
(23,110,696)	47,432,729
(49,041,567)	76,833,339
13,129,387	30,131,906
79,617,281	151,385,304
(8,555,638)	(9,748,955)
(1,037,467)	(497,656)
(3,140,006)	-
(29,938,703)	(26,286,461)
(42,671,814)	(36,533,072)
36,945,467	114,852,232
(22,095,271)	(7,773,852)
-	608,082
(1,705,555)	-
86,556	60,003
40,000	40,000
-	(30,100,000)
(23,674,270)	(37,165,767)
(15,971,365)	(302,498)
(12,115,012)	10,291,504
(30,814,784)	(38,085,035)
10,000,000	(38,530,000)
(48,901,161)	(66,626,029)
(35,629,964)	11,060,436
42,264,953	8,283,976
6,634,989	19,344,412

The annexed notes from 1 to 18 form an integral part of these unconsolidated condensed interim financial statements.

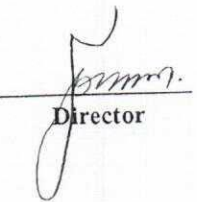
  


SANA INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the half year ended December 31, 2018 (Un-audited)

	Issued, subscribed and paid up capital	General reserve	Unappropriated profit	Total
	----- Rupees -----			
Balance as at July 01, 2017	85,937,500	132,500,000	74,125,533	292,563,033
Total comprehensive income for the half year ended December 31, 2017	-	-	(33,243,596)	(33,243,596)
Balance as at December 31, 2017	<u>85,937,500</u>	<u>132,500,000</u>	<u>40,881,937</u>	<u>259,319,437</u>
Balance as at July 01, 2018	85,937,500	132,500,000	112,131,845	330,569,345
Final dividend for the year June 30, 2018 @ Rs. 2 per share	-	-	(17,187,500)	(17,187,500)
Total comprehensive income for the half year ended December 31, 2018	-	-	25,527,757	25,527,757
Balance as at December 31, 2018	<u>85,937,500</u>	<u>132,500,000</u>	<u>120,472,102</u>	<u>338,909,602</u>

The annexed notes from 1 to 18 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

SANA INDUSTRIES LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
For the half year ended December 31, 2018 (Un-audited)

1 THE COMPANY AND ITS OPERATIONS

- 1.1 Sana Industries Limited (the Company) was incorporated in Pakistan under the Companies Ordinance, 1984 (the Ordinance) [now Companies Act, 2017] and is listed on the Pakistan Stock Exchange. The Company is primarily engaged in the manufacturing and sale of man-made blended yarn.
- 1.2 The geographical location and address of company's business units, including plant are as under:
- The registered office of the Company is situated at 33-D-2, Block 6, P.E.C.H.S., Karachi, Pakistan.
 - The Company's manufacturing plant / mill is located at Hub trading estate, situated at Tehsil Hub, District Lasbela, Balochistan.
- 1.3 These unconsolidated condensed interim financial statements are separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated 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.

These unconsolidated condensed interim financial statements are unaudited but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance. The figures of the unconsolidated condensed interim profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the half year ended December 31, 2018 and 2017.

These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the unconsolidated annual audited financial statements, and should be read in conjunction with Company's unconsolidated annual audited financial statements for the year ended June 30, 2018.

2.2 Basis of measurement

These unconsolidated condensed interim financial statements has been prepared under the historical cost convention except as otherwise stated.

2.3 Functional and presentation currency

Items included in these unconsolidated condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency, unless otherwise stated. All figures have been rounded off to the nearest rupee.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the unconsolidated annual audited financial statements for the year ended June 30, 2018 except those stated in note 3.2 (a) below.

3.2 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

(a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the half year ended December 31, 2018

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these unconsolidated condensed interim financial statements.

In addition to that a new standard (i.e. IFRS 15) have become applicable to the Company effective July 1, 2018. Because of this new standard certain changes to the Company's accounting policies have been made in light of the following paragraphs:

- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

(b) New standards and amendments to published approved accounting and reporting standards that are not yet effective

There are new standards, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

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. Actual results may differ from these judgements, estimates and assumptions.

However, the management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these unconsolidated condensed interim financial statements.

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the Company's unconsolidated annual audited financial statements for the year ended June 30, 2018.

		(Un-audited) December 31, 2018	(Audited) June 30, 2018
		Rupees	
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	404,846,709	409,427,793
	Capital work-in-progress	-	4,698,974
		<u>404,846,709</u>	<u>414,126,767</u>
5.1	Net book value (NBV) at the beginning of the period	409,427,793	505,015,757
	Add: Additions to tangible fixed assets	17,091,633	31,317,934
	Transferred from capital work in progress	9,702,612	-
	Less: Disposals during the period (NBV)	-	58,709,276
	Depreciation charged during the period	31,375,329	68,196,622
		<u>31,375,329</u>	<u>126,905,898</u>
	Net book value (NBV) at the closing of the period	<u>404,846,709</u>	<u>409,427,793</u>

5.2 The following is the movement in the capital work in progress during the period

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
	----- Rupees -----	
Opening balance	4,698,974	338,254
Add: Additions during the period	5,003,638	4,360,720
	9,702,612	4,698,974
Less: Transferred to operating fixed assets	9,702,612	-
Closing balance	-	4,698,974

5.3 Major additions and disposals are as follows:

	Half year ended December 31, 2018		Year ended June 30, 2018	
	Additions	Disposals (At cost)	Additions/ transfers	Disposals (At cost)
	----- Rupees -----			
Buildings on leasehold land	-	-	4,255,043	-
Electrification - Factory Building	1,167,860	-	1,948,296	-
Office premises SF/96	108,274	-	-	-
Plant and machinery	14,381,549	-	24,472,302	(87,457,805)
Furniture, fixtures and office equipment	213,960	-	553,382	-
Vehicles	1,197,990	-	54,411	(49,619)
Computers and softwares	22,000	-	34,500	-
	17,091,633	-	31,317,934	(87,507,424)

6 INVESTMENT PROPERTY

Particulars	Cost			Rate % per annum	Accumulated Depreciation				Book value as at December 31, 2018
	As at July 1, 2018	Additions (Deletions)	As at December 31, 2018		As at July 1, 2018	Adjustments on Disposal	For the period	As at December 31, 2018	
Leashold Land	6,812,875	-	6,812,875	0	-	-	-	-	6,812,875
Building on leasehold land	137,493,785	-	137,493,785	10	61,089,489	-	5,535,869	66,625,358	70,868,427
31-Dec-18	144,306,660	-	144,306,660		61,089,489	-	5,535,869	66,625,358	77,681,302
30-Jun-18	141,186,660	3,120,000	144,306,660		50,085,645	-	11,003,844	61,089,489	83,217,171

7 AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(Unaudited) December 31, 2018	(Audited) June 30, 2018		(Unaudited) December 31, 2018	(Audited) June 30, 2018
----- Number of shares -----			----- Rupees -----	
10,000,000	10,000,000	Authorised capital	100,000,000	100,000,000
		Ordinary shares of Rs. 10/- each		
		Issued, Subscribed and Paid up Capital		
		Ordinary shares of Rs. 10/- each		
8,593,750	8,593,750	For Cash	85,937,500	85,937,500
8,593,750	8,593,750		85,937,500	85,937,500

8 LONG TERM MUSHARIKA

Secured - Under Shariah Arrangement

Habib Metropolitan Bank Limited

Standard Chartered Bank

less: Current portion

Note

(Un-audited) December 31, 2018	(Audited) June 30, 2018
----- Rupees -----	
80,784,556	94,557,012
14,829,912	31,872,240
(39,013,535)	(55,453,527)
56,600,933	70,975,725

- 8.1 This represent liability against Diminishing musharika facility for the purchase of specific machinery to be repaid in four years expiring in June, 2022. The loan is secured against registered hypothecation charge over specific machinery for Rs. 250 million and personal guarantee of the directors. The rate of markup is 6 months KIBOR + 2% semi annually.
- 8.2 This represent liability against Diminishing musharika facility for the purchase of fixed assets of the Company to be repaid in 10 months expiring in September 2019. The loan is secured against exclusive charge over plant and machinery for Rs. 60 million being installed as part of cold storage project located in Deh Gondpass, Kemari and the personal guarantee of the directors. The rate of markup is 1 month KIBOR+ 1.75% per annum.

	Note	(Un-audited) December 31, 2018	(Audited) June 30, 2018
		----- Rupees -----	
9 DEFERRED LIABILITIES			
Provision for compensated absences	9.1	873,465	1,910,932
Deferred taxation	9.2	40,340,859	44,790,314
Staff retirement benefits		<u>9,542,696</u>	<u>(925,114)</u>
		<u>50,757,020</u>	<u>45,776,132</u>
9.1 Provision for compensated absences			
Balance at beginning of the period		1,910,932	1,591,927
Charge for the period		-	825,559
Benefits paid during the period		<u>(1,037,467)</u>	<u>(506,554)</u>
		<u>873,465</u>	<u>1,910,932</u>
9.2 Deferred taxation			
Deferred tax (asset) / liability on account of:			
- accelerated depreciation		37,573,477	41,491,508
-unused tax losses and credits		-	(1,205,984)
Remeasurement of defined benefit plans		<u>2,767,382</u>	<u>4,504,791</u>
		<u>40,340,859</u>	<u>44,790,315</u>

10 LOAN FROM DIRECTORS - UNSECURED

This represents short-term interest free loan from directors to meet working capital requirements.

	Note	(Un-audited) December 31, 2018	(Audited) June 30, 2018
		----- Rupees -----	
11 SHORT TERM MORABAHA			
Habib Metropolitan Bank	11.1	285,891,599	300,960,627
Standard Chartered Bank	11.2	<u>133,462,119</u>	<u>130,508,103</u>
		<u>419,353,718</u>	<u>431,468,730</u>

- 11.1 This represent short term morabaha facility obtained for purchase of raw material used in daily production. The bank has approved the facility of Rs. 300 million which is secured against first charge over movable stock, receivables, plant and machinery and fixed assets duly ensured in banks favour covering all risk with premium payment receipts. The rate of markup on the facility is 6 months KIBOR + 2% per annum.
- 11.2 This represent short term morabaha facility obtained for procurement of raw material from local market. The bank has approved the facility of Rs. 134 million which is secured against first charge over land and building bearing survey no. 54 located at Gondpas Tapo Gabopat Kemari Town, Karachi, pari passu charge over stocks and receivables of company amounting to Rs. 200 million and personal guarantees of directors. The rate of markup on the facility is 3 months KIBOR + 1.5% per annum.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 In December 2011, the Federal Government, for the first time, imposed the levy of Gas Infrastructure Development Cess (the cess) through the promulgation of the Gas Infrastructure Development Cess Act, 2011 (GIDC Act, 2011) which, subsequently, was widely challenged on several legal grounds. In June 2013, the Honourable High Court of Peshawar, in the case titled M/s. Ashraf Industries vs. Federation of Pakistan, passed a judgment whereby it struck down the GIDC Act, 2011 declaring the said law as unconstitutional. Subsequent to this decision, the Gas Infrastructure Development Cess Ordinance, 2014 (GIDC Ordinance, 2014) was promulgated which expired in May 2015. In the same month, the Honourable Supreme Court of Pakistan dismissed the review petition filed by the Federation of Pakistan against the aforesaid judgment of the Honourable High Court of Peshawar, and thereby, upheld the said judgment. Following the judgment of the Apex Court, the GIDC Ordinance, 2014 received presidential assent after having been passed by both the houses of Parliament as Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015). The GIDC Act, 2015, provided for retrospective levy of cess for the period from January 2011 to May 2015 (as imposed under the struck down GIDC Act, 2011 and GIDC Ordinance, 2014) with different cess rates prescribed for each sector. The GIDC Act, 2015, has also been challenged on legal and other grounds. In October 2016, the Honorable High Court of Sindh passed a judgment whereby it declared the GIDC Act, 2015 as unconstitutional. Subsequent to this decision, the Federation of Pakistan filed an appeal in the Honorable Supreme Court of Pakistan against the aforesaid judgment of the Honorable High Court of Sindh which is currently pending for adjudication. During this period, the Honorable Sindh High Court suspended its judgment passed in October 2016.

The Company, as well as other petitioners, have challenged the levy on constitutional and legal grounds as well as discrimination in supply rate and GID cess as against its retrospective application of GIDC Act 2015 to levy cess for the period from 2011 to 2015 against that applied to similar sector.

Since this issue is being faced by industry at large and in light of aforementioned developments, the management is of the view that there is no need to maintain any provision against this liability and accordingly the Company has deferred the recognition of expense against such billings amounting to Rs. 97.92 million (2018: 92.67 million) based on the advice of its legal counsel.

12.1.2 The Federal Board of Revenue (FBR) vide SRO 491(i)/2016 dated June 30, 2016 made certain amendments in SRO 1125(i)/2011 dated December 31, 2011 including disallowance of input tax adjustment on packing material of textile products. Consequently, input tax adjustment on packing material of textile product is not being allowed for adjustment with effect from July 01, 2016. The company has challenged the disallowance of input tax adjustment on packing material in the Sindh High Court on January 16, 2017 against Federation of Pakistan and others. The Honorable Sindh High Court has granted interim relief order and allowed the Company to claim input tax adjustment.

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Company.

12.1.3 The Company on the demand notice of Rs. 365,568 along with several other Companies has filed a Constitutional Petition on April 13, 2016 against Employment Old Age Benefits Institution (EOBI) and others in the Sindh High Court against a notice issued by the EOBI from taking any coercive action against the Company.

12.1.4 Further tax applied on company's yarn sales at the rate of 1% amounting to Rs. 30,091,271 has been suspended by the Islamabad High Court through W.P. No 416/2018. Company's legal counsel is of the opinion that the matter shall be decided in the company's favour, therefore, no provision of further tax has been made during the period, during which the Company neither charged or collected any further tax from its customers.

12.2 Commitments

Irrevocable letter of credit

Letter of guarantee issued by commercial bank

Custom duty, sales tax, FED and Income tax on goods in transit

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
	----- Rupees -----	
	<u>91,244,625</u>	<u>76,107,960</u>
	<u>24,056,478</u>	<u>22,861,098</u>
	<u>-</u>	<u>129,550</u>

13 **TURNOVER - NET**

Yarn Sales - local
less: Sales Return
Raw material and wastage sales

Less: commission and discount

Half year ended		Quarter ended	
December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
-----Rupees-----			
943,785,694	860,940,127	445,042,326	460,935,348
(1,808,335)	(4,560,664)	(877,833)	(4,117,252)
6,950,944	9,808,989	4,948,560	2,531,156
948,928,303	866,188,452	449,113,053	459,349,252
(2,691,315)	(453,125)	(1,566,039)	(13,634)
946,236,988	865,735,327	447,547,014	459,335,618

14 **TAXATION**

Current
Prior year
Deferred

Note

Half year ended		Quarter ended	
December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
-----Rupees-----			
(12,724,199)	(10,821,692)	(6,832,271)	(5,938,616)
(909,929)	(1,950,083)	(909,929)	(1,950,083)
4,449,456	119,784	1,121,092	(29,419,977)
(9,184,672)	(12,651,991)	(6,621,108)	(37,308,676)

15 **TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

The related parties comprise of associated companies, staff benefit funds, directors and key management personnel. The transactions with related parties during the period are as follows:

Nature of transaction

Staff retirement benefit plans
- Contribution to gratuity fund

Key management personnel
- Remuneration and benefits

Loan from directors

Repayment of loan from directors

Payment received from subsidiary company

Rent paid to directors' family members

Rental income from subsidiary company

Reimbursement to subsidiary

Outstanding balances as of the period
end / year end:

Receivable from subsidiary company

Loan from directors and family members

Half year ended	
December 31, 2018	December 31, 2017
----- Rupees -----	
10,467,810	2,235,464
13,366,884	10,428,756
20,050,000	59,100,000
10,050,000	97,630,000
4,955,508	26,676,889
3,292,500	966,000
19,405,240	18,000,000
567,259	2,480,500
(Un-audited) December 31, 2018	(Audited) June 30, 2018
----- Rupees -----	
25,772,499	10,755,508
13,760,000	3,760,000

16 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding annual published financial statements of the Company for the year ended June 30, 2018.

17 DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information has been authorized for issue on 28 FEB 2019 by the Board of Directors of the Company.

18. CORRESPONDING FIGURES

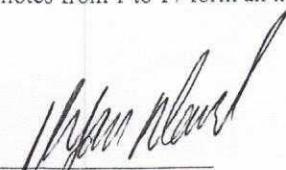
Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation.


Chief Executive
Director
Chief Financial Officer

SANA INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at December 31, 2018

As at December 31, 2018		(Un-audited) December 31, 2018	(Audited) June 30, 2018
		Note	
		-----Rupees-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	655,908,719	672,751,364
Long term deposits		<u>6,403,551</u>	<u>6,443,551</u>
		662,312,270	679,194,915
Current assets			
Stock-in-trade	6	216,472,125	176,173,176
Short term investment		1,705,555	-
Trade debts - unsecured		290,681,530	289,710,095
Loans and advances		17,187,863	26,750,976
Trade deposits and short term prepayments		4,976,440	6,230,978
Other receivables		40,337,945	33,042,245
Taxation - net		68,641,493	63,139,974
Cash and bank balances		<u>7,818,160</u>	<u>43,690,361</u>
		647,821,111	638,737,805
Total assets		<u><u>1,310,133,381</u></u>	<u><u>1,317,932,720</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital	7	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up capital	7	<u>85,937,500</u>	<u>85,937,500</u>
Revenue reserve			
General reserves		132,500,000	132,500,000
Unappropriated profit		<u>133,460,832</u>	<u>115,272,329</u>
Equity attributed to the shareholders of holding company		351,898,332	333,709,829
Non controlling interest		<u>31,031,489</u>	<u>27,472,072</u>
		382,929,821	361,181,901
Non-current liabilities			
Long term musharika	8	112,067,887	135,879,598
Long term liability		21,727,498	40,029,608
Deferred liabilities	9	<u>50,006,139</u>	<u>43,777,581</u>
		183,801,524	219,686,787
Current liabilities			
Trade and other payables		158,271,502	157,622,028
Finance cost payable		9,303,669	8,720,734
Loan from directors - unsecured	10	<u>86,135,000</u>	<u>64,960,000</u>
Current portion of long term musharika		50,583,787	55,453,527
Current portion of long term liability		16,888,109	17,188,897
Unclaimed dividend		2,866,251	1,650,116
Short term morabaha	11	<u>419,353,718</u>	<u>431,468,730</u>
		743,402,036	737,064,032
Contingencies and commitments	12		
Total equity and liabilities		<u><u>1,310,133,381</u></u>	<u><u>1,317,932,720</u></u>

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive

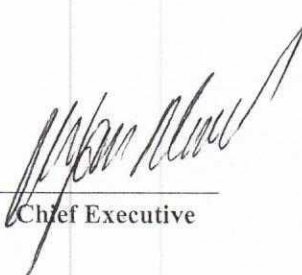

Director

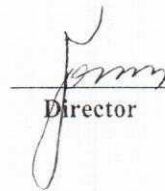

Chief Financial Officer


SANA INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
For the half year ended December 31, 2018 (Un-audited)

	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
<i>Note</i>	----- Rupees -----			
Turnover - net	1,134,322,747	1,013,814,067	541,424,235	536,950,191
Cost of sales	(994,562,501)	(954,511,595)	(465,716,108)	(502,062,192)
Gross profit	139,760,246	59,302,472	75,708,127	34,887,999
Administrative expenses	(42,339,683)	(27,455,926)	(27,808,813)	(13,709,118)
Distribution expenses	(8,506,102)	(8,953,431)	(3,526,764)	(4,600,827)
Other operating expenses	(3,415,581)	(239,760)	(1,780,466)	23,410
	(54,261,366)	(36,649,117)	(33,116,043)	(18,286,535)
Operating profit	85,498,880	22,653,355	42,592,084	16,601,464
Finance costs	(35,430,802)	(25,670,320)	(18,837,728)	(12,582,326)
Other income	4,370,748	596,488	216,282	92,745
	(31,060,054)	(25,073,832)	(18,621,446)	(12,489,581)
Profit / (loss) before taxation	54,438,826	(2,420,477)	23,970,638	4,111,883
Taxation	13 (15,503,406)	(4,726,639)	(9,401,535)	(29,229,792)
Profit / (loss) after taxation	38,935,420	(7,147,116)	14,569,103	(25,117,909)
Earning / (loss) per share - basic and diluted	4.53	(0.83)	1.70	(2.92)

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

SANA INDUSTRIES LIMITED

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the half year ended December 31, 2018 (Un-audited)

	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	----- Rupees -----			
Profit / (loss) after taxation	38,935,420	(7,147,116)	14,569,103	(25,117,909)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>38,935,420</u>	<u>(7,147,116)</u>	<u>14,569,103</u>	<u>(25,117,909)</u>
Attributable to:				
Owners of the Holding Company	35,376,003	(15,398,079)	13,530,221	(25,103,889)
Non-Controlling Interests	3,559,417	8,250,963	1,038,882	(14,019)
	<u>38,935,420</u>	<u>(7,147,116)</u>	<u>14,569,103</u>	<u>(25,117,908)</u>

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer



SANA INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the half year ended December 31, 2018 (Un-audited)

	Half Year Ended	
	December 31, 2018	December 31, 2017
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	54,438,826	(2,420,477)
Adjustments for:		
- Depreciation	46,625,970	41,958,729
- Gain on sale of fixed assets	(149,490)	(495,563)
- Provision for gratuity	10,467,810	-
- Provision for Workers' Profit Participation Fund	1,885,769	-
- Provision for Workers' Welfare Fund	1,117,172	-
- Profit on bank accounts	(128,072)	(100,925)
- Finance cost	36,594,931	25,672,015
	96,414,090	67,034,256
Operating profit before working capital changes	150,852,916	64,613,779
<i>Decrease / (increase) in current assets</i>		
- Stock-in-trade	(40,298,949)	97,922,052
- Trade debts	(971,435)	(70,778,215)
- Loans and advances	9,563,113	4,584,892
- Trade deposits and short term prepayments	1,254,538	(5,000,903)
- Other receivables	(7,295,700)	(5,728,700)
	(37,748,433)	20,999,126
<i>Increase / (decrease) in current liabilities</i>		
- Trade and other payables	786,539	40,486,974
Cash generated from operations	113,891,022	126,099,879
Income tax paid	(24,206,711)	(21,371,671)
Staff Compensation benefit paid	(1,037,467)	(497,654)
Payment of Workers' profit participation fund	(3,140,006)	-
Finance cost paid	(36,012,295)	(26,289,851)
	(64,396,479)	(48,159,176)
Net cash generated from operating activities	49,494,543	77,940,703
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(30,387,136)	(9,566,367)
Proceeds from sale of operating fixed assets	753,601	608,082
Short term investments	(1,705,555)	-
Profit received from bank accounts	128,072	100,925
Long term deposits	40,000	40,000
Net cash used in investing activities	(31,171,018)	(8,817,360)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(15,971,365)	(302,498)
(Repayment) / borrowing under short term morabaha	(12,115,012)	10,291,502
Proceeds from issue of shares - NCI	-	9,900,000
Repayment of long term liability	(18,602,898)	-
Repayments under long term musharika	(28,681,451)	(38,085,035)
Borrowings / (Repayment) from related party	21,175,000	(37,330,000)
Net cash used in financing activities	(54,195,726)	(55,526,031)
Net decrease in cash and cash equivalents	(35,872,201)	13,597,312
Cash and cash equivalents at the beginning of the period	43,690,361	9,018,917
Cash and cash equivalents at the end of the period	7,818,160	22,616,229

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

SANA INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the half year ended December 31, 2018 (Un-audited)

	Issued, subscribed and paid up capital	General reserve	Unappropriated profit	Non- Controlling Interest	Total
	----- Rupees -----				
Balance as at July 01, 2017	85,937,500	132,500,000	66,715,945	3,830,797	288,984,242
Non-controlling interest arising on a business combination	-	-	-	9,900,000	9,900,000
Total comprehensive income for the half year ended December 31, 2017	-	-	(15,398,079)	8,250,963	(7,147,116)
Balance as at December 31, 2017	<u>85,937,500</u>	<u>132,500,000</u>	<u>51,317,866</u>	<u>21,981,760</u>	<u>291,737,126</u>
Balance as at July 01, 2018	85,937,500	132,500,000	115,272,329	27,472,072	361,181,901
Final dividend for the year June 30, 2018 @ Rs. 2 per share	-	-	(17,187,500)	-	(17,187,500)
Total comprehensive income for the half year ended December 31, 2018	-	-	35,376,003	3,559,417	38,935,420
Balance as at December 31, 2018	<u>85,937,500</u>	<u>132,500,000</u>	<u>133,460,832</u>	<u>31,031,489</u>	<u>382,929,821</u>

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Director


Chief Financial Officer

SANA INDUSTRIES LIMITED

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

For the half year ended December 31, 2018 (Un-audited)

1 THE COMPANY AND ITS OPERATIONS

1.1 Sana Industries Limited (the Company) was incorporated in Pakistan under the Companies Ordinance, 1984 (the Ordinance) [now Companies Act, 2017] and is listed on the Pakistan Stock Exchange. The Company is primarily engaged in the manufacturing and sale of man-made blended yarn.

1.2 The geographical location and address of company's business units, including plant are as under:

- The registered office of the Company is situated at 33-D-2, Block 6, P.E.C.H.S., Karachi, Pakistan.
- The Company's manufacturing plant / mill is located at Hub trading estate, situated at Tehsil Hub, District Lasbela, Balochistan.

1.3 The Group Consist of

- Sana Industries Limited (the holding company), and
- Sana Logistics (Private) Limited - Holding of 70%

1.4 Sana Logistics (Private) Limited ('the subsidiary company') was incorporated in Pakistan as a private limited Company under the Companies Ordinance, 1984 (the Ordinance) [now Companies Act, 2017]. The principal activity of the subsidiary company is to provide services in respect of Dry Storage through "Compartmentalized store project".

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated 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.

These consolidated condensed interim financial statements are unaudited but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance. The figures of the consolidated condensed interim profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the half year ended December 31, 2018 and 2017.

These consolidated condensed interim financial statements do not include all the information and disclosures required in the consolidated annual audited financial statements, and should be read in conjunction with Company's consolidated annual audited financial statements for the year ended June 30, 2018.

2.2 Basis of measurement

These consolidated condensed interim financial statements has been prepared under the historical cost convention except as otherwise stated.

2.3 Functional and presentation currency

Items included in these consolidated condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These consolidated condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency, unless otherwise stated. All figures have been rounded off to the nearest rupee.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the unconsolidated annual audited financial statements for the year ended June 30, 2018 except those stated in note 3.2 (a) below.

3.2 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

(a) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the half year ended December 31, 2018

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these consolidated condensed interim financial statements.

In addition to that a new standard (i.e. IFRS 15) have become applicable to the Company effective July 1, 2018. Because of this new standard certain changes to the Company's accounting policies have been made in light of the following paragraphs:

- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

(b) New standards and amendments to published approved accounting and reporting standards that are not yet effective

There are new standards, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

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. Actual results may differ from these judgements, estimates and assumptions.

However, the management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these consolidated condensed interim financial statements.

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the Company's consolidated annual audited financial statements for the year ended June 30, 2018.

5 **PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets
Capital work-in-progress

(Un-audited) December 31, 2018	(Audited) June 30, 2018
----- Rupees -----	
655,409,419	667,553,390
499,300	5,197,974
<u>655,908,719</u>	<u>672,751,364</u>

6 **STOCK IN TRADE**

Raw and packing material
- In hand
- In transit

Work in process

Finished goods
Waste material

61,690,258	70,455,680
6,529,955	1,588,498
68,220,213	72,044,178
41,056,003	28,598,494
<u>106,427,631</u>	<u>74,876,334</u>
<u>768,278</u>	<u>654,170</u>
<u>107,195,909</u>	<u>75,530,504</u>
<u>216,472,125</u>	<u>176,173,176</u>

7 **AUTHORIZED, ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

(Unaudited) (Audited)
December June 30, 2018
----- Number of shares -----

<u>10,000,000</u>	<u>10,000,000</u>
<u>8,593,750</u>	<u>8,593,750</u>
<u>8,593,750</u>	<u>8,593,750</u>

Authorised capital
Ordinary shares of Rs. 10/- each

Issued, Subscribed and Paid up Capital
Ordinary shares of Rs. 10/- each
For Cash

(Unaudited) December 31, 2018	(Audited) June 30, 2018
----- Rupees -----	
<u>100,000,000</u>	<u>100,000,000</u>
<u>85,937,500</u>	<u>85,937,500</u>
<u>85,937,500</u>	<u>85,937,500</u>

8 **LONG TERM MUSHARIKA**

Secured - Under Shariah Arrangement

Habib Metropolitan Bank Limited
Standard Chartered Bank
Bank Al-Habib Limited

less: Current portion

Note

(Un-audited) December 31, 2018	(Audited) June 30, 2018
----- Rupees -----	
80,784,556	94,557,012
14,829,912	31,872,240
67,037,206	64,903,873
<u>(50,583,787)</u>	<u>(55,453,527)</u>
<u>112,067,887</u>	<u>135,879,598</u>

8.1 This represent liability against Diminishing musharika facility taken by Sana Industries Limited (the holding company) for the purchase of specific machinery to be repaid in four years expiring in June, 2022. The loan is secured against registered hypothecation charge over specific machinery for Rs. 250 million and personal guarantee of the directors. The rate of markup is 6 months KIBOR + 2% semi annually.

8.2 This represent liability against Diminishing musharika facility taken by Sana Industries Limited (the holding company) for the purchase of fixed assets to be repaid in 10 months expiring in September 2019. The loan is secured against exclusive charge over plant and machinery for Rs. 60 million being installed as part of cold storage project located in Deh Gondpass, Kemari and the personal guarantee of the directors. The rate of markup is 1 month KIBOR+ 1.75% per annum.

		(Un-audited) December 31, 2018	(Audited) June 30, 2018
	Note	----- Rupees -----	
9 DEFERRED LIABILITIES			
Provision for compensated absences	9.1	873,465	1,910,932
Deferred taxation	9.2	39,589,978	42,791,763
Staff retirement benefits		<u>9,542,696</u>	<u>(925,114)</u>
		<u>50,006,139</u>	<u>43,777,581</u>
9.1 Provision for compensated absences			
Balance at beginning of the period		1,910,932	1,591,927
Charge for the period		-	825,559
Benefits paid during the period		<u>(1,037,467)</u>	<u>(506,554)</u>
		<u>873,465</u>	<u>1,910,932</u>
9.2 Deferred taxation			
Deferred tax (asset) / liability on account of:			
- accelerated depreciation		39,314,545	39,492,957
- unused tax losses and credits		-	(1,205,984)
Remeasurement of defined benefit plans		<u>2,767,382</u>	<u>4,504,790</u>
		<u>42,081,927</u>	<u>42,791,763</u>
10 LOAN FROM DIRECTORS - UNSECURED			
Sana Industries Limited		13,760,000	3,760,000
Sana Logistics (Private) Limited		<u>72,375,000</u>	<u>61,200,000</u>
	10.1	<u>86,135,000</u>	<u>64,960,000</u>

10.1 These represents short-term interest free loans from directors to meet working capital requirements.

		(Un-audited) December 31, 2018	(Audited) June 30, 2018
	Note	----- Rupees -----	
11 SHORT TERM MORABAHA			
Habib Metropolitan Bank	11.1	285,891,599	300,960,627
Standard Chartered Bank	11.2	<u>133,462,119</u>	<u>130,508,103</u>
		<u>419,353,718</u>	<u>431,468,730</u>
11.1	This represent short term morabaha facility obtained by Sana Industries Limited (the holding company) for purchase of raw material used in daily production. The bank has approved the facility of Rs. 300 million which is secured against first charge over movable stock, receivables, plant and machinery and fixed assets duly ensured in banks favour covering all risk with premium payment receipts. The rate of markup on the facility is 6 months KIBOR + 2% per annum.		
11.2	This represent short term morabaha facility obtained by Sana Industries Limited (the holding company) for procurement of raw material from local market. The bank has approved the facility of Rs. 134 million which is secured against first charge over land and building bearing survey no. 54 located at Gondpas Tapo Gabopat Kemari Town, Karachi, pari passu charge over stocks and receivables of company amounting to Rs. 200 million and personal guarantees of directors. The rate of markup on the facility is 3 months KIBOR + 1.5% per annum.		

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 In December 2011, the Federal Government, for the first time, imposed the levy of Gas Infrastructure Development Cess (the cess) through the promulgation of the Gas Infrastructure Development Cess Act, 2011 (GIDC Act, 2011) which, subsequently, was widely challenged on several legal grounds. In June 2013, the Honourable High Court of Peshawar, in the case titled M/s. Ashraf Industries vs. Federation of Pakistan, passed a judgment whereby it struck down the GIDC Act, 2011 declaring the said law as unconstitutional. Subsequent to this decision, the Gas Infrastructure Development Cess Ordinance, 2014 (GIDC Ordinance, 2014) was promulgated which expired in May 2015. In the same month, the Honourable Supreme Court of Pakistan dismissed the review petition filed by the Federation of Pakistan against the aforesaid judgment of the Honourable High Court of Peshawar, and thereby, upheld the said judgment. Following the judgment of the Apex Court, the GIDC Ordinance, 2014 received presidential assent after having been passed by both the houses of Parliament as Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015). The GIDC Act, 2015, provided for retrospective levy of cess for the period from January 2011 to May 2015 (as imposed under the struck down GIDC Act, 2011 and GIDC Ordinance, 2014) with different cess rates prescribed for each sector. The GIDC Act, 2015, has also been challenged on legal and other grounds. In October 2016, the Honourable High Court of Sindh passed a judgment whereby it declared the GIDC Act, 2015 as unconstitutional. Subsequent to this decision, the Federation of Pakistan filed an appeal in the Honourable Supreme Court of Pakistan against the aforesaid judgment of the Honourable High Court of Sindh which is currently pending for adjudication. During this period, the Honourable Sindh High Court suspended its judgment passed in October 2016. Hence no further provision is made during the period.

The Sana Industries Limited (the holding company), as well as other petitioners, have challenged the levy on constitutional and legal grounds as well as discrimination in supply rate and GID cess as against its retrospective application of GIDC Act 2015 to levy cess for the period from 2011 to 2015 against that applied to similar sector.

Since this issue is being faced by industry at large and in light of aforementioned developments, the management is of the view that there is no need to maintain any provision against this liability and accordingly the Company has deferred the recognition of expense against such billings amounting to Rs. 97.92 million (2018: 92.67 million) based on the advice of its legal counsel.

12.1.2 The Federal Board of Revenue (FBR) vide SRO 491(i)/2016 dated June 30, 2016 made certain amendments in SRO 1125(i)/2011 dated December 31, 2011 including disallowance of input tax adjustment on packing material of textile products. Consequently, input tax adjustment on packing material of textile product is not being allowed for adjustment with effect from July 01, 2016. The company has challenged the disallowance of input tax adjustment on packing material in the Sindh High Court on January 16, 2017 against Federation of Pakistan and others. The Honourable Sindh High Court has granted interim relief order and allowed the Sana Industries Limited (the holding company) to claim input tax adjustment.

12.1.3 The Sana Industries Limited (the holding company) on the demand notice of Rs. 365,568 along with several other Companies has filed a Constitutional Petition on April 13, 2016 against Employment Old Age Benefits Institution (EOBI) and others in the Sindh High Court against a notice issued by the EOBI from taking any coercive action against the Company.

12.1.4 Further tax applied on Sana Industries Limited (the holding company) yarn's sales at the rate of 1% amounting to Rs. 30,091,271 has been suspended by the Islamabad High Court through W.P. No 416/2018. Company's legal counsel is of the opinion that the matter shall be decided in the company's favour, therefore, no provision of further tax has been made during the year.

12.2 Commitments

Irrevocable letter of credit

Letter of guarantee issued by commercial bank

Custom duty, sales tax, FED and Income tax on goods in transit

(Un-audited) December 31, 2018	(Audited) June 30, 2018
----- Rupees -----	
<u>91,244,625</u>	<u>76,107,960</u>
<u>24,056,478</u>	<u>22,861,098</u>
<u>-</u>	<u>129,550</u>

			Half year ended		Quarter ended	
			December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
13	TAXATION	<i>Note</i>	-----Rupees-----			
	Current		(16,417,342)	(14,225,908)	(7,733,187)	(7,461,059)
	Prior year		(2,287,850)	(2,031,048)	(2,287,850)	(2,031,048)
	Deferred		3,201,786	11,530,317	619,502	(19,737,685)
			<u>(15,503,406)</u>	<u>(4,726,639)</u>	<u>(9,401,535)</u>	<u>(29,229,792)</u>

14 **TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties comprise companies with common directorship, major shareholders, directors, key management personnel and their close family members. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

Nature of transaction	Half year ended	
	December 31, 2018	December 31, 2017
	-----Rupees-----	
Staff retirement benefit plans - Contribution to gratuity fund	<u>10,467,810</u>	<u>2,235,464</u>
Key management personnel - Remuneration and benefits	<u>24,166,884</u>	<u>17,028,756</u>
Loans from directors	<u>72,168,514</u>	<u>60,300,000</u>
Repayment of loan from directors	<u>50,993,514</u>	<u>97,630,000</u>
Rent paid to directors' family members	<u>7,297,992</u>	<u>966,000</u>
Outstanding balances as of the period end / year end:	(Un-audited) December 31, 2018	(Audited) June 30, 2018
	-----Rupees-----	
Loan from directors and family members	<u>86,135,000</u>	<u>64,960,000</u>

15 **FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding annual published financial statements of the Group for the year ended June 30, 2018.


16 **CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation.

17 **DATE OF AUTHORISATION FOR ISSUE**

The condensed interim financial information has been authorized for issue on 28 FEB 2019 by the Board of Directors of the Company.


Chief Executive


Director


Chief Financial Officer