

Quarterly Report

For the period ended September 30, 2017



J.K. SPINNING MILLS LIMITED



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Company Information

Chairman	Mr. Jawed Anwar
Chief Executive	Mr. Faiq Jawed
Directors	Mr. Shaiq Jawed Mr. Rehan Ashfaq Mrs. Farhat Jehan Mrs. Nageen Faiq Mrs. Mahwish Shaiq Mrs. Sadaf Aamir Arshad
Audit Committee	
Chairman	Mr.Rehan Ashfaq
Members	Mrs.Farhat Jehan Mrs.Sadaf Aamir Arshad
HR Committee	
Chairperson	Mrs.Sadf Aamir Arshad
Members	Mr.Shaiq Jawed Mrs.Nageen Faiq
Company Secretary	Syed Hussain Shahid Mansoor Naqvi
Chief Financial Officer	Mr. Ghulam Muhammad
Head of Internal Audit	Mr. Amjad Ali
Auditors	M/s Riaz Ahmad & Company, Chartered Accountants (A member of Nexia International) Faisalabad
Legal Advisor	Mahfooz Ahmad Khan Advocates
Registrar's and Share Registration office	M/s Orient Software Management Services (pvt.) Ltd. 35-Z, Ameer Plaza, Opposite Mujahid Hospital, Commercial Centre, Madina Town, Faisalabad
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 Meezan Bank Limited Habib Bank Limited
Head Office & Mills	29-KM, Sheikhpura Road, khurrianwala Faisalabad.

Directors' Report

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, 2017.

Financial Results and Operational Performance

The summarized financial results of the company for the quarter ended September 30, 2017 are as under:

Particulars	Rupees in Millions	
	Quarter Ended	
	September 30, 2017	September 30, 2016
Sales	2,407.740	2,198.748
Cost of Sales	2,235.595	2,034.25
Gross Profit	172.145	164.495
Operating Expenses-net	137.864	96.111
Profit from Operations	34.281	68.384
Financial charges	32.117	27.754
Profit After taxation	21,060	18.073
Earnings per share – Rupee(Basic & Diluted)	0.29	0.28

Your directors have not recommended any interim dividend.

Sales for the period under review increased to Rupees 2,407.740 million from Rupees 2,198.748 millions of the corresponding period and accordingly raw material consumed also increased as compared to corresponding period. Fuel and power cost increased in view in volume and increase in 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, 2017 increased to Rs. 137.864 million from Rs. 96.111 million of corresponding period of last year while financial charges increased to Rs. 32.117 million from 27.754 million of corresponding period in view of increase in long term and short term borrowings.

Your company has earned profit after taxation of Rupees 21.060 million during the quarter ended September 30, 2017 against Rupees 18.073 of corresponding period of last year.

The production of yarn converted into 20/S for the period under review was 7.218 million Kgs against 7.647 million kgs of corresponding period of last year. Your company's management believes on continuing policy of Balancing Modernization and Replacement (BMR) of machinery and equipments of its production facilities. During the period under review, you company have imported eight draw frame machines, five Ring Frames machines comprising 9120 spindles and 5 Auto Cone machines which are in process of commissioning during the period under review. Letter of credit has also been opened for two Draw Frames machines, eight Ring Frame machines comprising 14,592 spindles and eight Auto Cone machines during the period under review. Letter of credit has been also opened for import of two COMPLETE GE JENBACHER NATURAL GAS GEN SETS MODEL JMS 616 of 2.679 MW each in 2nd quarter of financial year ending June 30, 2018.

Future Outlook

Government is able to provide 24 hour RLNG supply to textile sector and has also announced textile package which will positively improve the bottom line of forthcoming period. Oil prices after touching bottom line are now showing increasing trend which is likely to increase the fuel and power cost of the remaining period of current financial year.

Directors' Report

The country is expected to get 12.6 million bales of the cotton crop during this season 2017-18. Fortnightly Cotton arrival figures are showing better cotton crop during this season compared to the previous season mainly due to favorable weather conditions. However there is no doubt that the country's cotton crop would remain lower side during 2017-18 but likely to be better than last season.

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, 2018.

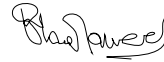
Acknowledgement

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 of the staff members and workers of the company.

For and on behalf of the Board



Faiq Jawed
Chief Executive



Shaiq Jawed
Director

Faisalabad
October 27, 2017

ڈائریکٹرز رپورٹ برائے حصص یافتگان:

سال 2017-18 میں ملکی کپاس کی فصل کی پیداوار 12.6 ملین کانٹھ ہونے کی توقع ہے۔ کانٹن کی آمد کی پندرہ روزہ رپورٹ کے مطابق موسم اچھا ہونے کی وجہ سے اس سال پیداوار میں پچھلے سال کی نسبت بہتری آئی ہے۔ تاہم اس میں کوئی شک نہیں کہ ملکی کپاس کی پیداوار کم ہوگی لیکن پچھلے سیزن کے مقابلے میں بہتر رہے گی۔ آپ کی کمپنی سپننگ کی صلاحیت بہتر کرنے اور خرچے کم کرنے اور کارکردگی بہتر کرنے پر توجہ دے رہی ہے تاکہ سال 2018 کے باقی عرصہ کے مالی نتائج بہتر حاصل کیے جاسکیں۔

اعتراف:

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

منجانب بورڈ آف ڈائریکٹرز:

شائق جاوید
ڈائریکٹر

فائق جاوید
چیف ایگزیکٹو

فیصل آباد

اکتوبر 27، 2017

ڈائریکٹرز 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 2017 کے مالیاتی حسابات پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالیاتی نتائج:

مالیاتی سال کے پہلے کوارٹر کے نتائج کے تفصیلی درج ذیل ہیں:

ملین روپے		تفصیلات
اختتام کوارٹر		
30 ستمبر 2016	30 ستمبر 2017	
2,198.748	2,407.740	سیلز
2,034.253	2,235.595	سیلز کے اخراجات
164.495	172.145	خام منافع
96.111	137.864	آپریٹنگ اخراجات
68.384	34.281	آپریٹنگ منافع
27.754	32.117	مالی لاگت
18.073	21.060	منافع بعد از ٹیکس
0.28	0.29	فی شیئر آمدنی

مالی سال کے پہلے کوارٹر کے دوران یہ میں فروخت 2,198.748 ملین روپے سے بڑھ کر 2,407.740 ملین روپے ہوئی ہے۔ اسی طرح خام مال کے اخراجات بھی اسی نسبت سے بڑھ گئے ہیں۔ تنخواہوں کے اخراجات کم از کم اجرت میں اضافہ کی وجہ سے بڑھے ہیں۔ سیلز کے دوسرے اخراجات موبائلیٹی کی وجہ سے بڑھے ہیں۔ اس کوارٹر کے آپریٹنگ اخراجات پچھلے سال کے اخراجات 96.111 ملین روپے سے بڑھ کر 137.864 ملین روپے ہو گئے ہیں جبکہ مالی اخراجات پچھلے سال کے اخراجات 27.754 ملین روپے سے بڑھ کر 32.117 ملین روپے ہو گئے ہیں۔ ان اخراجات کے بڑھنے کی وجہ سے عرصہ اور چھوٹے عرصے کے قرضہ جات میں اضافہ ہوا ہے۔

آپ کی کمپنی نے کوارٹر اختتام 30 ستمبر 2017 میں 21.060 ملین روپے خالص منافع کمایا ہے جبکہ پچھلے سال کا منافع 18.073 ملین روپے تھا۔

اس کوارٹر کے دوران یہ میں دھاگے کی پیداوار پچھلے سال کی پیداوار 7.647 ملین کلوگرام سے کم ہو کر 7.218 ملین کلوگرام ہو گئی جس کی وجہ فائن کانٹنس کی پیداوار میں اضافہ اور کورس کانٹنس کی پیداوار میں کمی ہے۔ اس کوارٹر کے جائزہ پیر یڈ میں آپ کی کمپنی نے آجھ ڈرافٹریز مشین، 9,120 سینڈلز پر مشتمل 5 رنگ مشینز اور 5 آٹوکون مشینز اپورٹ کی ہیں جو اس جائزہ رپورٹ کے عرصے میں کمیشننگ پروس میں ہیں۔ اس جائزہ رپورٹ کے عرصے میں 14,592 سینڈلز پر مشتمل 8 رنگفر بیز اور 8 آٹوکون مشینز کی اپورٹ کے لئے لیٹر آف کریڈٹ کھولے گئے ہیں۔ مالی سال 2018 کے دوسرے کوارٹر میں دو جن باکرنچرل گیس کے 2.679MW کے ہیز بیز کے لیٹر آف کریڈٹ بھی کھولے گئے ہیں۔

مستقبل کا نقطہ نظر:

گورنمنٹ نے ٹیکسٹائل انڈسٹری کو چوبیس گھنٹے آراہیل این جی سپلائی شروع کر دی ہے اور ٹیکسٹائل چیک کا اعلان کیا ہے جس کی وجہ سے اس سال کے باقی پیر یڈ میں مالیاتی نتائج میں بہتری کی توقع ہے۔ آئس کی قیمتیں ٹیلی سطح کے بعد اوپر کی طرف بڑھنا شروع ہو گئی ہیں جس کی وجہ سے آنے والے پیر یڈ میں توانائی کے اخراجات بڑھنے کا خدشہ موجود ہے۔

Condensed Interim Balance Sheet (Un-Audited)

As At 30 September 2017

	NOTE	Un-audited 30 September 2017 (RUPEES IN THOUSAND)	Audited 30 June 2017
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
96 000 000 (30 June 2017: 96 000 000) ordinary shares of Rupees 10 each		960,000	960,000
Issued, subscribed and paid up share capital		730,839	730,839
Reserves		2,378,712	2,357,652
Total equity		3,109,551	3,088,491
Surplus on revaluation of property, plant and equipment - net of deferred income tax		224,631	224,631
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	510,177	281,457
Deferred income on sale and lease back		-	35
Deferred income tax liability		119,856	131,574
		630,033	413,066
CURRENT LIABILITIES			
Trade and other payables		505,293	424,569
Accrued mark-up		17,825	17,061
Short term borrowings		1,482,659	1,730,524
Current portion of non-current liabilities		181,435	186,506
Provision for taxation		71,710	78,888
		2,258,922	2,437,548
TOTAL LIABILITIES		2,888,955	2,850,614
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		6,223,137	6,163,736

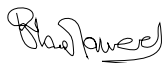
The annexed notes form an integral part of this condensed interim financial information.



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Balance Sheet (Un-Audited)

As At 30 September 2017

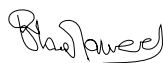
	NOTE	Un-audited 30 September 2017 (RUPEES IN THOUSAND)	Audited 30 June 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,074,610	2,801,243
Long term investment	8	-	-
Long term deposits and prepayments		212	247
		3,074,822	2,801,490
CURRENT ASSETS			
Stores, spare parts and loose tools		45,954	73,172
Stock in trade		1,774,947	1,925,999
Trade debts		666,712	688,176
Loans and advances		46,960	41,640
Short term deposits and prepayments		13,788	11,541
Other receivables		85,139	103,280
Tax refunds due from the Government		433,128	396,121
Short term investment		37,012	33,273
Cash and bank balances		44,675	89,044
		3,148,315	3,362,246
TOTAL ASSETS		6,223,137	6,163,736



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Profit And Loss Account (Un-Audited)

For The Quarter Ended 30 September 2017

	NOTE	Quarter ended	
		30 September 2017	30 September 2016
(RUPEES IN THOUSAND)			
Sales		2,407,740	2,198,748
Cost Of Sales	9	(2,235,595)	(2,034,253)
Gross Profit		172,145	164,495
Distribution Cost		(74,510)	(62,246)
Administrative Expenses		(69,864)	(61,106)
Other Expenses		(305)	(2,138)
Other Income		6,815	29,379
Finance Cost		(32,117)	(27,754)
Profit Before Taxation		2,164	40,630
Taxation		18,896	(22,557)
Profit After Taxation		21,060	18,073
Earnings per Share-Basic and Diluted (Rupees)		0.29	Restated 0.28

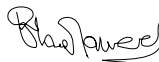
The annexed notes form an integral part of this condensed interim financial information.



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For The Quarter Ended 30 September 2017

	Quarter ended	
	30 September 2017	30 September 2016
	(RUPEES IN THOUSAND)	
Profit After Taxation	21,060	18,073
Other Comprehensive income		
Items that will not be reclassified to profit or loss:		
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the period	-	-
Total Comprehensive income For The Period	21,060	18,073

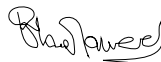
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Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-Audited)

For The Quarter Ended 30 September 2017

	NOTE	Quarter ended	
		30 September 2017	30 September 2016
(RUPEES IN THOUSAND)			
Cash flows from operating activities			
Cash generated from operation	11	352,038	63,787
Finance cost paid		(31,353)	(29,078)
Net decrease in long term deposits and prepayments		35	450
Net cash generated from operating activities		320,720	35,159
Cash flows from investing activities			
Capital expenditure on property, plant and equipment		(337,134)	(109,658)
Investment made		(3,739)	-
Proceeds from sale of property, plant and equipment		-	564
Net cash used in investing activities		(340,873)	(109,094)
Cash flows from financing activities			
Long term loan acquired		274,776	53,742
Long term loan paid		(43,971)	-
Repayment of finance lease liabilities		(7,156)	(2,973)
Short term borrowings - net		(247,865)	(13,686)
Net cash from financing activities		(24,216)	37,083
Net decrease in cash and cash equivalents during the period		(44,369)	(36,852)
Cash and cash equivalents at the beginning of the period		89,044	68,237
Cash and cash equivalents at the end of the period		44,675	31,385


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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Statement of Changes In Equity (Un-Audited)

For The Quarter Ended 30 September 2017

SHARE CAPITAL	RESERVES				TOTAL EQUITY	
	CAPITAL		REVENUE			TOTAL
	Premium on issue of right shares	Merger reserve	Sub Total	Unap-propriated profit		
----- (RUPEES IN THOUSAND) -----						
609,033	-	289,636	289,636	1,954,795	2,244,431	
-	-	-	-	18,073	18,073	
-	-	-	-	18,073	18,073	
609,033	-	289,636	289,636	1,972,868	2,262,504	
Balance as at 30 September 2016 - Un-audited						
Transaction with owners						
-	-	-	-	(30,452)	(30,452)	
121,806	60,904	-	60,904	-	60,904	
-	-	-	-	64,696	64,696	
-	-	-	-	64,696	64,696	
730,839	60,904	289,636	350,540	2,007,112	2,357,652	
Balance as at 30 June 2017 - Audited						
Profit For The Quarter Ended 30 September 2017						
-	-	-	-	21,060	21,060	
-	-	-	-	-	-	
-	-	-	-	21,060	21,060	
730,839	60,904	289,636	350,540	2,028,172	2,378,712	
Balance as at 30 September 2017 - Un-audited						

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



Jawad Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director



Ghulam Muhammad
Chief Financial Officer

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2017

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 Companies Ordinance, 1984 and listed on Karachi and Lahore Stock Exchanges in Pakistan. Its registered office is situated at 29-Kilometers, Sheikhpura Road, Faisalabad where the factory premises of the Company are also located. 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.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the quarter ended 30 September 2016 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 Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Company for the year ended 30 June 2017.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computation for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

4. CRITICAL 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 judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2017

	Un-audited 30 September 2017	Audited 30 June 2017
	(RUPEES IN THOUSAND)	
5. LONG TERM FINANCING		
From banking companies - secured		
Opening balance	460,807	479,077
Add: Obtained during the period / year	274,776	97,253
Less: Repaid during the period / year	43,971	115,523
Closing balance	691,612	460,807
Less: Current portion shown under current liabilities	181,435	179,350
	<u>510,177</u>	<u>281,457</u>
6. CONTINGENCIES AND COMMITMENTS		
a) Contingencies		
i) The Company has filed an appeal before Appellate Tribunal, Inland Revenue, Lahore against order in original 02/2007 dated 03 May 2007 for Rupees 11.002 million (30 June 2017: Rupees 11.002 million) along with default surcharge under section 34 of Sales Tax Act, 1990 and penalty at the rate of 30 percent. Appellate Tribunal, Inland Revenue, Lahore passed order against the appeal of the Company. Afterwards the Company filed reference against the decision of Appellate Tribunal, Inland Revenue, Lahore before Honourable Lahore High Court, Lahore. The related provision is not made in these financial statements in view of expected favourable outcome of the reference.		
ii) The Company has filed an appeal before Customs Appellate Tribunal, Lahore against the order in original 28/2015 dated 05 March 2015 for the recovery of Rupees 2.133 million (30 June 2017: Rupees 2.133 million) along with additional tax and penalty under section 156 of the Customs Act, 1969. The related provision is not made in these financial statements in view of expected favourable outcome of the reference.		
iii) The Company has filed an appeal before Appellate Tribunal, Inland Revenue, Lahore against the impugned order in appeal no. 465/2016 dated 12 July 2016 of Honourable Commissioner, Inland Revenue (Appeals), Faisalabad for the recovery of Rupees 3.108 million (30 June 2017: Rupees 3.108 million) along with default surcharge and penalty under section 34 and 33 of Sales Tax Act, 1990 respectively. The related provision is not made in these financial statements in view of expected favourable outcome of the reference.		
iv) Sui Northern Gas Pipelines Limited (SNGPL) is charging Late Payment Surcharge (LPS) amounting to Rupees 116.926 million (30 June 2017: Rupees 116.926 million). This late payment surcharge is due to non-payment of Gas Infrastructure Development Cess (GIDC) as required to pay under GIDC Act, 2015 but the Company has made provision of Rupees 63.767 million (30 June 2017: Rupees 63.767 million). However, the Company has filed an appeal before Honourable Lahore High Court, Lahore against the LPS charged by SNGPL. The Honourable Lahore High Court, Lahore has issued directions to suspend payment of LPS till final decision. Therefore, the Company has not incorporated provision of remaining amount of Rupees 53.159 million (30 June 2017: Rupees 53.159 million) in these financial statements due to expected favourable outcome of the appeal.		
v) The Company has filed an appeal before Honourable Commissioner, Inland Revenue (Appeals), Faisalabad against assessment order issued under section 122(5A) of Income Tax Ordinance, 2001 for the recovery of Rupees 29.860 million (30 June 2017: Rupees 29.860 million) for tax year 2012. The related provision is not made in these financial statements in view of expected favourable outcome of the appeal.		

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2017

- vi) The Company has filed an appeal before Honourable Commissioner, Inland Revenue (Appeals), Faisalabad against assessment order issued under section 161 and section 205 of Income Tax Ordinance, 2001 for the recovery of Rupees 27.303 million (30 June 2017: Rupees 27.303 million) for tax year 2015. The related provision is not made in these financial statements in view of expected favourable outcome of the appeal.
- vii) Guarantees of Rupees 126.050 million (30 June 2017: Rupees 126.050 million) are given by the banks of the Company to Sui Northern Gas Pipeline Limited against gas connections and Faisalabad Electric Supply Company Limited against electricity connection.
- viii) Post dated cheques of Rupees 248.944 million (30 June 2017: Rupees 206.672 million) 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.

b) Commitments

- i) Letters of credit for capital expenditure are of Rupees 334.525 million (30 June 2017: Rupees 282.027 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 105.251 million (30 June 2017: Rupees 101.550 million).
- iii) Outstanding foreign currency forward contracts are of Rupees 157.199 million (30 June 2017: Rupees 621.027 million).

	Un-audited 30 September 2017 (RUPEES IN THOUSAND)	Audited 30 June 2017
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets:		
Owned (Note 7.1)	2,860,492	2,598,982
Leased (Note 7.2)	-	12,720
Capital work-in-progress (Note 7.3)	214,118	189,541
	3,074,610	2,801,243
7.1 Operating fixed assets - Owned		
Opening book value	2,598,982	2,486,652
Add:		
Cost of additions during the period / year (Note 7.1.1)	312,557	340,289
Book value of assets transferred from leasehold assets	12,296	12,365
Effect of revaluation surplus	-	45,997
	2,923,835	2,885,303
Less:		
Book value of deletions during the period / year (Note 7.1.2)	-	32,378
Depreciation charged during the period / year	63,343	253,943
	63,343	286,321
	2,860,492	2,598,982

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2017

	Un-audited 30 September 2017 (RUPEES IN THOUSAND)	Audited 30 June 2017
7.1.1 Cost of additions during the period / year		
Freehold land	-	1,628
Buildings on freehold land	-	24,445
Plant and machinery	312,557	163,964
Stand-by equipment	-	74,090
Electric installations and appliances	-	25,107
Furniture and fixtures	-	33
Office equipment	-	413
Vehicles	-	50,609
	<u>312,557</u>	<u>340,289</u>
7.1.2 Book value of deletions during the period / year		
Plant and machinery	-	6,767
Vehicles	-	25,611
	<u>-</u>	<u>32,378</u>
7.2 Operating fixed assets - Leased		
Opening book value	12,720	29,639
Less:		
Book value of assets transferred to operating fixed assets	12,296	12,365
Depreciation charged during the period / year	424	4,554
	<u>12,720</u>	<u>16,919</u>
	<u>-</u>	<u>12,720</u>
7.3 Capital work-in-progress		
Buildings on freehold land	149,842	147,499
Plant and machinery	44,114	24,575
Advances against vehicles	20,162	17,467
	<u>214,118</u>	<u>189,541</u>
8. LONG TERM INVESTMENT		

The investment of 750 (30 June 2017: 750) ordinary shares in J.K. Tech (Private) Limited, an associate, has been fully impaired in previous years.

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2017

	(Un-audited)	
	Quarter ended	
	30 September 2017	30 September 2016
	(RUPEES IN THOUSAND)	
9. COST OF SALES		
Raw materials consumed	1,572,340	1,416,469
Stores, spare parts and loose tools consumed	43,881	43,416
Packing materials consumed	19,282	19,791
Processing and conversion charges	81,488	84,981
Fuel and power	209,499	192,100
Salaries, wages and other benefits	129,696	128,977
Repair and maintenance	8,068	4,638
Insurance	2,265	2,883
Other factory overheads	7,154	5,816
Depreciation	57,981	55,346
	<u>2,131,654</u>	<u>1,954,417</u>
Work-in-process:		
Opening stock	397,647	271,474
Closing stock	(194,745)	(200,416)
	<u>202,902</u>	<u>71,058</u>
Cost of goods manufactured	2,334,556	2,025,475
Finished goods:		
Opening stock	402,476	533,516
Closing stock	(501,437)	(566,142)
	<u>(98,961)</u>	<u>(32,626)</u>
Cost of sales - purchased for resale	-	41,404
	<u>2,235,595</u>	<u>2,034,253</u>
10. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,164	40,630
Adjustments for non-cash charges and other items:		
Depreciation	63,767	61,414
Finance cost	32,117	27,754
Unrealized gain on investment	-	(4)
Amortization of deferred income on sale and leaseback	(35)	(198)
Gain on sale of property, plant and equipment	-	(63)
Working capital changes (Note 11.1)	254,025	(65,746)
	<u>352,038</u>	<u>63,787</u>

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2017

	(Un-audited)	
	Quarter ended	
	30 September 2017	30 September 2016
	(RUPEES IN THOUSAND)	
10.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	27,218	(15,821)
Stock in trade	151,052	85,844
Trade debts	21,464	(135,754)
Loans and advances	(5,320)	(40,636)
Short term deposits and prepayments	(2,247)	(3,589)
Other receivables	18,141	28,300
Tax refunds due from the Government	(37,007)	(1,243)
	173,301	(82,899)
Increase in trade and other payables	80,724	17,153
	<u>254,025</u>	<u>(65,746)</u>

11. 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 with related parties are as follows:

i) Transactions

Associated companies

Service charges	101	107
Rental Income	180	480

Other related parties

Remuneration paid to Chief Executive Officer, Directors and Executives	16,136	14,680
Contribution to Employees' Provident Fund Trust	1,479	807
loan repaid to directors	2,710	3,137

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2017

12. SEGMENT INFORMATION

12.1

	Spinning		Fabric		Home Textile		Elimination of inter-segment transactions		Total - Company	
	(Un-audited) Quarter ended 30 September 2017	(Un-audited) Quarter ended 30 September 2016	(Un-audited) Quarter ended 30 September 2017	(Un-audited) Quarter ended 30 September 2016	(Un-audited) Quarter ended 30 September 2017	(Un-audited) Quarter ended 30 September 2016	(Un-audited) Quarter ended 30 September 2017	(Un-audited) Quarter ended 30 September 2016	(Un-audited) Quarter ended 30 September 2017	(Un-audited) Quarter ended 30 September 2016
Sales	1,401,452	1,448,016	373,079	245,782	633,209	504,950	-	-	2,407,740	2,198,748
External Inter-segment	119,622	48,862	-	-	-	-	(119,622)	(48,862)	-	-
Cost of sales	1,521,074	1,496,878	373,079	245,782	633,209	504,950	(119,622)	(48,862)	2,407,740	2,198,748
Gross profit	(1,448,286)	(1,382,000)	(345,002)	(231,009)	(561,929)	(470,106)	119,622	48,862	(2,235,595)	(2,034,253)
Distribution cost	72,788	114,878	28,077	14,773	71,280	34,844	-	-	172,145	164,495
Administrative expenses	(28,036)	(23,663)	(15,711)	(12,061)	(30,763)	(26,522)	-	-	(74,510)	(62,246)
	(52,559)	(40,862)	(16,296)	(6,328)	(10,999)	(13,916)	-	-	(69,864)	(61,106)
	(80,605)	(64,525)	(22,007)	(18,389)	(41,762)	(40,438)	-	-	(144,374)	(123,352)
Profit before taxation and unallocated income and expenses	(7,817)	50,353	6,070	(3,616)	29,518	(5,594)	-	-	27,771	41,143
Unallocated income and expenses										
Other operating expenses									(305)	(2138)
Finance cost									6,815	29,379
Taxation									(32,117)	(27,754)
Profit after taxation									18,896	(22,557)
									21,060	18,073

12.2 Reconciliation of reportable segment assets and liabilities:

	Spinning		Fabric		Home Textile		Total - Company	
	(Un-audited) Quarter ended 30 September 2017	(Un-audited) Quarter ended 30 September 2017	(Un-audited) Quarter ended 30 September 2017	(Un-audited) Quarter ended 30 September 2017	(Un-audited) Quarter ended 30 September 2017	(Un-audited) Quarter ended 30 September 2017	(Un-audited) Quarter ended 30 September 2017	(Un-audited) Quarter ended 30 September 2017
Total assets for reportable segments	4,566,679	4,535,262	606,491	614,748	616,839	617,605	5,790,009	5,767,615
Unallocated assets							433,128	396,121
Total assets as per balance sheet							6,223,137	6,163,736
All segment assets are allocated to reportable segments other than those directly relating to corporate.								
Total liabilities for reportable segments	2,027,435	1,837,027	251,366	305,049	414,680	494,168	2,693,481	2,636,244
Unallocated liabilities							195,474	214,370
Total liabilities as per balance sheet							2,888,955	2,850,614
All segment liabilities are allocated to reportable segments other than provision for taxation, deferred income tax liability and other corporate liabilities.								

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2017

13. FINANCIAL INSTRUMENTS

13.1 Fair value of Financial Instruments

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised 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 financial instruments into following three levels.

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

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

13.2 Financial instruments by category

The table given in Note 12.3 shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2017

	Carrying Amount		Total	Fair Value		
	At fair value through profit or loss	Financial liabilities at amortized cost		Level 1	Level 2	Level 3
----- (RUPEES IN THOUSAND) -----						
30 September 2017 (Un-audited)						
Financial assets						
Investment	-	-	37,012	37,012	-	-
Loans and advances	3,017	-	3,017	-	-	-
Deposits	666,712	-	666,712	-	-	-
Trade debts	108	-	108	-	-	-
Other receivables	44,675	-	44,675	-	-	-
Cash and bank balances	714,512	-	751,524	37,012	-	-
						37,012
Financial liabilities						
Long term financing	-	691,612	691,612	-	-	-
Liabilities against assets subject to finance lease	-	17,825	17,825	-	-	-
Accrued mark-up	-	1,482,659	1,482,659	-	-	-
Short term borrowings	-	477,214	477,214	-	-	-
Trade and other payables	-	2,669,310	2,669,310	-	-	-
30 June 2017 (Audited)						
Financial assets						
Investment	-	-	33,273	33,273	-	-
Loans and advances	921	-	921	-	-	-
Deposits	8,747	-	8,747	-	-	-
Trade debts	688,176	-	688,176	-	-	-
Other receivables	8,113	-	8,113	-	-	-
Cash and bank balances	89,044	-	89,044	-	-	-
	795,001	-	828,274	33,273	-	-
						33,273
Financial liabilities						
Long term financing	-	460,807	460,807	-	-	-
Liabilities against assets subject to finance lease	-	7,156	7,156	-	-	-
Accrued mark-up	-	17,061	17,061	-	-	-
Short term borrowings	-	1,730,524	1,730,524	-	-	-
Trade and other payables	-	391,703	391,703	-	-	-
	-	2,607,251	2,607,251	-	-	-

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2017

14. 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 2017.

15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on October 27, 2017 by the Board of Directors of the Company.

16. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", 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.

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

17. GENERAL

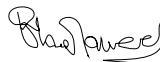
Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director



Ghulam Muhammad
Chief Financial Officer



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