

**Half-Yearly
Accounts
(UN-AUDITED)
As at 31st December, 2017
(2nd QUARTER)**

SANA Industries Limited

33-D-2, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400
Tel: 021-34322556-9, Fax: 021-32570833, E-mail: info@sana-industries.com

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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.Ilyas Abdul Sattar	- Director
Mr.Mohammed Khalid Yousuf	- Director
Hafiz Mohammed Irfan Nawab	- Chief Executive

H.R. & Remuneration Committee

Mr.Mohammed Khalid Yousuf	- Chairman
Mr.Ilyas Abdul Sattar	- Member
Mr.Ibrahim Younus	- Member

Audit Committee

Mr.Mohammed Khalid Yousuf	- Chairman
Mr.Ilyas Abdul Sattar	- 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 Phone : 32561728 - 29 Fax : 32570833 E-mail : info@sanaindustries.com
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Mills

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

Auditors

Muniff Ziauddin & Co. Chartered Accountants F/17/3, Business Executive Centre Block 8, Clifton, Karachi. Phone : 35375127 - 28 Fax : 35820325

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, 2017, 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.41.62 million, has decreased considerably to a loss of Rs.2.42 million.
- (b) the consolidated Net Loss before tax, as compared to the 'previous quarter', amounting to Rs.6.53 million has been converted to a profit of Rs.4.11million.
- (c) In the core business of the Company i.e. 'Textile Segment', the Net Loss before tax of Rs.56.39 million during the 'corresponding six months period of last year' has decreased to a loss of Rs.22.28 million.
- (d) in the core business of the Company i.e. 'Textile Segment', the Net Loss before tax of Rs.13.31 million during the 'previous quarter' has decreased to Rs.8.97 million.

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

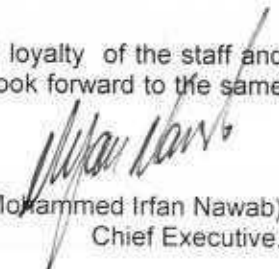
The Management has a neutral view of the future profitability of the Company, but the market conditions seem to be improving.

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.

26th February, 2018.

ڈائریکٹرز رپورٹ

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر ۲ (۵۲) سی ای / ۲۰۰۱ بتاریخ 05/11/2017 کے مطابق ۳۱ دسمبر ۲۰۱۷ کو ختم ہونے والی پہلی ششماہی کے لئے ڈائریکٹرز رپورٹ شدہ اکاؤنٹس جمع کرنے میں خوشی رکھتے ہیں۔

الحمد للہ، پہلی ششماہی کے نتائج گذشتہ سال کے مقابلے موجودہ مارکیٹ کے حالات کی وجہ سے بہتری ہوئی ہے۔

- (۱) گزشتہ ششماہی میں جمع شدہ خالص نقصان قبل از ٹیکس 41.62 ملین روپے کے نقصان سے اس ششماہی کے دوران کم ہو کر 2.42 ملین روپے ہوا ہے۔
- (۲) اس سال کے پہلے تین مہینوں کے دوران جمع شدہ خالص نقصان قبل از ٹیکس 6.53 ملین سے کم ہو کر دوسری سہ ماہی میں 4.11 ملین روپے منافع ہوا ہے۔
- (۳) ٹیکسٹائل سیگمنٹ میں گزشتہ سال ششماہی میں جمع شدہ خالص نقصان قبل از ٹیکس 56.39 ملین روپے سے کم ہو کر 22.28 ملین روپے ہوا ہے۔
- (۴) ٹیکسٹائل سیگمنٹ میں ہجپلی سہ ماہی میں جمع شدہ خالص نقصان قبل از ٹیکس 13.31 ملین روپے سے کم ہو کر اس سہ ماہی میں 8.97 روپے ہوا ہے

ہمارے حصص داران کی سہولت کے لئے مندرجہ ذیل آپریٹنگ اور فنانشیل 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 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 نہیں ہے لیکن موجودہ مارکیٹ کے حالات اچھے ہوتے نظر آ رہے ہیں۔

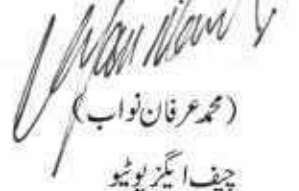
ڈیویڈنڈ:

ڈائریکٹرز نے فیصلہ کیا ہے کہ حتمی فیصلہ تک کسی بھی طرح کے عبوری ڈیویڈنڈ 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: ۲۶ فروری ۲۰۱۸

Comparison with previous quarter

Annexure A

Covering period FROM TO	01-Oct-2017 31-Dec-2017	01-Jul-2017 30-Sep-2017	VARIATION	
			Amount	Percentage
Turnover - net	536.95	476.86	60.09	12.60%
Cost of Sales	502.06	452.45	49.61	10.97%
Gross Profit	34.89	24.41	10.47	42.90%
G.P.Rate to Sales	6.50%	5.12%		1.38%
Administrative, Selling, Financial & Other expenses	30.87	31.45	(0.58)	-1.85%
Other Profit income	0.09	0.50	(0.41)	-81.59%
Net Profit / (Loss) before taxation	4.11	(6.53)	10.64	-162.95%
N.P / (Loss) Rate to Sales	0.77%	-1.37%		
Provision for Taxation	29.23	24.50	4.73	19.29%
(Loss) / Profit after Taxation	(25.12)	17.97	(43.09)	-239.77%
Earning per share (before tax)	0.48	(0.76)	1.24	-163.16%
Earning per share (after tax)	(2.92)	2.09	(5.01)	-239.71%

Comparison with corresponding quarter of last year

Annexure B

Covering period FROM TO	01-Oct-2017 31-Dec-2017	01-Oct-2016 31-Dec-2016	VARIATION	
			Amount	Percentage
Turnover - net	536.95	465.78	71.17	15.28%
Cost of Sales	502.06	456.62	45.45	9.95%
Gross Profit	34.89	9.17	25.72	280.64%
G.P.Rate to Sales	6.50%	1.97%		
Administrative, Selling, Financial & Other expenses	30.87	32.58	(1.71)	-5.25%
Other Profit / (Loss) income	0.09	(8.60)	8.70	-101.08%
Net Profit / (Loss) before taxation	4.11	(32.01)	36.13	-112.84%
N.P / (Loss)Rate to Sales	0.77%	-8.87%		
Provision for Taxation	29.23	4.58	24.65	538.36%
Loss after Taxation	(25.12)	(36.59)	11.48	-31.36%
Earning per share (before tax)	0.48	(3.73)	4.21	-112.87%
Earning per share (after tax)	(2.92)	(4.26)	1.34	-31.46%

Comparison with corresponding six months of last year

Annexure C

Covering period FROM TO	01-Jul-2017 31-Dec-2017	01-Jul-2016 31-Dec-2016	VARIATION	
			Amount	Percentage
Turnover - net	1,013.81	942.66	71.16	7.55%
Cost of Sales	954.51	927.50	27.01	2.91%
Gross Profit	59.30	15.16	44.15	291.28%
G.P.Rate to Sales	5.85%	1.61%		
Administrative, Selling, Financial & Other expenses	62.32	56.24	6.08	10.80%
Other Profit / Loss income	0.596	(0.54)	1.14	-210.66%
Net Loss before taxation	(2.42)	(41.63)	39.21	-94.19%
N.L.Rate to Sales	-0.24%	-4.42%		
Provision for Taxation	4.73	2.17	2.56	118.13%
Loss after Taxation	(7.15)	(43.79)	36.65	-83.68%
Earning per share (before tax)	(0.28)	(4.84)	4.56	-94.21%
Earning per share (after tax)	(0.83)	(5.10)	4.27	-83.73%

COMPARISON OF BALANCE SHEET OF TWO QUARTERS

	1ST QUARTER 30-Sep-2017 Rupees	2ND QUARTER 31-Dec-2017 Rupees
ASSETS		
NON CURRENT ASSETS		
Property, Plant and equipments	611,669,532	641,180,640
Long-term deposits	3,125,751	3,125,751
	<u>614,795,283</u>	<u>644,306,391</u>
CURRENT ASSETS		
Stock-in-trade	192,333,425	135,916,664
Trade debts- unsecured, considered good	232,803,477	279,076,764
Advances	34,846,583	27,505,596
Deposits and pre-payments	6,562,178	7,274,848
Other receivables	27,069,416	33,477,665
Taxation - net	53,858,776	55,112,065
Cash and bank balances	27,299,589	22,616,229
	<u>574,773,444</u>	<u>560,979,831</u>
TOTAL ASSETS	<u>1,189,568,727</u>	<u>1,205,286,222</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share Capital	85,937,500	85,937,500
Reserves	214,746,712	183,817,866
Attributable to equity holders of the parent	<u>300,684,212</u>	<u>269,755,366</u>
Non-controlling interest	16,170,823	21,981,760
	<u>316,855,035</u>	<u>291,737,126</u>
NON CURRENT LIABILITIES		
Diminishing Mushareqa	120,973,483	115,228,372
Liabilites against assets subject to finance lease	-	38,452,353
Deffered Liabilities	10,565,429	30,256,553
	<u>131,538,912</u>	<u>183,937,278</u>
CURRENT LIABILITIES		
Trade and other payables	198,898,842	195,473,575
Finance cost Payable	9,116,172	8,803,917
Borrowings from Directors and related parties	59,840,000	63,360,000
Current portion of diminishing mushreqa arrangements	58,123,687	47,842,106
Liabilites against assets subject to finance lease	-	6,066,840
Morabaha Arrangements	415,196,079	408,065,380
Taxation - net	-	-
	<u>741,174,780</u>	<u>729,611,818</u>
CONTINGENCIES AND COMMITMENTS	-	-
TOTAL EQUITY AND LIABILITIES	<u>1,189,568,727</u>	<u>1,205,286,222</u>
Debt Equity Ratio	29.34%	38.67%
Current Ratio	0.78	0.77

COMPARISON OF PROFIT & LOSS ACCOUNT OF TWO QUARTERS.

	1ST QUARTER 30-Sep-2017 Rupees	2ND QUARTER 31-Dec-2017 Rupees	Y.T.D. 31-Dec-2017 Rupees
Net turnover	476,863,876	536,950,191	1,013,814,067
Cost of sales	(452,449,403)	(502,062,192)	(954,511,595)
Gross profit	24,414,473	34,887,999	59,302,472
G.P.Rate	5.12%	6.50%	5.85%
Selling and distribution expenses	(4,352,604)	(4,600,827)	(8,953,431)
General and administration expenses	(13,746,808)	(13,709,118)	(27,455,926)
Other operating expenses	(263,170)	23,410	(239,760)
Other operating income / (loss)	503,743	92,745	596,488
Operating profit	6,555,634	16,694,209	23,249,843
Finance cost	(13,087,994)	(12,582,326)	(25,670,320)
Loss / Profit for the period before taxation	(6,532,360)	4,111,883	(2,420,477)
Provision for taxation - current	(6,764,849)	(7,461,059)	(14,225,908)
- prior year	-	(2,031,048)	(2,031,048)
- deferred (current)	31,268,002	(19,737,685)	11,530,317
	24,503,153	(29,229,792)	(4,726,639)
Profit / Loss after taxation	17,970,793	(25,117,909)	(7,147,116)
Earning per share before taxation - restated	(0.76)	0.48	(0.28)
Earning per share after taxation - restated	2.09	(2.92)	(0.83)

**Report on Review of Unconsolidated Condensed Interim Financial Information
to Members of Sana Industries Limited**

Introduction

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

The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

Scope of Review

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

Conclusion

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

Karachi: 26 FEB 2018

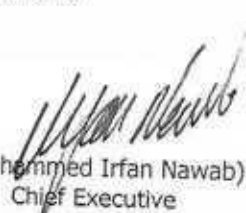
Muniff Ziauddin & Co.
Muniff Ziauddin & Co.
Chartered Accountants
(Sohail Saleem)

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SANA INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2017 (UN-AUDITED)

	Note	December 31, 2017 (Un-audited) ----- (Rupees) -----	June 30, 2017 (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, Plant and equipments	5	478,540,512	505,354,011
Investment property		85,677,090	91,101,015
Long-term deposits		1,333,251	1,373,251
Investment in subsidiary		35,000,000	4,900,000
		<u>600,550,853</u>	<u>602,728,277</u>
CURRENT ASSETS			
Stock-in-trade	6	135,916,664	233,838,716
Trade debts- unsecured, considered good		211,616,598	141,585,443
Loans and advances		27,505,596	32,090,488
Deposits and pre-payments		3,938,481	863,302
Other receivables		36,334,325	83,767,054
Taxation - net	10	47,256,289	50,279,109
Cash and bank balances		19,344,412	8,283,975
		<u>481,912,365</u>	<u>550,708,087</u>
TOTAL ASSETS		<u>1,082,463,218</u>	<u>1,153,436,364</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital			
10,000,000 Ordinary shares of Rs. 10/- each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up capital			
8,593,750 (June 30, 2017: 8,593,750) Ordinary shares of Rs. 10/- each		85,937,500	85,937,500
General reserves		132,500,000	132,500,000
Unappropriated profit		40,881,937	74,125,533
Shareholder's equity		<u>259,319,437</u>	<u>292,563,033</u>
NON CURRENT LIABILITIES			
Diminishing Musharaka	7	115,228,372	136,897,260
Deferred liabilities	8	39,869,708	40,487,147
		<u>155,098,080</u>	<u>177,384,406</u>
CURRENT LIABILITIES			
Trade and other payables		174,274,298	144,445,041
Finance cost payable		8,803,917	9,421,753
Borrowings from directors and associates		29,060,000	67,590,000
Current portion of diminishing musharaka arrangement		47,842,106	64,258,253
Morabaha Arrangements	9	408,065,380	397,773,877
		<u>668,045,701</u>	<u>683,488,925</u>
TOTAL LIABILITIES		<u>823,143,781</u>	<u>860,873,331</u>
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		<u>1,082,463,218</u>	<u>1,153,436,364</u>

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


(Mohammed Irfan Nawab)
Chief Executive


(Mohammed Younus Nawab)
Chairman


(Abdul Hussain Antaria)
Chief Financial Officer

SANA INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

	Half-year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Note ----- Rupees -----		----- Rupees -----	
Net turnover	865,735,327	942,656,249	459,362,886	465,781,800
Cost of sales	(849,355,338)	(927,500,371)	(447,946,861)	(456,616,251)
Gross profit	16,379,989	15,155,878	11,416,025	9,165,549
Administrative expenses	(24,952,145)	(25,685,229)	(12,699,951)	(16,443,168)
Selling and distribution expenses	(6,196,795)	(7,268,970)	(3,281,747)	(4,226,722)
Other operating expenses	(239,760)	(319,300)	(110,160)	(89,100)
Other operating income/(loss)	20,085,731	(550,070)	9,742,466	(8,602,753)
Operating profit/(loss)	5,077,020	(18,667,691)	5,066,633	(20,196,194)
Finance cost	(25,668,625)	(22,942,608)	(12,580,970)	(11,846,625)
Loss for the period before taxation	(20,591,605)	(41,610,299)	(7,514,337)	(32,042,819)
Provision for taxation				
- current	(10,821,692)	-	(5,938,616)	-
- prior	(1,950,083)	588,587	(1,950,083)	588,587
- deferred	119,784	(2,755,525)	(29,419,977)	(5,167,457)
	(12,651,991)	(2,166,938)	(37,308,676)	(4,578,870)
Loss after taxation	(33,243,596)	(43,777,237)	(44,823,012)	(36,621,689)
Loss per share - Basic and Diluted	(3.87)	(5.09)	(5.22)	(4.26)

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


(Mohammed Irfan Nawab)
Chief Executive


(Mohammed Younus Nawab)
Chairman


(Abdul Hussain Antaria)
Chief Financial Officer

SANA INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

	Half Year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- Rupees -----		----- Rupees -----	
Loss for the period	(33,243,596)	(43,777,237)	(44,823,012)	(36,621,689)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(33,243,596)	(43,777,237)	(44,823,012)	(36,621,689)

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

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(Mohammed Irfan Nawab)
Chief Executive

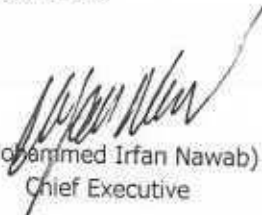

(Mohammed Younus Nawab)
Chairman


(Abdul Hussain Antaria)
Chief Financial Officer

SANA INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

	December 31, 2017	December 31, 2016
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before taxation	(20,591,605)	(41,610,299)
Adjustments for:		
Depreciation	39,898,605	35,253,429
(Gain)/loss on sale of fixed assets	(495,563)	789,961
Profit on bank accounts	(60,003)	(239,891)
Finance cost	25,668,625	22,942,608
Cash generated by operating activities before working capital changes	<u>44,420,059</u>	<u>17,135,808</u>
(Increase)/decrease in current assets	76,833,339	(34,857,300)
Increase/(decrease) in current liabilities	<u>30,131,906</u>	<u>47,251,300</u>
Cash generated from operations	<u>151,385,304</u>	<u>29,529,808</u>
Finance cost	(26,286,461)	(21,699,422)
Staff benefits paid	(497,656)	(634,154)
Income taxes paid	(9,748,955)	(18,159,549)
Net cash inflow/(outflow) from operating activities	<u>114,852,232</u>	<u>(10,963,317)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(7,773,852)	(65,734,223)
Proceeds from disposal of fixed assets	112,672	-
Profit received from bank accounts	60,003	239,891
Deposits	40,000	(160,000)
Investment in subsidiary	(30,100,000)	-
Proceeds from sale of property, plant and equipment	495,410	42,649,402
Net cash used in investing activities	<u>(37,165,767)</u>	<u>(23,004,930)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts under short term morabaha	10,291,504	12,336,210
Repayments under long term musharaka	(38,085,035)	27,100,823
(Repayments)/borrowings from related party	(38,530,000)	1,960,000
Dividends paid	(302,498)	(25,579,307)
Net cash generated from /(used in) financing activities	<u>(66,626,029)</u>	<u>15,817,726</u>
Net decrease in cash and cash equivalents	<u>11,060,436</u>	<u>(18,150,521)</u>
Cash and cash equivalents at beginning of the period	<u>8,283,975</u>	<u>40,059,805</u>
Cash and cash equivalents at end of the period	<u>19,344,412</u>	<u>21,909,284</u>

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


(Mohammed Irfan Nawab)
Chief Executive


(Mohammed Younus Nawab)
Chairman


(Abdul Hussain Antaria)
Chief Financial Officer

SANA INDUSTRIES LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

	Issued, subscribed and paid-up capital	REVENUE RESERVES			Sub - total	Total
		General reserves	Un-appropriated profit			
Balance as at July 01, 2016	85,937,500	132,500,000	139,538,023		272,038,023	357,975,523
Final cash dividend for the year ended June 30, 2016	-	-	(30,078,125)		(30,078,125)	(30,078,125)
Total comprehensive loss for the period	-	-	(43,777,237)		(43,777,237)	(43,777,237)
Balance as at December 31, 2016	85,937,500	132,500,000	65,682,661		198,182,661	284,120,161
Balance as at July 01, 2017	85,937,500	132,500,000	74,125,533		206,625,533	292,563,033
Total comprehensive loss for the period	-	-	(33,243,596)		(33,243,596)	(33,243,596)
Balance as at December 31, 2017	85,937,500	132,500,000	40,881,937		173,381,937	259,319,437

(Rupees)

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


(Mohammed Irfan Nawab)
Chief/Executive


(Mohammed Younus Nawab)
Chairman


(Abdu Hussain Antaria)
Chief Financial Officer

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SANA INDUSTRIES LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

1. NATURE OF BUSINESS

Sana Industries Limited (the Company) was incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984. The shares of the Company are quoted on the Pakistan Stock Exchange Limited. The Company is engaged in the following activities.

- i) manufacturing and sale of man-made blended yarn;
- ii) providing services in respect of cold storage through "compartmentalized cold store project";
- iii) food stuff (processing of ready to eat meals).

The registered office of the Company is located at 33-D-2, Block 6, P.E.C.H.S., Karachi, Pakistan.

Sana Industries Limited is holding Company of Sana Logistics (Private) Limited.

2. STATEMENT OF COMPLIANCE

As per the requirements of circular no. CLD/CCD/PR(11)/2017 dated October 4, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies whose financial year, including quarterly and other interim periods, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Accordingly, this unconsolidated condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

This unconsolidated condensed interim financial information does not include all the information required for a complete set of financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2017.

The comparative balance sheet presented in this unconsolidated condensed interim financial information as at June 30, 2017 has been extracted from audited financial statements of the company for the year ended June 30, 2017, Whereas the comparative profit and loss account, statement of changes in equity and the cash flow statements for the half year ended December 31, 2016 have been subjected to a review but not audit.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the preceding published annual financial statements of the company for the year ended June 30, 2017.

4. ESTIMATES AND JUDGMENTS

The significant judgment, estimates and assumptions used by the management in preparation of this unconsolidated condensed interim financial information are the same as those applied to the preceding published annual financial statements of the company for the year ended June 30, 2017.

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	Note	December 31, 2017 (Un-audited) Rupees	June 30, 2017 (Audited) Rupees
5. PROPERTY, PLANT AND EQUIPMENT			
Net book value (NBV) at the beginning of the period/year		505,015,757	495,181,253
Add: Additions to tangible fixed assets	5.1	7,773,852	295,517,303
Less: Disposals during the period (NBV)	5.1	112,672	217,002,804
Depreciation charged during the period/year		34,474,680	68,679,996
		34,587,352	285,682,799
Net book value at the closing of the period/year		478,202,258	505,015,757
Capital work-in-progress	5.2	338,254	338,254
		478,540,512	505,354,011

5.1 The following additions and deletions were made during the period in operating fixed assets:

	Additions (Cost) Rupees	Deletions (Net Book value) Rupees
Property, plant and equipment		
Leasehold land	-	-
Building on leasehold land	1,129,500	-
Electrification - Factory Building	140,000	-
Plant and machinery	5,947,353	(92,825)
Handling equipments	-	-
Furniture, fixtures and office equipments	502,588	-
Vehicles	54,411	(19,847)
Computers and software	-	-
	7,773,852	(112,672)
	December 31, 2017 (Un-audited) Rupees	June 30, 2017 (Audited) Rupees

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

Opening balance	338,254	-
Add: Additions during the period/year	-	19,702,532
	338,254	19,702,532
Less: Transferred to operating fixed assets	-	(19,364,278)
Closing balance	338,254	338,254

6. STOCK-IN-TRADE

Raw and packing material	38,012,676	48,244,279
Work-in-process	20,250,005	16,506,109
Finished goods	77,299,943	168,420,018
Waste stock	354,040	668,310
	135,916,664	233,838,716

		December 31, 2017 (Un-audited) Rupees	June 30, 2017 (Audited) Rupees
7. LONG TERM MUSHARAKA - secured Diminishing musharaka			
Habib Metropolitan Bank Limited	7.1	112,534,966	134,513,894
Standard Chartered Bank	7.2	50,535,512	66,641,619
		163,070,478	201,155,513
Less: Current portion of long-term musharaka		(47,842,106)	(64,258,253)
		115,228,372	136,897,260

Date of Disbursement	Nature of Asset	Amount Disbursed	Profit Rate	Floor	Ceiling	Principal Outstanding as at December 31, 2017	Ending Date
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7.1 **HABIB METROPOLITAN BANK:**

27-Dec-13	Spare parts spindle bolster	2,779,814	6M KIBOR + 2%	12%	18%	75,130	31-Jan-18
12-Dec-13	Ring spinning frame	6,269,240	6M KIBOR + 2%	12%	18%	169,439	31-Jan-18
02-Jan-14	Generator WAUKESHA	31,121,334	6M KIBOR + 2%	12%	18%	560,743	31-Jan-18
10-Jan-14	Spare parts steel ring & rubber apron Generator	1,258,414	6M KIBOR + 2%	12%	18%	34,011	31-Jan-18
12-Sep-15	Generator WAUKESHA	30,295,680	6M KIBOR + 2%	10%	17%	6,732,373	12-Jul-18
28-Oct-16	Generator WAUKESHA Model VHP5904LTD	30,716,842	6M KIBOR + 2%	7.5%	14%	25,597,372	02-Feb-22
16-Feb-17	4 SETS DRAWFRAMES RIETER	25,204,480	6M KIBOR + 2%	7.5%	14%	22,597,120	20-Mar-22
02-Feb-17	14 sets complete ring spinning frames	55,442,587	6M KIBOR + 2%	7.5%	14%	48,974,286	09-Apr-22
07-Apr-17	Generator WAUKESHA Model VHP5904LTD	8,660,544	6M KIBOR + 2%	7.5%	14%	7,794,492	22-May-22
						112,534,966	

7.2 **STANDARD CHARTERED BANK:**

22-Apr-16	Steel Bulding for AZ	12,445,000	1M KIBOR + 1.75%	-	-	7,052,171	22-Apr-19
22-Apr-16	Civil work for AZ	18,000,000	1M KIBOR + 1.75%	-	-	10,200,000	23-Apr-19
23-Apr-16	Steel Bulding for AZ	10,900,000	1M KIBOR + 1.75%	-	-	6,176,671	24-Apr-19
11-May-16	D.G .Set of 320 KVA, Wooden pallets, Cool chain machinery and equipment , Local purchases and Steel building for AZ	27,000,000	1M KIBOR + 1.75%	-	-	15,300,000	11-May-19
23-Aug-16	Reach Truck R20S	8,740,000	1M KIBOR + 1.75%	-	-	5,098,330	23-Aug-19
08-Sep-16	Racking	11,500,000	1M KIBOR + 1.75%	-	-	6,708,340	08-Sep-19
						50,535,512	

		December 31, 2017 (Un-audited) Rupees	June 30, 2017 (Audited) Rupees
8. DEFERRED LIABILITIES			
Provision for compensated absences	8.1	1,094,272	1,591,927
Deferred taxation	8.2	15,560,609	15,680,393
Staff retirement benefits	8.3	23,214,827	23,214,827
		<u>39,869,708</u>	<u>40,487,147</u>
8.1 Provision for compensated absences			
Balance at beginning of the period/year		1,591,927	1,386,068
Charge for the period/year		-	918,932
Benefits paid during the period/year		(497,655)	(713,073)
		<u>1,094,272</u>	<u>1,591,927</u>
8.2 Deferred taxation			
Deferred tax comprises taxable temporary differences relating to :			
- accelerated depreciation		49,421,149	49,540,933
- unused tax losses and credits		(29,034,853)	(29,034,853)
- remeasurement of defined benefit plans - O.C.I component		(4,825,687)	(4,825,687)
		<u>15,560,609</u>	<u>15,680,393</u>
8.3 Staff retirement benefits			
Balance sheet reconciliation			
Present value of defined benefit obligation		97,912,461	97,912,461
Fair value of plan assets		(74,697,634)	(74,697,634)
		<u>23,214,827</u>	<u>23,214,827</u>
9. SHORT TERM MORABAHA - secured			
Commercial banks			
Habib metropolitan bank limited	9.1	289,488,731	285,622,078
Standard chartered bank	9.2	118,576,649	112,151,799
		<u>408,065,380</u>	<u>397,773,877</u>

9.1 Short-term morabaha had been obtained for the regular purchases of raw material. The bank has approved a facility of Rs. 300 million. The effective rate of profit on morabaha in facility ranges between 8.14% to 8.44% (based on 6 months KIBOR + 2.00% per annum). The arrangement is secured against equitable mortgage of factory land , building and plant & machinery (except assets financed under diminishing musharka by another financial institution), located at H.I.T.E., Hub, Balochistan, hypothecation of goods imported / purchased under this financing, execution of promissory notes and personal guarantees of three directors of the company.

- 9.2 Short-term morabaha had been obtained for the regular purchases of raw material. The bank has approved a facility of Rs. 134 million. The effective rate of profit on morabaha in facility ranges between 7.63% to 7.67% (based on 3 months KIBOR + 1.75% per annum). The arrangement is secured against equitable mortgage of factory land, building and plant & machinery (except assets financed under diminishing musharka by another financial institution), located at plot no, 54 Dehi Gondpas Tapo Gabopat Kemari Town Karachi, hypothecation of goods imported / purchased under this financing, execution of promissory notes and personal guarantees of three directors of the company.

	December 31, 2017 (Un-audited) Rupees	June 30, 2017 (Audited) Rupees
10. TAXATION - NET		
Income tax refundable	48,329,026	17,971,089
Advance Income tax	9,748,955	32,308,020
Provision for taxation	(10,821,692)	-
	47,256,289	50,279,109

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There were no contingencies as at balance sheet date (June 30, 2017: Nil).

11.2 Commitments

Irrevocable letter of credits	71,422,344	105,348,897
Letter of gurantee issued by a commercial bank	22,861,098	22,861,098
Custom duty, sales tax, FED and income tax on goods in transit	63,047	164,199

	Half Year ended		Quarter ended	
	December 31, 2017 Rupees	December 31, 2016 Rupees	December 31, 2017 Rupees	December 31, 2016 Rupees
12. COST OF SALES				
Opening stock finished goods and waste	169,088,328	119,279,393	116,225,183	97,500,420
Cost of goods manufactured	757,920,993	892,593,633	409,375,661	443,488,486
Closing stock finished goods and waste	(77,653,983)	(84,372,655)	(77,653,983)	(84,372,655)
	849,355,338	927,500,371	447,946,861	456,616,251

	Half Year ended		Quarter ended	
	December 31, 2017 Rupees	December 31, 2016 Rupees	December 31, 2017 Rupees	December 31, 2016 Rupees
13. LOSS PER SHARE				
- BASIC AND DILUTED				
Loss after taxation	(33,243,596)	(43,777,237)	(44,823,012)	(36,621,689)
Issued ordinary shares	8,593,750	8,593,750	8,593,750	8,593,750
Basic and diluted loss per share	(3.87)	(5.09)	(5.22)	(4.26)

14. TRANSACTIONS 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	Half Year ended		Quarter ended	
	December 31, 2017 Rupees	December 31, 2016 Rupees	December 31, 2017 Rupees	December 31, 2016 Rupees
Staff retirement benefit plans: - Contribution to gratuity fund	2,235,464	11,308,674	2,235,464	11,308,674
Key management personnel: - Remuneration and benefits	10,428,756	23,194,110	5,022,324	20,988,266
Borrowings from Directors and associates	59,100,000	27,825,600	7,400,000	20,175,600
Repayment of borrowing from Directors and associates	97,630,000	25,665,600	4,630,000	13,310,600
Rent paid to Director's family members	966,000	1,843,500	966,000	88,500
Loan from associates / Sale of goods	-	7,332,346	-	7,221,513

Nature of transaction	Half Year ended		Quarter ended	
	December 31, 2017 Rupees	December 31, 2016 Rupees	December 31, 2017 Rupees	December 31, 2016 Rupees
Rental income from subsidiary company	18,000,000	-	9,000,000	-
Reimbursement to subsidiary	2,480,500	-	1,240,250	-

Nature of Balance	December 31, 2017 Rupees	June 30, 2017 Rupees
Receivable from subsidiary company	5,079,500	56,018,089
Borrowing from directors and family member	29,060,000	67,590,000

15. SEGMENT REPORTING

For management purposes, the Company has identified three operating segments:

1. Textile - manufacturing and sale of man-made blended yarn;
2. Cold storage - providing services in respect of cold storage through "compartmentalized cold" store
3. Food stuff - processing of "ready to eat" meals.

	Half year ended December 31, 2017			TOTAL
	TEXTILE	COLD STORE	FOOD STUFF	
Net turnover	865,735,327	-	-	865,735,327
Cost of sales	(839,058,094)	(9,911,189)	(386,055)	(849,355,338)
Gross profit	26,677,233	(9,911,189)	(386,055)	16,379,989
Administrative expenses	(19,528,220)	(5,423,925)	-	(24,952,145)
Selling and distribution expenses	(6,196,795)	-	-	(6,196,795)
Other operating expenses	(239,760)	-	-	(239,760)
Other operating income	555,566	19,530,165	-	20,085,731
Operating profit	1,268,024	4,195,051	(386,055)	5,077,020
Finance cost	(23,550,782)	(2,117,843)	-	(25,668,625)
Loss for the period before taxation	(22,282,758)	2,077,208	(386,055)	(20,591,605)

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Half year ended December 31, 2017

	TEXTILE	COLD STORE	FOOD STUFF	TOTAL
	----- <i>(Rupees)</i> -----			

OTHER INFORMATIONS:

Segment assets	951,979,386	125,981,242	4,502,590	1,082,463,218
Unallocated assets				-
Total assets				<u>1,082,463,218</u>
Segment liabilities	757,214,555	65,929,225	-	823,143,780
Unallocated liabilities				-
Total liabilities				<u>823,143,781</u>
Capital expenditure	7,773,852	-	-	7,773,852
Unallocated				-
				<u>7,773,852</u>
Depreciation (including Investment property)	24,935,692	14,576,858	386,055	39,898,605
Unallocated depreciation				-
				<u>39,898,605</u>

15.1 Administration, other charges and income taxes on each segments are allocated on proportionate basis.

16. DATE OF AUTHORISATION FOR ISSUE

16.1 These unconsolidated condensed interim financial information were authorised for issue by the Board of Directors of the Company on 26 FEB 2018.

17. GENERAL

17.1 Amounts have been rounded off to the nearest rupee.

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(Mohammed Irfan Nawab)
Chief Executive


(Mohammed Younus Nawab)
Chairman


(Abdul Hussain Antaria)
Chief Financial Officer

**Report on Review of Consolidated Condensed Interim Financial
Information to Members of Sana Industries Limited**

Introduction

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

The figures of the consolidated condensed interim profit and loss account and consolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.


Scope of Review

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

Conclusion

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

Karachi: 26 FEB 2018


Muniff Ziauddin & Co.
Chartered Accountants
(Sohail Saleem)

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SANA INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2017

	Note	December 31, 2017 (Un-audited) ----- (Rupees) -----	June 30, 2017 (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, Plant and equipments	5	641,180,640	629,166,481
Long-term deposits		3,125,751	3,165,751
		644,306,391	632,332,232
CURRENT ASSETS			
Stock-in-trade	6	135,916,664	233,838,716
Trade debts- unsecured, considered good		279,076,764	208,298,549
Loans and advances		27,505,596	32,090,488
Deposits and pre-payments		7,274,848	2,273,945
Other receivables		33,477,665	27,748,965
Taxation - net	10	55,112,065	49,997,350
Cash and bank balances		22,616,229	9,018,917
		560,979,831	563,266,930
TOTAL ASSETS		1,205,286,222	1,195,599,162
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital			
10,000,000 Ordinary shares of Rs. 10/- each		100,000,000	100,000,000
Issued, subscribed and paid-up capital			
8,593,750 (June 30, 2017: 8,593,750) Ordinary shares of Rs. 10/- each		85,937,500	85,937,500
General reserves		132,500,000	132,500,000
Consolidated reserves		51,317,866	66,715,945
Equity attributable to the shareholders of holding Company		269,755,366	285,153,445
Non controlling interest		21,981,760	3,830,797
Total equity		291,737,126	288,984,242
NON CURRENT LIABILITIES			
Diminishing Musharaka	7	115,228,372	136,897,260
Liabilities against assets subject to finance lease		38,452,353	-
Deferred liabilities	8	30,256,553	42,284,526
		183,937,278	179,181,786
CURRENT LIABILITIES			
Trade and other payables		195,473,575	155,289,251
Finance cost payable		8,803,917	9,421,753
Borrowings from directors and associates		63,360,000	100,690,000
Current portion of diminishing musharaka arrangement		47,842,106	64,258,253
Liabilities against assets subject to finance lease		6,066,840	-
Morabaha Arrangements	9	408,065,380	397,773,877
		729,611,818	727,433,134
TOTAL LIABILITIES		913,549,096	906,614,920
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		1,205,286,222	1,195,599,162

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

(Mohammed Irfan Nawab)
Chief Executive

(Mohammed Younus Nawab)
Chairman

(Abdul Hussain Antaria)
Chief Financial Officer


SANA INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

	Half-year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Note ----- Rupees -----		----- Rupees -----	
Net turnover	1,013,814,067	942,656,249	536,950,191	465,781,800
Cost of sales and services	12 (954,511,595)	(927,500,371)	(502,062,192)	(456,616,251)
Gross profit	59,302,472	15,155,878	34,887,999	9,165,549
Administrative expenses	(27,455,926)	(25,713,029)	(13,709,118)	(16,415,368)
Selling and distribution expenses	(8,953,431)	(7,268,970)	(4,600,827)	(4,226,722)
Other operating expenses	(239,760)	(319,300)	23,410	(89,100)
Other operating income	596,488	(539,012)	92,745	(8,602,441)
Operating profit/(loss)	23,249,843	(18,684,433)	16,694,209	(20,168,082)
Finance cost	(25,670,320)	(22,942,608)	(12,582,326)	(11,846,625)
(Loss)/Profit for the period before taxation	(2,420,477)	(41,627,041)	4,111,883	(32,014,707)
Provision for taxation				
- current	(14,225,908)	-	(7,461,059)	-
- prior	(2,031,048)	588,587	(2,031,048)	588,587
- deferred	11,530,317	(2,755,525)	(19,737,685)	(5,167,457)
	(4,726,639)	(2,166,938)	(29,229,792)	(4,578,870)
Loss after taxation	(7,147,116)	(43,793,979)	(25,117,908)	(36,593,577)
Loss per share - Basic and Diluted	13 (0.83)	(5.10)	(2.92)	(4.26)

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


(Mohammed Irfan Nawab)
Chief Executive


(Mohammed Younus Nawab)
Chairman


(Abdul Hussain Antaria)
Chief Financial Officer

SANA INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)


	Half Year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- Rupees -----		----- Rupees -----	
Loss for the period	(7,147,116)	(43,793,979)	(25,117,908)	(36,593,577)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(7,147,116)	(43,793,979)	(25,117,908)	(36,593,577)
Attributable to:				
- Shareholders of the Holding Company	(15,398,079)	(43,785,441)	(25,103,889)	(36,579,558)
- Non - controlling interest	8,250,963	(8,538)	(14,019)	(14,019)
	(7,147,116)	(43,793,979)	(25,117,908)	(36,593,577)

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

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(Mohammed Irfan Nawab)
Chief Executive


(Mohammed Younus Nawab)
Chairman


(Abdul Hussain Antaria)
Chief Financial Officer


SANA INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

	December 31, 2017	December 31, 2016
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before taxation	(2,420,477)	(41,627,041)
Adjustments for:		
Depreciation	41,958,729	35,253,429
(Gain)/loss on sale of fixed assets	(495,563)	789,961
Profit on bank accounts	(100,925)	(239,891)
Finance cost	25,672,015	22,942,608
Cash generated by operating activities before working capital changes	<u>64,613,779</u>	<u>17,119,066</u>
(Increase)/decrease in current assets	20,999,126	(34,857,300)
Increase/(decrease) in current liabilities	40,486,974	47,161,865
Cash generated from operations	<u>126,099,879</u>	<u>29,423,631</u>
Finance cost	(26,289,851)	(21,699,422)
Staff benefits paid	(497,654)	(634,154)
Income taxes paid	(21,371,671)	(18,159,814)
Net cash inflow/(outflow) from operating activities	<u>77,940,703</u>	<u>(11,069,759)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(9,566,367)	(65,734,223)
Proceeds from disposal of fixed assets	112,672	-
Profit received from bank accounts	100,925	239,891
Deposits	40,000	40,000
Proceeds from sale of property, plant and equipment	495,410	42,649,402
Net cash used in investing activities	<u>(8,817,360)</u>	<u>(22,804,930)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts under short term morabaha	10,291,502	12,336,210
Proceeds from issue of shares - NCI	9,900,000	-
Repayments under long term musharaka	(38,085,035)	27,100,823
(Repayments)/borrowings from related party	(37,330,000)	1,960,000
Dividends paid	(302,498)	(25,579,307)
Net cash (used in)/generated from financing activities	<u>(55,526,031)</u>	<u>15,817,726</u>
Net decrease in cash and cash equivalents	13,597,312	(18,056,963)
Cash and cash equivalents at beginning of the period	9,018,917	40,065,539
Cash and cash equivalents at end of the period	<u>22,616,229</u>	<u>22,008,576</u>

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


(Mohammed Irfan Nawab)
Chief Executive


(Mohammed Younus Nawab)
Chairman


(Abdul Hussain Antaria)
Chief Financial Officer

SANA INDUSTRIES LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

	Issued, subscribed and paid-up capital	REVENUE RESERVES		Attributable to equity holders of the parent	Non- controlling interest	Total
		General reserves	Consolidated reserves			
Balance as at July 01, 2016	85,937,500	132,500,000	139,519,910	357,957,410	5,081,148	363,038,558
Final cash dividend for the year ended June 30, 2016	-	-	(30,078,125)	(30,078,125)	-	(30,078,125)
Total comprehensive loss for the period	-	-	(43,785,441)	(43,785,441)	(8,538)	(43,793,979)
Balance as at December 31, 2016	85,937,500	132,500,000	65,656,344	284,093,844	5,072,610	289,166,454
Balance as at July 01, 2017	85,937,500	132,500,000	66,715,945	285,153,445	3,830,797	288,984,242
Non-controlling interest arising on a business combination	-	-	-	-	9,900,000	9,900,000
Total comprehensive loss for the period	-	-	(15,398,079)	(15,398,079)	8,250,963	(7,147,116)
Balance as at December 31, 2017	85,937,500	132,500,000	51,317,866	269,755,366	21,981,760	291,737,126

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


(Muhammad Irfan Nawab)
Chief Executive


(Mohammed Younus Nawab)
Chairman


(Abdul Hussain Antaria)
Chief Financial Officer

SANA INDUSTRIES LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UN-AUDITED)

1. NATURE OF BUSINESS

Group comprises of Sana Industries Limited, the parent company; and Sana Logistics (Private) Limited, the subsidiary company.

The parent company was incorporated in Pakistan as a public limited Company under the Companies Ordinance, 1984. The shares of the Parent company are quoted on Pakistan Stock Exchange Limited. The Parent company is engaged in the following activities:

- i) manufacturing and sale of man-made blended yarn;
- ii) providing services in respect of cold storage through "compartmentalized cold store project";
- iii) food stuff (processing of ready to eat meals).

The registered office of the parent company is located at 33-D-2, Block 6, P.E.C.H.S., Karachi, Pakistan.

The subsidiary company was incorporated in Pakistan as a private limited Company under the Companies Ordinance, 1984 on 18th day of August 2015. The principle activity of the subsidiary company is to provide services in respect of Dry Storage through "compartmentalized store project.

2. STATEMENT OF COMPLIANCE

As per the requirements of circular no. CLD/CCD/PR(11)/2017 dated October 4, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies whose financial year, including quarterly and other interim periods, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

Accordingly, this consolidated condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

This consolidated condensed interim financial information does not include all the information required for a complete set of financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2017.

The comparative balance sheet presented in this consolidated condensed interim financial information as at June 30, 2017 has been extracted from audited financial statements of the group for the year ended June 30, 2017, Whereas the comparative profit and loss account, statement of changes in equity and the cash flow statements for the half year ended December 31, 2016 have been subjected to a review but not audit.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the preceding published annual financial statements of the group for the year ended June 30, 2017.

4. ESTIMATES AND JUDGMENTS

The significant judgment, estimates and assumptions used by the management in preparation of this consolidated condensed interim financial information are the same as those applied to the preceding published annual financial statements of the group for the year ended June 30, 2017.

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	December 31, 2017 (Un-audited) Rupees	June 30, 2017 (Audited) Rupees
5. PROPERTY, PLANT AND EQUIPMENT		
Net book value (NBV) at the beginning of the period/year	628,328,927	495,181,253
Add: Additions to tangible fixed assets	5.1 54,085,560	299,079,288
Less: Disposals during the period (NBV)	5.1 112,672	94,431,573
Depreciation charged during the period/year	41,958,729	71,500,041
	42,071,401	165,931,614
Net book value at the closing of the period/year	640,343,086	628,328,927
Capital work-in-progress	5.2 837,554	837,554
	641,180,640	629,166,481

5.1 The following additions and deletions were made during the period in operating fixed assets:

	Additions (Cost) Rupees	Deletions (Net Book value) Rupees
Property, plant and equipment		
Building on leasehold land	1,129,500	-
Electrification - Factory Building	140,000	-
Plant and machinery	16,953,037	(92,825)
Handling equipments	34,647,291	-
Furniture, fixtures and office equipments	815,295	-
Vehicles	54,411	(19,847)
Computers and software	346,026	-
	54,085,560	(112,672)
	December 31, 2017 (Un-audited) Rupees	June 30, 2017 (Audited) Rupees

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

Opening balance	837,554	-
Add: Additions during the period/year	-	19,702,532
	837,554	20,201,832
Less: Transferred to operating fixed assets	-	(19,364,278)
Closing balance	837,554	837,554

6. STOCK-IN-TRADE

Raw and packing material	38,012,676	48,244,279
Work-in-process	20,250,005	16,506,109
Finished goods	77,299,943	168,420,018
Waste stock	354,040	668,310
	135,916,664	233,838,716

December 31,
2017

(Un-audited)

Rupees

June 30,
2017

(Audited)

Rupees

Note

**7. LONG TERM MUSHARAKA - secured
Diminishing musharaka**Habib Metropolitan Bank Limited
Standard Chartered Bank

7.1	112,534,966	134,513,894
7.2	50,535,512	66,641,619
	163,070,478	201,155,513
	(47,842,106)	(64,258,253)
	115,228,372	136,897,260

Less: Current portion of long-term musharaka

Date of Disbursement	Nature of Asset	Amount Disbursed	Profit Rate	Floor	Ceiling	Principal Outstanding as at December 31, 2017	Ending Date
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7.1 HABIB METROPOLITAN BANK:

27-Dec-13	Spare parts spindle bolster	2,779,814	6M KIBOR + 2%	12%	18%	75,130	31-Jan-18
12-Dec-13	Ring spinning frame	6,269,240	6M KIBOR + 2%	12%	18%	169,439	31-Jan-18
02-Jan-14	Generator WAUKESHA	31,121,334	6M KIBOR + 2%	12%	18%	560,743	31-Jan-18
10-Jan-14	Spare parts steel ring & rubber apron	1,258,414	6M KIBOR + 2%	12%	18%	34,011	31-Jan-18
12-Sep-15	Generator WAUKESHA	30,295,680	6M KIBOR + 2%	10%	17%	6,732,373	12-Jul-18
28-Oct-16	Generator WAUKESHA Model VHP5904LTD	30,716,842	6M KIBOR + 2%	7.5%	14%	25,597,372	02-Feb-22
16-Feb-17	4 SETS DRAWFRAMES RIETER	25,204,480	6M KIBOR + 2%	7.5%	14%	22,597,120	20-Mar-22
02-Feb-17	14 sets complete ring spinning frames	55,442,587	6M KIBOR + 2%	7.5%	14%	48,974,286	09-Apr-22
07-Apr-17	Generator WAUKESHA Model VHP5904LTD	8,660,544	6M KIBOR + 2%	7.5%	14%	7,794,492	22-May-22
						112,534,966	

7.2 STANDARD CHARTERED BANK:

22-Apr-16	Steel Bulding for AZ	12,445,000	1M KIBOR + 1.75%	-	-	7,052,171	22-Apr-19
22-Apr-16	Civil work for AZ	18,000,000	1M KIBOR + 1.75%	-	-	10,200,000	23-Apr-19
23-Apr-16	Steel Bulding for AZ	10,900,000	1M KIBOR + 1.75%	-	-	6,176,671	24-Apr-19
11-May-16	D.G .Set of 320 KVA, Wooden pallets, Cool chain machinery and equipment , Local purchases and Steel building for AZ	27,000,000	1M KIBOR + 1.75%	-	-	15,300,000	11-May-19
23-Aug-16	Reach Truck R20S	8,740,000	1M KIBOR + 1.75%	-	-	5,098,330	23-Aug-19
08-Sep-16	Racking	11,500,000	1M KIBOR + 1.75%	-	-	6,708,340	08-Sep-19
						50,535,512	

	December 31, 2017 (Un-audited) Rupees	June 30, 2017 (Audited) Rupees
8. DEFERRED LIABILITIES		
Provision for compensated absences	8.1 1,094,272	1,591,927
Deferred taxation	8.2 5,947,454	17,477,772
Staff retirement benefits	8.3 23,214,827	23,214,827
	<u>30,256,553</u>	<u>42,284,526</u>
8.1 Provision for compensated absences		
Balance at beginning of the period/year	1,591,927	1,386,068
Charge for the period/year	-	918,932
Benefits paid during the period/year	<u>(497,655)</u>	<u>(713,073)</u>
	<u>1,094,272</u>	<u>1,591,927</u>
8.2 Deferred taxation		
Deferred tax comprises taxable temporary differences relating to :		
- accelerated depreciation	53,163,753	51,338,312
- liabilities against assets subject to finance lease	(13,355,758)	-
- unused tax losses and credits	(29,034,853)	(29,034,853)
- remeasurement of defined benefit plans - O.C.I component	(4,825,687)	(4,825,687)
	<u>5,947,454</u>	<u>17,477,772</u>
8.3 Staff retirement benefits		
Balance sheet reconciliation		
Present value of defined benefit obligation	97,912,461	97,912,461
Fair value of plan assets	<u>(74,697,634)</u>	<u>(74,697,634)</u>
	<u>23,214,827</u>	<u>23,214,827</u>
9. SHORT TERM MORABAHA - secured		
Commercial banks		
Habib metropolitan bank limited	9.1 289,488,731	285,622,078
Standard chartered bank	9.2 118,576,649	112,151,799
	<u>408,065,380</u>	<u>397,773,877</u>

- 9.1 Short-term morabaha had been obtained for the regular purchases of raw material. The bank has approved a facility of Rs. 300 million. The effective rate of profit on morabaha in facility ranges between 8.14% to 8.44% (based on 6 months KIBOR + 2.00% per annum). The arrangement is secured against equitable mortgage of factory land , building and plant & machinery (except assets financed under diminishing musharka by another financial institution), located at H.I.T.E., Hub, Balochistan, hypothecation of goods imported / purchased under this financing, execution of promissory notes and personal guarantees of three directors of the parent company.

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- 9.2 Short-term morabaha had been obtained for the regular purchases of raw material. The bank has approved a facility of Rs. 134 million. The effective rate of profit on morabaha in facility ranges between 7.63% to 7.67% (based on 3 months KIBOR + 1.75% per annum). The arrangement is secured against equitable mortgage of factory land, building and plant & machinery (except assets financed under diminishing musharka by another financial institution), located at plot no, 54 Dehi Gondpas Tapo Gabopat Kemari Town Karachi, hypothecation of goods imported / purchased under this financing, execution of promissory notes and personal guarantees of three directors of the parent company.

	December 31, 2017 (Un-audited) Rupees	June 30, 2017 (Audited) Rupees
10. TAXATION - NET		
Income tax refundable	48,400,762	17,971,089
Advance Income tax	20,937,211	32,704,905
Provision for taxation	(14,225,908)	(678,644)
	<u>55,112,065</u>	<u>49,997,350</u>

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There were no contingencies as at balance sheet date (June 30, 2017: Nil).

11.2 Commitments

Irrevocable letter of credits	<u>71,422,344</u>	<u>105,348,897</u>
Letter of guarantee issued by a commercial bank	<u>22,861,098</u>	<u>22,861,098</u>
Custom duty, sales tax, FED and income tax on goods in transit	<u>63,047</u>	<u>164,199</u>

	Half Year ended		Quarter ended	
	December 31, 2017 Rupees	December 31, 2016 Rupees	December 31, 2017 Rupees	December 31, 2016 Rupees
12. COST OF SALES				
Opening stock finished goods and waste	169,088,328	119,279,393	116,225,183	97,500,420
Cost of services and goods manufactured	863,077,250	892,593,633	463,490,992	443,488,486
Closing stock finished goods and waste	(77,653,983)	(84,372,655)	(77,653,983)	(84,372,655)
	<u>954,511,595</u>	<u>927,500,371</u>	<u>502,062,192</u>	<u>456,616,251</u>

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13. LOSS PER SHARE - BASIC AND DILUTED	Half Year ended		Quarter ended	
	December 31, 2017 Rupees	December 31, 2016 Rupees	December 31, 2017 Rupees	December 31, 2016 Rupees
Loss after taxation	(7,147,116)	(43,793,979)	(25,117,908)	(36,593,577)
Issued ordinary shares	8,593,750	8,593,750	8,593,750	8,593,750
Basic and diluted loss earnings per share	(0.83)	(5.10)	(2.92)	(4.26)

14. TRANSACTIONS 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	Half Year ended		Quarter ended	
	December 31, 2017 Rupees	December 31, 2016 Rupees	December 31, 2017 Rupees	December 31, 2016 Rupees
Staff retirement benefit plans: - Contribution to gratuity fund	2,235,464	11,308,674	2,235,464	11,308,674
Key management personnel: - Remuneration and benefits	17,028,756	23,194,110	8,322,324	20,988,266
Borrowings from Directors and associates	60,300,000	27,825,600	8,600,000	20,175,600
Repayment of borrowing from Directors and associates	97,630,000	25,665,600	4,630,000	13,310,600
Rent paid to Director's family members	966,000	1,843,500	966,000	88,500
Loan from associates /Sale of goods	-	7,332,346	-	7,221,513
Nature of Balance	December 31, 2017 Rupees	June 30, 2017 Rupees		
Borrowing from directors and family member	63,360,000	100,690,000		

15. SEGMENT REPORTING

For management purposes, the group has identified three operating segments:

1. Textile - manufacturing and sale of man-made blended yarn;
2. Cold storage - providing services in respect of cold storage through "compartmentalized cold" store
3. Food stuff - processing of "ready to eat" meals.

	Half year ended December 31, 2017			TOTAL
	TEXTILE	COLD STORE	FOOD STUFF	
	----- (Rupees) -----			
Net turnover	865,735,327	148,078,740	-	1,013,814,067
Cost of sales	(839,058,094)	(115,067,446)	(386,055)	(954,511,595)
Gross profit	26,677,233	33,011,294	(386,055)	59,302,472
Administrative expenses	(19,528,220)	(7,927,706)		(27,455,926)
Selling and distribution expenses	(6,196,795)	(2,756,636)	-	(8,953,431)
Other operating expenses	(239,760)	-	-	(239,760)
Other operating income	555,566	40,922	-	596,488
Operating (loss)/profit	1,268,024	22,367,874	(386,055)	23,249,843
Finance cost	(23,550,782)	(2,119,538)	-	(25,670,320)
Loss for the period before taxation	(22,282,758)	20,248,336	(386,055)	(2,420,477)
OTHER INFORMATIONS:				
Segment assets	951,979,386	248,804,242	4,502,594	1,205,286,222
Unallocated assets				-
Total assets				<u>1,205,286,222</u>
Segment liabilities	757,214,555	156,334,541	-	913,549,096
Unallocated liabilities				-
Total liabilities				<u>913,549,096</u>
Capital expenditure	7,773,852	46,311,708	-	54,085,560
Unallocated				-
				<u>54,085,560</u>
Depreciation	24,935,692	16,636,982	386,055	41,958,729
Unallocated depreciation				-
				<u>41,958,729</u>

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15.1 Administration, other charges and income taxes on each segments are allocated on proportionate basis.

16. DATE OF AUTHORISATION FOR ISSUE

16.1 These consolidated condensed interim financial information were authorised for issue by the Board of Directors of the Parent company on 26 FEB 2018.


17. GENERAL

17.1 Amounts have been rounded off to the nearest rupee.

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(Mohammed Irfan Nawab)
Chief Executive


(Mohammed Younus Nawab)
Chairman


(Abdul Hussain Antaria)
Chief Financial Officer