
FIRST QUARTER REPORT

2018-19



J.K. SPINNING MILLS LIMITED



Contents

3	Company Information
4	Directors' Report to the Shareholders
6	Directors' Report to the Shareholders (Urdu)
9	Condensed Interim Balance Sheet (Un-Audited)
11	Condensed Interim Profit and Loss Account (Un-Audited)
12	Condensed Interim Statement of Comprehensive Income (Un-Audited)
13	Condensed Interim Statement of Changes In Equity (Un-Audited)
14	Condensed Interim Cash Flow Statement (Un-Audited)
15	Selected Notes To The Condensed Interim Financial Information (Un-Audited)

Company Information

Chairman	Mr. Jawed Anwar
Chief Executive	Mr. Faiq Jawed
Directors	Mr. Shaiq Jawed Mr. Rehan Ashfaq Mr. Mamoor Ijaz Mrs. Farhat Jehan Mrs. Sadaf Aamir Arshad
Audit Committee	
Chairman	Mr. Rehan Ashfaq
Members	Mrs. Farhat Jehan Mrs. Sadaf Aamir Arshad
HR Committee	
Chairperson	Mrs. Sadaf Aamir Arshad
Members	MR. Shaiq Jawed Mr. Mamoor Ijaz
Company Secretary	Syed Hussain Shahid Mansoor Naqvi
Chief Financial Officer	Mr. Ghulam Muhammad
Head of Internal Audit	Mr. Amjad Ali
Auditors	M/s EY Ford Rhodes, Chartered Accountants
Legal Advisor	Mahfooz Ahmad Khan Advocates
Registrar's and Share Registration office	CORPTEC Associates (Pvt.) Ltd., 503 - E, Johar Town, Lahore
Bankers	Standard Chartered Bank (Pakistan) Limited The Bank of Punjab National Bank of Pakistan Askari Bank Limited MCB Bank Limited The Bank of Khyber Summit Bank Habib Bank Limited Meezan Bank Limited
Head Office & Mills	29-KM, Sheikhpura Road, Khurrianwala, Faisalabad.

Directors' Report to the Shareholders

In the name of Almighty Allah The Most Gracious, The beneficent, The Merciful

Dear Shareholders,

The Directors' of your company feel pleasure to submit Un-audited Financial Statements of the company for the quarter ended September 30, 2018.

Financial Results and Operational Performance

The summarized financial results of the Company for the quarter ended September 30, 2018 are as under:

Particulars	Quarter Ended	
	September 30, 2018	September 30, 2017
	Rupees in Millions	
Sales - net	2,772.228	2,407.740
Cost of Sales	2,340.794	2,235.595
Gross Profit	431.434	172.145
Operating Expenses-net	129.147	137.864
Operating Profit	302.287	34.281
Financial Charges	64.930	32.117
Profit after Taxation	192.283	21.060
Earnings per share – basic and diluted (Rupees)	2.63	0.29

Your directors have not recommended any interim dividend.

Sales for the period under review increased to Rupees 2,772.228 million from Rupees 2,407.740 millions of the corresponding period and accordingly raw material consumed also increased as compared to corresponding period. Fuel and power cost increased in view of increase in volume and fuel prices while salaries, wages and other benefit expenses increased due to increase in minimum wage rate. All other components of conversion cost increased slightly due to inflationary factor. Operating expenses net of other income for the quarter ended September 30, 2018 decreased to Rupees 129.147 million from Rupees 137.864 million of corresponding period of last year while financial charges increased to Rupees 64.930 million from Rupees 32.117 million of corresponding period in view of increase in long term and short term borrowings.

Your Company has earned profit after taxation of Rupees 192.283 million during the quarter ended September 30, 2018 against Rupees 21.060 million of corresponding period of last year.

The production of yarn converted into 20/S for the period under review was 8.775 million Kgs against 7.218 million kgs of corresponding period. Your Company's management believes on continuing policy of Balancing Modernization and Replacement (BMR) of machinery and equipment's of its production facilities. Two COMPLETE GE JENBACHER NATURAL GAS GEN SETS MODEL JMS 616 of 2.679 MW each has been imported during last quarter of financial year ending June 30, 2018 which are likely to be commissioned in mid of second quarter of forthcoming financial year. Civil works are also in progress to enhance spinning capacity by 14,592 spindles in current financial year. Letter of credit are likely to be opened for import of eight ring frames comprising 14,592 spindles and eight Savio auto cone machines in third quarter of current financial year.

Future Outlook

New Government has taken decision to supply gas to five zero rated sectors including textile, jute, carpets, leather, sports and surgical goods on a blend of domestic gas and imported RLNG on a 50:50 basis at an weighted average cost of about \$6.5 per MMBTU. It will help to make the textile industry competitive in the region.

Cotton production is estimated to fall 25 percent short of its target of 14.37 million bales in the current season as water shortage and pest attacks have squeezed the crop yields signaling hard time ahead for the already struggling economy that is heavily reliant on fiber. Management of your company is closely watching the cotton outlook to procure cotton at minimum rates and is focusing efforts on minimizing cost by enhancing capacity, improving efficiencies to achieve the favorable financial results of forthcoming financial year.

The company is focusing on improving efficiencies and minimizing costs by enhancing spinning capacity to achieve the better financial results of remaining period of financial year ending June 30, 2019.

Acknowledgement

The Directors wish to express their gratitude to our valued clients and bankers for the cooperation extended by them during the course of business activities. The Directors also wish to place on record their appreciation for the hard work and devoted services demonstrated by the staff members and the workers of the company. The company Acknowledges and thanks all stakeholders for the confidence reposed.


For and on behalf of Board of Directors

Faisalabad

October 26, 2018



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer

ڈائریکٹر رپورٹ برائے حصص یافتگان:

شروع اللہ کے نام سے جو نہایت مہربان اور رحم والا ہے۔

معزز حصص یافتگان،

آپ کی کمپنی کے ڈائریکٹرز سال کے پہلے کوارٹر کے اختتام 30 ستمبر 2018 کے مالیاتی حسابات پیش کرنے میں خوشی محسوس کرتے ہیں۔
مالیاتی نتائج:

مالیاتی سال کے پہلے کوارٹر کے نتائج کی تفصیل درج ذیل ہیں:

ملین روپے		تفصیلات
30 ستمبر 2018	30 ستمبر 2017	اختتام کوارٹر
2,772.228	2,407.740	سیلز
2,340.794	2,235.595	سیلز کے اخراجات
431.434	172.145	خام منافع
129.147	137.864	آپریٹنگ اخراجات
302.287	34.281	آپریٹنگ منافع
64.930	32.117	مالی لاگت
192.283	21.060	منافع بعد از ٹیکس
2.63	0.29	فی شیئر آمدنی

آپ کی کمپنی کے ڈائریکٹرز نے درمیانے عرصے کا ڈیویڈنڈ تجویز نہیں کیا۔

مالی سال کے پہلے کوارٹر کے دوران یہ میں فروخت 2,407.740 ملین روپے سے بڑھ کر 2,772.228 ملین روپے ہوئی ہے۔ اسی طرح خام مال کے اخراجات بھی اسی نسبت سے بڑھ گئے ہیں۔ ایندھن اور پاور کے اخراجات میں اضافہ، حجم اور ایندھن کی قیمت بڑھنے کی وجہ سے ہوا ہے۔ تنخواہوں کے اخراجات کم از کم اجرت میں اضافہ کی وجہ سے بڑھے ہیں۔ کنورژن کاسٹ کے دوسرے عناصر میں اضافہ افرط زر کی وجہ سے ہوا ہے۔ اس کوارٹر کے آپریٹنگ اخراجات پچھلے سال کے اخراجات 137.864 ملین روپے سے کم ہو کر 129.147 ملین روپے ہو گئے ہیں جبکہ مالی اخراجات پچھلے سال کے اخراجات 32.117 ملین روپے سے بڑھ کر 64.930 ملین

روپے ہو گئے ہیں۔ ان اخراجات کے بڑھنے کی وجہ لیے عرصے اور چھوٹے عرصے کے قرضہ جات میں اضافہ ہوا ہے۔ آپ کی کمپنی نے کوارٹر اختتام 30 ستمبر 2018 میں 192.283 ملین روپے خالص منافع کمایا ہے جبکہ پچھلے سال کا منافع 21.060 ملین روپے تھا۔ اس کوارٹر کے دورانیہ میں 20/s دھاگے کی پیداوار پچھلے سال کی پیداوار 7.218 ملین کلوگرام سے بڑھ کر 8.775 ملین کلوگرام ہو گئی۔ آپ کی کمپنی کی مینجمنٹ نے مشینری کے توازن اور جدت کی پالیسی پر عملدرآمد کرتے ہوئے دو جن باکرنیچرل گیس کے 2.679MW کے جزیٹز مالی سال 2018 کے آخری کوارٹر میں درآمد کئے گئے تھے جو کہ اگلے مالی سال کے دوسرے کوارٹر کے درمیانی عرصہ میں پیداوار شروع کر دیں گے۔ رواں مالی سال کے دوران سپننگ صلاحیت کو 14,592 سپنڈلز سے مزید بڑھانے کے لئے سول ورک جاری ہے۔ مالی سال کے تیسرے کوارٹر میں 14,592 سپنڈلز پر مشتمل 8 رنگ فرییز اور 8 آٹوکون مشینوں کی امپورٹ کے لیٹر آف کریڈٹ بھی کھولے جانے کی توقع ہے۔

مستقبل کا نقطہ نظر:

نئی گورنمنٹ نے پانچ زیرو ریورینڈ سیکٹرز بشمول ٹیکسٹائل، پٹ سن، قالین، چمڑا، کھیلوں کا سامان اور آلات جراحی کی انڈسٹریز کو گھریلو گیس اور درآمدی آر ایل این جی کو ملا کر 50:50 کے امتزاج سے اوسط قیمت (\$6.5) فی ایم بی ٹی یو کے حساب سے سپلائی کرنے کا فیصلہ کیا ہے۔ اس سے خطے میں ٹیکسٹائل انڈسٹری کو مسابقتی رہنے میں مدد ملے گی۔

پانی کی کمی اور کیڑے مکوڑوں کے ایک کی وجہ سے کٹن کی پیداوار اپنے ہدف 14.73 ملین گانٹھوں سے 25 فیصد کم رہنے کی توقع ہے۔ اس وجہ سے ایسی معیشت جس کا انحصار فائبر پر ہے مشکل حالات کا سامنا کرنا پڑ سکتا ہے۔ آپ کی کمپنی کی انتظامیہ کپاس کو کم سے کم ریٹ پر خریدنے کی کوشش کر رہی ہے، آپ کی کمپنی انتظامیہ سپننگ کی صلاحیت بہتر کرنے اور خرچے کم کرنے اور کارکردگی بہتر کرنے پر توجہ دے رہی ہے تاکہ سال 2019 کے باقی عرصہ کے مالی نتائج بہتر حاصل کیے جاسکیں۔

اعتراف:

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے گاہکوں اور بنکرز کا کمپنی کے کاروبار میں تعاون پر شکرگزار ہیں ڈائریکٹرز کمپنی کے سٹاف اور مزدوروں کی محنت اور کوششوں کو بھی سراہتے ہیں۔

مخانب بورڈ آف ڈائریکٹرز:

فیصل آباد، اکتوبر 26، 2018



جاوید انوار

چیئرمین



فائق جاوید

چیف ایگزیکٹو

Financial Statements

For the Three Months Ended 30 September 2018

CONDENSED INTERIM BALANCE SHEET


AS AT 30 SEPTEMBER 2018

	NOTE	Un-audited 30 September 2018 (Rupees in thousand)	Audited 30 June 2018
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 96,000,000 (30 June 2018: 96,000,000)		960,000	960,000
Issued, subscribed and paid up share capital	5	730,839	730,839
Reserves			
-Capital reserves		350,540	350,540
-Revenue reserves		2,500,781	2,308,498
		2,851,321	2,659,038
Revaluation surplus on freehold land		224,631	224,631
TOTAL EQUITY		3,806,791	3,614,508
NON-CURRENT LIABILITIES			
Long term financing	6	933,669	871,639
Liabilities against assets subject to finance lease		22,075	24,174
Long term deposits		31,707	26,345
Deferred tax liability	7	185,768	178,714
		1,173,219	1,100,872
CURRENT LIABILITIES			
Trade and other payables		576,517	501,988
Accrued mark-up		42,831	37,898
Short term borrowings		3,403,006	2,097,994
Unclaimed dividend		390	390
Current portion of non-current liabilities		240,989	240,174
		4,263,733	2,878,444
CONTINGENCIES AND COMMITMENTS	8	-	-
TOTAL EQUITY AND LIABILITIES		9,243,743	7,593,824


The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

CONDENSED INTERIM BALANCE SHEET

AS AT 30 SEPTEMBER 2018


	Note	Un-audited 30 September 2018 (Rupees in thousand)	Audited 30 June 2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,626,802	3,529,328
Long term investment		-	-
Long term deposits, advances and prepayments		42,462	41,301
		3,669,264	3,570,629
CURRENT ASSETS			
Stores, spare parts and loose tools		72,844	95,448
Stock in trade		3,811,066	2,461,185
Trade debts		1,033,895	867,009
Advances		69,128	83,625
Trade deposits and short term prepayments		17,548	6,594
Other receivables		125,211	106,913
Derivative financial asset		99	3,343
Tax refunds due from the Government	10	376,916	339,766
Short term investments		28,952	31,277
Cash and bank balances		38,820	28,035
		5,574,479	4,023,195
TOTAL ASSETS		9,243,743	7,593,824



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)


FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Note	Quarter ended	
		30 September 2018	30 September 2017
----- (Rupees in thousand) -----			
Sales - net	11	2,772,228	2,407,740
Cost of sales	12	(2,340,794)	(2,235,595)
Gross Profit		431,434	172,145
Distribution expenses		(69,393)	(74,510)
Administrative expenses		(67,173)	(69,864)
Other operating expenses	13	(16,326)	(305)
		(152,892)	(144,679)
Other income	14	278,542	27,466
Operating profit		23,745	6,815
Finance costs		(64,930)	(32,117)
Profit before taxation		237,357	2,164
Taxation		(45,074)	18,896
Profit for the period		192,283	21,060
Earnings per share: basic and diluted (Rupees)		2.63	0.29


The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer


CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	Quarter ended	
	30 September 2018	30 September 2017
	----- (Rupees in thousand) -----	
Profit for the period	192,283	21,060
Other comprehensive (loss) / income:		
Items that will not be reclassified subsequently to profit and loss:	-	-
Items that may be reclassified subsequently to profit or loss:	-	-
Surplus on revaluation of freehold land	-	-
Total other comprehensive income/ (loss)	-	-
Total comprehensive income for the period	192,283	21,060

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.


Jawed Anwar
 Chairman


Faiq Jawed
 Chief Executive Officer


Ghulam Muhammad
 Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	RESERVES					TOTAL EQUITY	
	CAPITAL			REVENUE			
	SHARE CAPITAL	Premium on issue of right shares	Merger reserve	Revaluation surplus on freehold land	Sub Total		Unappropriated profit
Balance as at 01 July 2017	730,839	60,904	289,636	224,631	575,171	2,007,112	3,313,122
Final dividend for the year ended 30 June 2017 @ Rs. 0.50/- per share	-	-	-	-	-	(36,542)	(36,542)
Total comprehensive income for the quarter ended 30 September 2017	-	-	-	-	-	21,060	21,060
Balance as at 30 September 2017	730,839	60,904	289,636	224,631	575,171	1,991,630	3,297,640
Balance as at 01 July 2018	730,839	60,904	289,636	224,631	575,171	2,308,498	3,614,508
Total comprehensive income for the quarter ended 30 September 2018	-	-	-	-	-	192,283	192,283
Balance as at 30 September 2018	730,839	60,904	289,636	224,631	575,171	2,500,781	3,806,791

(Rupees in thousand)

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.


Jawed Anwar
 Chairman


Faiq Jawed
 Chief Executive Officer


Ghulam Muhammad
 Chief Financial Officer


CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

		Quarter ended	
		30 September 2018	30 September 2017
	Note	----- (Rupees in thousand) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	15	(1,098,595)	352,038
Finance costs paid		(59,997)	(31,353)
Income tax paid		(19,263)	-
		(79,260)	(31,353)
Net cash (used in) / generated from operating activities		(1,177,855)	320,685
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(179,330)	(337,134)
Investment made		-	(3,739)
Proceeds from sale of property, plant and equipment		129	-
Net (increase) / decrease in long term advances and prepayments		(1,161)	35
Net cash used in investing activities		(180,362)	(340,838)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		108,616	274,776
Repayment of long term financing		(45,869)	(43,971)
Repayment of Liabilities against assets subject to finance lease		(2,001)	(7,156)
Short term borrowings - net		1,305,012	(247,865)
Decrease in financial asset		3,244	-
Net cash flows from / (used in) financing activities		1,369,002	(24,216)
Net increase / (decrease) in cash and cash equivalents		10,785	(44,369)
Cash and cash equivalents at beginning of the period		28,035	89,044
Cash and cash equivalents at closing of the period		38,820	44,675

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.


 Jawed Anwar
 Chairman


 Faiq Jawed
 Chief Executive Officer


 Ghulam Muhammad
 Chief Financial Officer

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 SEPTEMBER 2018

1. THE COMPANY AND ITS OPERATIONS

J.K. Spinning Mills Limited (the Company) is a public limited company incorporated in Pakistan on 07 January 1987 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The Company is engaged in business of textile manufacturing comprising of ginning, spinning, stitching, buying, selling and otherwise dealing in yarn, fabrics and other goods. The registered office of the Company is situated at 29-KM, Sheikhpura Road, Faisalabad.

2. STATEMENT OF COMPLIANCE

2.1 During the last year, the Companies Act 2017 (the Act) was promulgated, however, Securities and Exchange Commission of Pakistan vide its Circular No. 23 of 2017 dated 04 October 2017 and subsequent clarification by Institute of Chartered Accounts of Pakistan (ICAP) through its Circular No. 17 of 2017 communicated that interim financial statements of the companies whose interim financial period ended on or before 31 December 2017 shall prepare their interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Hence, this interim financial information of the Company for the quarter ended 30 September 2018 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.

2.3 These condensed interim financial information is unaudited and is being submitted to shareholders, as required by section 237 of the Companies Act, 2017.

3. BASIS OF PREPARATION

3.1 The interim condensed financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 30 June 2018.

3.2 The accounting policies and computation methods adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2018 except the following standards and amendment to IFRSs which became effective have been adopted by the Company for the current period.

3.3 The Company has adopted the following standards and amendment to IFRSs which became effective for the current period.

Standard or Interpretation

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

The adoption of the above amendments and interpretation did not have any significant impact on these condensed interim financial statements.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Un- Audited 30 September 2018 (No. of Shares)	Audited 30 June 2018		Un- Audited 30 September 2018 (Rupees in thousand)	Audited 30 June 2018
26,424,155	26,424,155	Ordinary shares of Rupees 10 each fully	264,241	264,241
45,947,600	45,947,600	Ordinary shares of Rupees 10 each issued to shareholders of J.K. Fibre Mills Limited and Abid Faiq Textile Mills Limited under the scheme of merger.	459,476	459,476
712,175	712,175	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	7,122	7,122
<u>73,083,930</u>	<u>73,083,930</u>		<u>730,839</u>	<u>730,839</u>

6. LONG TERM FINANCING

From banking Companies - secured

Opening balance	1,103,613	460,807
Add : Obtained during the period / year	108,616	822,157
Less : Repaid during the period / year	45,869	179,351
Closing balance	1,166,360	1,103,613
Less: Current portion shown under current liabilities	232,691	231,974
	<u>933,669</u>	<u>871,639</u>

7. DEFERRED LIABILITIES

Deferred tax liability	185,768	178,714
	<u>185,768</u>	<u>178,714</u>

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 There has been no significant change in the contingencies since the date of preceding published annual financial statements except as follows:

8.1.2 Post dated cheques of Rupees 240.945 thousand (30 June 2018: Rupees 236,755 thousand) are issued to custom authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.

8.2 Commitments

8.2.1 Letter of credit for capital expenditure is Nil as on 30 September 2018 (30 June 2018: Rs. 45,188 thousand).

8.2.2 Letters of credit other than for capital expenditure Rs. 174,360 thousand (30 June 2018: Rs. 201,923 thousand).

		Un- audited	Audited
		30 September	30 June
		2018	2018
		(Rupees in thousand)	
9. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets:			
-Owned	9.1	3,130,865	3,200,955
-Leased	9.2	42,967	45,228
Capital work-in-progress	9.3	452,970	283,145
		<u>3,626,802</u>	<u>3,529,328</u>
9.1 Operating fixed assets - owned			
Opening book value		3,200,955	2,593,448
Add: additions during the period / year-cost	9.1.1	9,337	936,247
Add : book value of assets transferred from leasehold assets		-	11,872
Less : book value of assets transferred to leasehold assets		-	48,871
		<u>3,210,292</u>	<u>3,492,696</u>
Less: deletions during the period / year	9.1.2	63	10,822
		<u>3,210,229</u>	<u>3,481,874</u>
Less: depreciation during the period / year		79,364	280,919
Book value at the end of the period / year		<u>3,130,865</u>	<u>3,200,955</u>
9.1.1 Additions during the period / year - cost			
Freehold land		-	7,934
Buildings on freehold land		-	90,010
Plant and machinery		2,640	773,550
Electric installations and appliances		669	7,123
Vehicles		6,028	57,630
		<u>9,337</u>	<u>936,247</u>
9.1.2 Book value of assets disposed during the period / year			
Plant and machinery		-	6,459
Vehicles		63	4,363
		<u>63</u>	<u>10,822</u>
9.2 Assets subject to finance lease			
Opening book value		45,228	12,720
Add : additions during the period / year		-	2,167
Add : book value of assets transferred from operating fixed assets		-	48,871
Less : book value of assets transferred to operating fixed assets		-	11,872
Less : depreciation during the period / year		2,261	6,658
Book value at the end of the period / year		<u>42,967</u>	<u>45,228</u>
9.3 Capital work-in-progress			
Buildings on freehold land		147,385	109,729
Plant and machinery		305,585	173,416
		<u>452,970</u>	<u>283,145</u>
10. TAX REFUNDS DUE FROM THE GOVERNMENT			
Income Tax		151,790	170,547
Sales Tax and federal excise duty		225,126	169,219
		<u>376,916</u>	<u>339,766</u>

		Un-audited	
		Quarter ended	
		30 September 2018	30 September 2017
11. SALES - net	Note	----- (Rupees in thousand) -----	
Export		1,162,177	1,122,714
Local		1,545,877	1,229,414
Waste		64,174	55,612
		<u>2,772,228</u>	<u>2,407,740</u>
12. COST OF SALES			
Raw materials consumed		1,986,485	1,572,340
Stores, spare parts and loose tools consumed		56,907	43,881
Packing materials consumed		23,725	19,282
Processing and conversion charges		115,258	81,488
Fuel and power		251,432	209,499
Salaries, wages and other benefits		148,546	129,696
Repair and maintenance		4,473	8,068
Insurance		3,869	2,265
Other factory overheads		9,898	7,154
Depreciation		73,963	57,981
		<u>2,674,556</u>	<u>2,131,654</u>
Work-in-process:			
Opening stock		518,715	397,647
Closing stock		(500,676)	(194,745)
		<u>18,039</u>	<u>202,902</u>
Cost of goods manufactured		<u>2,692,595</u>	<u>2,334,556</u>
Finished goods:			
Opening stock		466,793	402,476
Closing stock		(818,594)	(501,437)
		<u>(351,801)</u>	<u>(98,961)</u>
		<u>2,340,794</u>	<u>2,235,595</u>
13. OTHER OPERATING EXPENSES			
Workers' profit participation fund		12,652	305
Workers' welfare fund		719	-
Donations		630	-
Unrealized loss on remeasurement of investment at fair value through profit or loss		2,325	-
		<u>16,326</u>	<u>305</u>
14. OTHER INCOME			
Income from financial assets	14.1	23,199	6,335
Income from non-financial assets	14.2	546	480
		<u>23,745</u>	<u>6,815</u>
14.1 Income from financial assets			
Exchange gain - net		23,171	6,132
Dividend income		28	203
		<u>23,199</u>	<u>6,335</u>
14.2 Income from non-financial assets			
Gain on sale of property, plant and equipment		66	-
Rental income		480	480
		<u>546</u>	<u>480</u>

		(Un-audited)	
		Quarter ended	
		30 September 2018	30 September 2017
		(Rupees in thousand)	
15. CASH (USED IN) / GENERATED FROM OPERATIONS	Note		
Profit before taxation		237,357	2,164
Adjustments for non-cash charges and other items:			
Depreciation		81,793	63,767
Finance costs		64,930	32,117
Provision for workers' welfare fund		719	-
Provision for workers' profit participation fund		12,652	-
Amortization of deferred income on sale and lease back		-	(35)
Gain on sale of property, plant and equipment		(66)	-
Unrealised loss on remeasurement of investment at fair value through profit or loss		2,325	-
Working capital changes	15.1	(1,498,305)	254,025
		<u>(1,098,595)</u>	<u>352,038</u>
15.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		22,604	27,218
Stock in trade		(1,349,881)	151,052
Trade debts		(166,886)	21,464
long term deposit		5,362	-
Loans and advances		14,497	(5,320)
Trade deposits and short term prepayments		(10,954)	(2,247)
Other receivables		(18,298)	18,141
Tax refunds due from the Government		(55,907)	(37,007)
		(1,559,463)	173,301
Increase in trade and other payables		61,158	80,724
		<u>(1,498,305)</u>	<u>254,025</u>

16. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, staff retirement fund, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

		Un-audited	
		Quarter ended	
		30 September 2018	30 September 2017
		(Rupees in thousand)	
Relationship with the Company	Nature of transactions		
Associated companies	Service charges	1,172	101
	Rental income	480	480
Chief Executive Officer, Directors and Executives	Remuneration	20,016	17,615
	Employees' Provident Fund Trust	5,431	4,901
Directors	Loans repayment - net	1,605	2,710
		Un-audited	Audited
		30 September 2018	30 June 2018
		(Rupees in thousand)	
Relationship with the Company	Nature of balances		
ii) Period end balances			
Directors	Short term loan	21,550	23,155

17 SEGMENT INFORMATION

Spinning	Fabric Division	Total Segments	Adjustments and Eliminations	Total Company
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------(Rupees in thousand)-----

Quarter ended 30 September 2018

Revenue

External	1,817,836	1,014,755	2,832,591	-	2,832,591
Intersegment	60,363	-	60,363	(60,363)	-
	1,878,199	1,014,755	2,892,954	(60,363)	2,832,591
Cost of sales	(1,586,464)	(875,056)	(2,461,520)	60,363	(2,401,157)
Gross profit	291,735	139,699	431,434	-	431,434
Distribution cost	(19,464)	(49,929)	(69,393)	-	(69,393)
Administrative expenses	(47,150)	(20,023)	(67,173)	-	(67,173)
	(66,614)	(69,952)	(136,566)	-	(136,566)
Segment profit	225,121	69,747	294,868	-	294,868
Total assets	6,911,101	1,955,726	8,866,827	-	8,866,827
Total liabilities	3,872,583	1,342,600	5,215,183	-	5,215,183

Quarter ended 30 September 2017

Revenue

External	1,401,452	1,006,288	2,407,740	-	2,407,740
Intersegment	119,622	-	119,622	(119,622)	-
	1,521,074	1,006,288	2,527,362	(119,622)	2,407,740
Cost of sales	(1,448,286)	(906,931)	(2,355,217)	119,622	(2,235,595)
Gross profit	72,788	99,357	172,145	-	172,145
Distribution cost	(28,036)	(46,474)	(74,510)	-	(74,510)
Administrative expenses	(52,569)	(17,295)	(69,864)	-	(69,864)
	(80,605)	(63,769)	(144,374)	-	(144,374)
Segment profit	(7,817)	35,588	27,771	-	27,771
Year ended 30 June 2018-Audited					
Total assets	6,127,234	1,126,824	7,254,058	-	7,254,058
Total liabilities	2,831,780	946,192	3,777,972	-	3,777,972

17.1 Adjustments and eliminations

Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries. Inter-segment revenues are eliminated on consolidation.

17.2 Reconciliation of profit

	Un-audited	
	Quarter ended	
	30 September 2018	30 September 2017
	(Rupees in thousand)	
Segment profit	294,868	27,771
Other expenses	(16,326)	(305)
Other income	23,745	6,815
Finance cost	(64,930)	(32,117)
Taxation	(45,074)	18,896
Profit after taxation	192,283	21,060

	Un-audited	Audited
	30 September 2018	30 June 2018
	(Rupees in thousand)	

17.3 Reconciliation of assets

Segment operating assets	8,866,827	7,254,058
Tax refunds due from the Government	376,916	339,766
Total assets as per balance sheet	9,243,743	7,593,824

17.4 Reconciliation of liabilities

Segment operating liabilities	5,215,183	3,777,972
Deferred income tax liability	185,768	178,714
Workers' profit participation fund	35,282	22,630
Workers' welfare fund	719	-
	5,436,952	3,979,316

Inter-segment sales and purchases have been eliminated from the total.

18 FINANCIAL RISK MANAGEMENT

18.1 Financial risk factors

Financial instruments comprise long term financing, liabilities against assets subject to finance lease, accrued markup, short term borrowings, trade and other payables, trade debts, loans to employees, other receivables, cash and bank balances, short term and long term deposits, short term investments.

The Company has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

There is no change in the company's objectives, policies, procedures for measuring and managing the above risks including capital management risk, since the preceding annual financial year ended as at 30 June 2017.

18.2 Fair values of financial assets and liabilities

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

18.3 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized

	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
Recurring fair value measurement				
At 30 September 2018				
Financial assets				
At fair value through profit or loss	28,952	-	-	28,952
Financial liabilities				
Derivative financial liabilities	-	-	-	-
Recurring fair value measurement				
At 30 June 2018				
At fair value through profit or loss	31,277	-	-	31,277
Financial liabilities				
Derivative financial liabilities	-	-	-	-

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

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

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

RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

Fair value hierarchy

Judgements and estimates are made in determining the fair values of the non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels:

Level 1	Level 2	Level 3	Total
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----- (Rupees in thousand) -----

At 30 September 2018

Freehold land	-	292,031	-	292,031
Total non-financial assets	<u>-</u>	<u>292,031</u>	<u>-</u>	<u>292,031</u>

At 30 June 2018

Freehold land	-	292,031	-	292,031
Total non-financial assets	<u>-</u>	<u>292,031</u>	<u>-</u>	<u>292,031</u>

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

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

Valuation techniques used to determine level 2 fair values

At the end of each reporting period, the management updates the assessment of the fair value of each property, taking into account the most recent independent valuation. The best evidence of fair value is current prices in an active market for similar properties.

The level 2 fair value of land has been derived using the market value approach. The key inputs under this approach are the market price per kanal determined by using independent market inquires and comparing prices of similar land in the area (location and size).

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land. As at 30 June 2017, the fair value of freehold land has been determined by Messrs Harvester Services (Private) Limited.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

19.4 Financial instrument by categories and fair value hierarchy

	Carrying Amount			Fair Value				
	Loans and receivables	At fair value through profit or loss	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
..... (Rupees in thousand)								
30 September 2018 (Un-audited)								
Financial assets								
Short term investments	-	28,952	-	28,952	28,952	-	-	28,952
Loans to employees	1,109	-	-	1,109	-	-	-	-
Deposits	3,122	-	-	3,122	-	-	-	-
Derivative financial asset	99	-	-	99	-	-	-	-
Trade debts	1,033,895	-	-	1,033,895	-	-	-	-
Other receivables	9,710	-	-	9,710	-	-	-	-
Cash and bank balances	38,820	-	-	38,820	-	-	-	-
	1,086,755	28,952	-	1,115,707	28,952	-	-	28,952
Financial liabilities								
Long term financing	-	-	1,166,360	1,166,360	-	-	-	-
Liabilities against assets subject to finance lease	-	-	30,373	30,373	-	-	-	-
Accrued mark-up	-	-	42,831	42,831	-	-	-	-
Short term borrowings	-	-	3,403,006	3,403,006	-	-	-	-
Trade and other payables	-	-	485,658	485,658	-	-	-	-
	-	-	5,128,228	5,128,228	-	-	-	-
30 June 2018 (Audited)								
Financial assets								
Short term investments	-	31,277	-	31,277	31,277	-	-	31,277
Loans to employees	1,042	-	-	1,042	-	-	-	-
Deposits	3,122	-	-	3,122	-	-	-	-
Derivative financial asset	3,343	-	-	3,343	-	-	-	-
Trade debts	867,009	-	-	867,009	-	-	-	-
Other receivables	9,409	-	-	9,409	-	-	-	-
Cash and bank balances	26,811	-	-	26,811	-	-	-	-
	910,736	31,277	-	942,013	31,277	-	-	31,277
Financial liabilities								
Long term financing	-	-	1,103,614	1,103,614	-	-	-	-
Liabilities against assets subject to finance lease	-	-	32,374	32,374	-	-	-	-
Accrued mark-up	-	-	37,898	37,898	-	-	-	-
Short term borrowings	-	-	2,097,994	2,097,994	-	-	-	-
Trade and other payables	-	-	445,313	445,313	-	-	-	-
	-	-	3,717,193	3,717,193	-	-	-	-

20. FINANCIAL RISK MANAGEMENT

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

21. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on 26 October 2018 by the Board of Directors of the Company.

22. CORRESPONDING FIGURES

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

22.2 Corresponding figures have been re-arranged, wherever necessary, for better and fair presentation. However, no significant reclassifications / restatements have been made except as follows:

23. GENERAL

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer