

Quarterly Report | March 31, 2014



27

Years of Excellence



J.K. SPINNING MILLS LIMITED





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challenge

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# Company Information

## Board of Directors

Chief Executive	Mr. Jawed Anwar
Directors	Mr. Faiq Jawed
	Mr. Shaiq Jawed
	Mrs. Farhat Jehan
	Syed Hussain Shahid Mansoor Naqvi
	Mr. Ghulam Muhammad
	Mr. Qayyum Mohsin Malik

## Audit Committee

Chairman	Mr. Shaiq Jawed
Members	Mrs. Farhat Jehan
	Syed Hussain Shahid Mansoor Naqvi

## HR Committee

Chairman	Mr. Faiq Jawed
Members	Syed Hussain Shahid Mansoor Naqvi
	Mr. Qayyum Mohsin Malik

## Company Secretary

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 Atif & Atif Law Associates Advocates

Bankers Standard Chartered Bank (Pakistan) Limited  
The Bank of Punjab  
National Bank of Pakistan  
Askari Bank Limited  
United Bank Limited  
Al-Baraka Bank (Pakistan) Limited  
Summit Bank

Head Office & Mills 29-KM, Sheikhpura Road, 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 Nine Months Ended March 31, 2014.

## Financial Results and Operational Performance

The summarized financial results of the company for the Nine Months Ended March 31, 2014 are as under:

Particulars	Rupees in Millions	
	March 31,2014	March 31,2013
Sales	7,205.912	6,640.829
Cost of Sales	6,298.726	5,485.772
Gross Profit	907.186	1,155.057
Operating Expenses-net	349.307	478.998
Profit From Operations	557.879	676.059
Financial Charges	175.165	158.997
Profit After Taxation	302.154	431.336
Total Comprehensive Income	336.908	461.172
Earnings Per Share	4.96	7.08
(Basic and Diluted) – Rupees		

Sales for the period under review increased to Rupees 7,205.912 million from Rupees 6,640.829 millions. Raw material cost for the period under review increased due to increase in local cotton prices as compared to corresponding period. Conversion cost including salaries and wages, packing material, processing and conversion cost, Stores, spare parts and loose tools cost and other overhead cost increased due to inflationary trend while fuel and power cost increased in view of increase in power tariff. Gross Profit decreased by 21.45% to Rupees. 907.186 million in 2014 from Rupees 1,155.057 million of same period of last year. Operating expenses net of other income decreased to Rupees. 349.307 million in 2014 from Rupees 478.998 million of corresponding period. Financial charges increased as compared to previous period in view of additional short term borrowings for increase in raw material and finished goods inventory.

Profit after Taxation decreased by 29.95% to Rupees 302.154 million during the nine months period ended on March 31, 2014 against Rupees 431.336 million of the same period of last year while comprehensive income for the period attributed to equity stood at Rupees 336.908 million against comprehensive income of Rupees 461.172 million of the corresponding period.

The production of yarn converted into 20/S for the period under review was 18.960 million Kgs against 17.800 million kgs of corresponding period of last year. Management of your company continue to focus on Balancing Modernization and Replacement of machinery and equipments of its production facilities. Fourteen Ring Machines of latest technology imported last year have started commercial production during the period under review. Three card machines, two draw frames, one simplex machine and one comber machine imported during the quarter and are in process of commissioning to balance the back process of spinning division. Keeping in view of future expansion plans, the company has got approval of FESCO for enhancement of sanctioned load of electricity. These expansion plans are likely to be implemented from next financial year.

# Directors' Report

## Future Outlook

Sourcing of low cost energy is a big challenge for Pakistan to relief the industry and other consumers from higher power tariff. Increasing fuel and power tariffs are cause of concern for escalation in cost of our products and are making our products costlier in the region and are hurting our textile industry.

Management of your company has procured sufficient cotton for the whole period of financial year ending June 30, 2014. Yarn demand remained sluggish during the quarter under review. Appreciation of Pak rupee during the quarter under review further squeezed the yarn demand and sale margins. Though Government has imposed 5% duty on imported yarn, we still foresee very dull demand of yarn in coming quarter of current financial year.

## 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



Jawed Anwar

Chief Executive

Faisalabad

April 28, 2014



# Condensed Interim Balance Sheet (Un-Audited)

As at March 31, 2014

	NOTE	Un-audited 31 March 2014	Audited 30 June 2013
(RUPEES IN THOUSAND)			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
96 000 000 (30 June 2013: 96 000 000) ordinary shares of Rupees 10 each		<u>960,000</u>	<u>960,000</u>
Issued, subscribed and paid up share capital		609,033	609,033
Reserves		<u>2,122,663</u>	<u>1,791,014</u>
Total equity		<u>2,731,696</u>	<u>2,400,047</u>
Surplus on revaluation of property, plant and equipment - net of deferred income tax		572,719	608,200
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	16,035	86,818
Directors' loan		300,000	300,000
Liabilities against assets subject to finance lease		40,675	25,875
Deferred income tax liability		<u>286,326</u>	<u>277,824</u>
		643,036	690,517
<b>CURRENT LIABILITIES</b>			
Trade and other payables		411,722	385,151
Accrued mark-up		41,474	28,777
Short term borrowings		2,419,871	1,194,856
Current portion of non-current liabilities		130,612	124,999
Provision for taxation		<u>72,058</u>	<u>30,345</u>
		<u>3,075,737</u>	<u>1,764,128</u>
<b>TOTAL LIABILITIES</b>		<u>3,718,773</u>	<u>2,454,645</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>7,023,188</u>	<u>5,462,892</u>

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



Jawed Anwar


Chief Executive Officer



# Condensed Interim Balance Sheet (Un-Audited)

As at March 31, 2014

	NOTE	Un-audited 31 March 2014	Audited 30 June 2013
(RUPEES IN THOUSAND)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	2,778,498	2,822,964
Long term investment	8	-	-
Long term loans		968	387
Long term deposits and prepayments		15,548	9,304
		2,795,014	2,832,655
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		39,821	44,926
Stock in trade		2,953,880	1,592,021
Trade debts		769,170	612,751
Loans and advances		132,038	84,397
Short term deposits and prepayments		7,734	5,915
Other receivables		25,769	17,955
Tax refunds due from the Government		219,827	213,258
Cash and bank balances		79,935	59,014
		4,228,174	2,630,237
<b>TOTAL ASSETS</b>		<b>7,023,188</b>	<b>5,462,892</b>



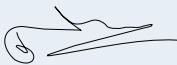
Faiq Jawed  
Director

# Condensed Interim Profit And Loss Account (Un-Audited)

For The Nine Months Ended 31 March 2014

	NOTE	Nine months ended		Quarter ended	
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
(RUPEES IN THOUSAND)					
		Restated		Restated	
Sales		7,205,912	6,640,829	2,444,964	1,967,463
Cost Of Sales	9	(6,298,726)	(5,485,772)	(2,202,058)	(1,592,766)
Gross Profit		907,186	1,155,057	242,906	374,697
Distribution Cost		(246,711)	(357,864)	(67,259)	(109,929)
Administrative Expenses		(136,405)	(117,279)	(42,144)	(42,047)
Other Expenses		(28,364)	(36,715)	(5,747)	(11,513)
		(411,480)	(511,858)	(115,150)	(163,489)
		495,706	643,199	127,756	211,208
Other Income		62,173	32,860	18,438	26,702
Profit From Operations		557,879	676,059	146,194	237,910
Finance Cost		(175,165)	(158,997)	(68,753)	(59,381)
Profit Before Taxation		382,714	517,062	77,441	178,529
Taxation		(80,560)	(85,726)	(27,722)	(29,103)
Profit After Taxation		302,154	431,336	49,719	149,426
Earnings Per Share - Basic And Diluted (Rupees)		4.96	7.08	0.82	2.45

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



Jawed Anwar  
Chief Executive Officer



Faiq Jawed  
Director

# Condensed Interim Statement of Comprehensive Income (Un-Audited)

For The Nine Months Ended 31 March 2014

	Nine months ended		Quarter ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	(RUPEES IN THOUSAND)			
PROFIT AFTER TAXATION	302,154	Restated 431,336	49,719	Restated 149,426
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that will not be reclassified subsequently to profit or loss:				
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	34,754	29,836	15,558	10,640
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	34,754	29,836	15,558	10,640
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>336,908</b>	<b>461,172</b>	<b>65,277</b>	<b>160,066</b>

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



**Jawed Anwar**  
Chief Executive Officer



**Faiq Jawed**  
Director

# Condensed Interim Cash Flow Statement (Un-Audited)

For The Nine Months Ended 31 March 2014

	NOTE	Nine Months ended	
		31 March 2014	31 March 2013
(RUPEES IN THOUSAND)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash utilized in operations	10	(758,535)	(311,668)
Finance cost paid		(162,468)	(154,844)
Income tax paid		(30,345)	(72,112)
Workers' profit participation fund paid		(34,544)	(20,820)
Workers' welfare fund paid		(4,320)	(3,023)
Net increase in long term deposits and prepayments		(6,244)	(3,784)
Net (increase)/decrease in long term loans		(581)	339
<b>NET CASH UTILIZED IN OPERATING ACTIVITIES</b>		<b>(997,037)</b>	<b>(565,912)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(127,496)	(215,883)
Proceeds from sale of property, plant and equipment		17,068	25,913
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(110,428)</b>	<b>(189,970)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(79,229)	(87,201)
Repayment of finance lease liabilities		(12,141)	(8,775)
Short term borrowings - net		1,225,015	908,643
Dividend paid		(5,259)	(2,745)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>1,128,386</b>	<b>809,922</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>		<b>20,921</b>	<b>54,040</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>59,014</b>	<b>45,217</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>79,935</b>	<b>99,257</b>

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



Jawed Anwar  
Chief Executive Officer



Faiq Jawed  
Director

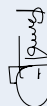
# Condensed Interim Statement of Changes In Equity (Un-Audited)

For The Nine Months Ended 31 March 2014

	RESERVES				TOTAL EQUITY
	SHARE CAPITAL	CAPITAL	REVENUE	TOTAL	
		Merger reserve	Unappropriated profit		
----- (RUPEES IN THOUSAND) -----					
Balance as at 30 June 2012 - Audited	609,033	289,636	864,987	1,154,623	1,763,656
Transaction with owners - Final dividend for the year ended 30 June 2012 at the rate of Rupees 2.50 per share	-	-	(2,745)	(2,745)	(2,745)
Profit for nine months ended 31 March 2013	-	-	431,336	431,336	431,336
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	29,836	29,836	29,836
Total comprehensive income for nine months ended 31 March 2013	-	-	461,172	461,172	461,172
Balance as at 31 March 2013 - Un-audited	609,033	289,636	1,323,414	1,613,080	2,222,083
Profit for the quarter ended 30 June 2013	-	-	168,019	168,019	168,019
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	9,945	9,945	9,945
Total comprehensive income for the quarter ended 30 June 2013	-	-	177,964	177,964	177,964
Balance as at 30 June 2013 - Audited	609,033	289,636	1,501,378	1,791,014	2,400,047
Transaction with owners - Final dividend for the year ended 30 June 2013 at the rate of Rupees 5 per share	-	-	(5,259)	(5,259)	(5,259)
Profit for the nine months ended 31 March 2014	-	-	302,154	302,154	302,154
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax - Restated	-	-	34,754	34,754	34,754
Total comprehensive income for nine months ended 31 March 2014	-	-	336,908	336,908	336,908
Balance as at 31 March 2014 - Un-audited	609,033	289,636	1,833,027	2,122,663	2,731,696

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

  
Jawed Anwar  
Chief Executive Officer



Faiz Jawed  
Director

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

## For The Nine Months Ended 31 March 2014

### 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 nine months ended 31 March 2014 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 2013.

### 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 2013 except for the change in accounting estimate given in Note 3.1.

- 3.1 During the period, the Company changed depreciation rates of various operating fixed assets as a result of review of their useful lives. Previous and current depreciation rates of these operating fixed assets are given below:

	RATE	
	PREVIOUS	CURRENT
Buildings on freehold land	5%	10%
Plant and machinery	5%	10%
Stand-by equipment	5%	10%
Electric installations and appliances	5%	10%
Office equipment	10%	30%

This change in accounting estimate has been applied prospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had there been no change in this accounting estimate, the figures recognised in this condensed interim financial information would have been different as follows:

	RUPEES IN THOUSAND
Net book value of property, plant and equipment would have been higher by	94,261
Deferred income tax liability would have been higher by	14,422
Profit after tax for the nine months ended 31 March 2014 would have been higher by	79,839
Earnings per share would have been higher by (Rupees)	1.31

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

For The Nine Months Ended 31 March 2014

### 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 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.

During preparation of this condensed interim financial information, the significant judgments 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 2013.

	Un-audited 31 March 2014	Audited 31 June 2013
	(RUPEES IN THOUSAND)	
<b>5. LONG TERM FINANCING</b>		
From banking companies - secured		
Opening balance	199,391	313,746
Less: Repaid during the period / year	79,229	114,355
Closing balance	120,162	199,391
Less: Current portion shown under current liabilities	104,127	112,573
	<u>16,035</u>	<u>86,818</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 2013: Rupees 11.002 million) along with default surcharge under section 34 of Sales Tax Act, 1990 and penalty at the rate of 30 percent. The related provision is not made in this condensed interim financial information in view of possible favourable outcome of the appeal.
- ii) The Company has filed appeal before Appellate Tribunal, Inland Revenue, Lahore against order in original 13/2003 dated 29 April 2003 for Rupees 3.063 million (30 June 2013: Rupees 3.063 million) along with additional tax and default surcharge under sections 36(3) and 34 respectively of Sales Tax Act, 1990 and penalty at the rate of 3 percent. The related provision is not made in this condensed interim financial information in view of possible favourable outcome of the appeal.
- iii) The Company has filed appeals with Appellate Tribunal, Inland Revenue for the revision of assessment orders issued under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2005 to 2009 where tax liability of Rupees 3.352 million (30 June 2013: Rupees 3.352 million) was raised by the department. The Company considers that its stance is based on reasonable grounds and appeals are likely to succeed. Hence, no provision has been made in this condensed interim financial information.
- iv) The Company has filed appeal before Commissioner (Appeals), Inland Revenue against order in original 07/2013 dated 28 June 2013 for Rupees 0.937 million (30 June 2013: Rupees 0.937 million) along with default surcharge and penalty imposed amounting to Rupees 0.658 million under section 33(5) of the Sales Tax Act, 1990. The related provision is not made in this condensed interim financial information in view of possible favourable outcome of the appeal.

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

For The Nine Months Ended 31 March 2014

- v) Letters of guarantee of Rupees 44.253 million (30 June 2013: Rupees 43.185 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections and to Punjab Power Development Board for installing electricity generation facility.
- vi) Post dated cheques of Rupees 112.905 million (30 June 2013: Rupees 70.247 million) are issued to customs authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports will not be provided on due dates, cheques issued as security shall be encashable.
- b) **Commitments**
- i) Letters of credit for capital expenditure are of Rupees 37.721 million as at 31 March 2014 (30 June 2013: Rupees Nil).
- ii) Letters of credit other than for capital expenditure are of Rupees 46.403 million as at 31 March 2014 (30 June 2013: Rupees 43.597 million).

	Un-audited 31 March 2014	Audited 30 June 2013
	(RUPEES IN THOUSAND)	
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets:		
-Owned (Note 7.1)	2,572,084	2,601,962
-Leased (Note 7.2)	76,726	40,336
Capital work-in-progress (Note 7.3)	129,688	180,666
	<u>2,778,498</u>	<u>2,822,964</u>
<b>7.1 Operating fixed assets - Owned</b>		
Opening book value	2,601,962	2,654,077
<b>Add:</b>		
Cost of additions during the period / year (Note 7.1.1)	193,857	421,419
Book value of leased assets transferred	-	25,705
Effect of revaluation as at 29 June 2013	-	207,996
	<u>2,795,819</u>	<u>3,309,197</u>
<b>Less:</b>		
Book value of deletions during the period / year (Note 7.1.2)	29,021	49,498
Decrease in revaluation	-	513,436
	<u>29,021</u>	<u>562,934</u>
	<u>2,766,798</u>	<u>2,746,263</u>
Less: Depreciation charged during the period / year	194,714	144,301
	<u>2,572,084</u>	<u>2,601,962</u>
<b>7.1.1 Cost of additions during the period / year</b>		
Freehold land	-	21,880
Buildings on freehold land	22,191	53,805
Plant and machinery	166,480	281,762
Electric installations and appliances	3,069	16,308
Furniture and fixtures	-	3,329
Office equipment	433	1,305
Vehicles	1,684	43,030
	<u>193,857</u>	<u>421,419</u>



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

For The Nine Months Ended 31 March 2014

	Un-audited 31 March 2014	Audited 30 June 2013
(RUPEES IN THOUSAND)		

### 7.1.2 Book value of deletions during the period / year

Plant and machinery	7,240	35,214
Vehicles	21,781	14,284
	29,021	49,498

### 7.2 Operating fixed assets - Leased

Opening book value	40,336	25,728
Additions during the period / year	41,000	43,979
	81,336	69,707
Less:		
Book value of assets transferred to owned operating fixed assets	-	25,705
Impairment loss charged during the period / year	-	2,746
	-	28,451
	81,336	41,256
Less: Depreciation charged during the period / year	4,610	920
	76,726	40,336

### 7.3 Capital work-in-progress

Buildings on freehold land	43,269	24,536
Plant and machinery	86,419	156,130
	129,688	180,666

## 8. LONG TERM INVESTMENTS

The investment of 750 (30 June 2013: 750) ordinary shares in J.K. Tech (Private) Limited, an associate, has been fully impaired in previous years.

	(Un-audited)			
	Nine months ended	Quarter ended		
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
(RUPEES IN THOUSAND)				

### 9. COST OF SALES

Raw materials consumed	5,477,569	4,584,151	2,005,639	1,391,432
Stores, spare parts and loose tools consumed	132,773	92,342	49,227	30,695
Packing materials consumed	57,103	53,626	18,821	17,520
Processing and conversion charges	196,151	144,977	41,997	44,331
Fuel and power	556,610	400,882	199,556	148,423
Salaries, wages and other benefits	310,708	247,344	110,613	80,801
Repair and maintenance	10,401	9,651	2,312	3,670

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

For The Nine Months Ended 31 March 2014

	(Un-audited)			
	Nine months ended		Quarter ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	(RUPEES IN THOUSAND)			
Insurance	9,550	8,412	2,655	2,698
Other factory overheads	32,849	28,032	8,152	8,669
Depreciation	186,299	98,522	63,005	35,016
	<u>6,970,013</u>	<u>5,667,939</u>	<u>2,501,977</u>	<u>1,763,255</u>
Work-in-process:				
Opening stock	311,908	234,250	334,279	267,376
Closing stock	(370,633)	(319,246)	(370,633)	(319,246)
	<u>(58,725)</u>	<u>(84,996)</u>	<u>(36,354)</u>	<u>(51,870)</u>
Cost of goods manufactured	<u>6,911,288</u>	<u>5,582,943</u>	<u>2,465,623</u>	<u>1,711,385</u>
Finished goods:				
Opening stock	343,863	270,237	709,620	248,789
Closing stock	(973,185)	(367,408)	(973,185)	(367,408)
	<u>(629,322)</u>	<u>(97,171)</u>	<u>(263,565)</u>	<u>(118,619)</u>
Cost of sale - purchased for resale	16,760	-	-	-
	<u>6,298,726</u>	<u>5,485,772</u>	<u>2,202,058</u>	<u>1,592,766</u>

	(Un-audited)	
	Nine months ended	
	31 March 2014	31 March 2013
	(RUPEES IN THOUSAND)	
10. CASH UTILIZED IN OPERATIONS		
Profit before taxation	382,714	517,062
Adjustments for non-cash charges and other items:		
Depreciation	199,324	109,126
Finance cost	175,165	158,997
Provision for workers' profit participation fund	20,554	26,632
Provision for workers' welfare fund	7,810	10,083
(Gain) / loss on sale of property, plant and equipment	(4,157)	1,499
Working capital changes (Note 10.1)	<u>(1,539,945)</u>	<u>(1,113,946)</u>
	<u>(758,535)</u>	<u>(290,547)</u>

### 10.1 Working capital changes

(Increase) / decrease in current assets:

Stores, spare parts and loose tools  
 Stock in trade  
 Trade debts  
 Loans and advances  
 Short term deposits and prepayments  
 Other receivables  
 Tax refunds due from the Government

5,105	(6,807)
(1,361,859)	(595,801)
(156,419)	(454,237)
(47,641)	(134,968)
(1,819)	(11,418)
(7,814)	55,143
(6,569)	(8,045)
<u>(1,577,016)</u>	<u>(1,156,133)</u>
37,071	42,187
<u>(1,539,945)</u>	<u>(1,113,946)</u>

Increase in trade and other payables

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

For The Nine Months Ended 31 March 2014

### 11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, employees' provident fund trust, other related parties 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 are as follows:

	(Un-audited)			
	Nine months ended 31 March 2014	31 March 2013	Quarter ended 31 March 2014	31 March 2013
(RUPEES IN THOUSAND)				
<b>i) Transactions</b>				
<b>Associated companies</b>				
Service charges	3,901	2,786	1,949	1,379
Purchases	-	71,847	-	71,552
<b>Other related parties</b>				
Remuneration paid to Chief Executive Officer, Directors and Executives	27,245	24,598	7,726	8,199
Contribution to Employees' Provident Fund Trust	9,957	7,018	3,801	2,515
Dividend paid	500	-	-	-
Office rent	-	315	-	45
Loans repaid to directors - net	16,397	33,102	5,656	18,645
			Un-audited 31 March 2014	Audited 30 June 2013
(RUPEES IN THOUSAND)				
<b>ii) Period end balances</b>				
Trade and other payables			1,810	-
Short term borrowings			46,178	62,575
Loans and advances			-	126

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

For The Nine Months Ended 31 March 2014

## 12. SEGMENT INFORMATION

12.1

	Spinning		Fabric		Home Textile		Elimination of inter-segment transactions		Total - Company	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	Nine Months ended 31 March	2014	Nine Months ended 31 March	2014	Nine Months ended 31 March	2014	Nine Months ended 31 March	2014	Nine Months ended 31 March	2014
Sales	4,529,335	4,341,909	1,148,543	1,587,275	1,665,608	758,887	(137,574)	(47,242)	7,205,912	6,640,829
Cost of sales	(3,928,396)	(3,482,501)	(1,042,194)	(1,401,204)	(1,465,710)	(649,309)	137,574	47,242	(6,298,726)	(5,485,772)
Gross profit	600,939	859,408	106,349	186,071	199,898	109,578	-	-	907,186	1,155,057
Distribution cost	(110,440)	(201,332)	(53,813)	(105,901)	(82,458)	(50,631)	-	-	(246,711)	(357,864)
Administrative expenses	(97,497)	(80,317)	(15,364)	(25,006)	(23,544)	(11,956)	-	-	(136,405)	(117,279)
	(207,937)	(281,649)	(69,177)	(130,907)	(106,002)	(62,587)	-	-	(383,116)	(475,143)
Profit before taxation and unallocated income and expenses	393,002	577,759	37,172	55,164	93,896	46,991	-	-	524,070	679,914
Unallocated in come and expenses										
Other expenses									(28,364)	(36,715)
Other income									62,173	32,860
Finance cost									(175,165)	(186,997)
Taxation									(80,560)	(85,726)
Profit after taxation									302,154	431,336

## 12.2 Reconciliation of reportable segment assets and liabilities:

	Spinning		Fabric		Home Textile		Total - Company	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	31 March	2014	31 March	2014	30 June	2013	31 March	2013
Total assets for reportable segments	5,223,992	4,188,329	1,051,281	701,092	495,827	320,164	6,771,100	5,209,585
Unallocated assets							252,088	253,307
Total assets as per balance sheet							7,023,188	5,462,892
All segment assets are allocated to reportable segments other than those directly relating to corporate.								
Total liabilities for reportable segments	2,115,962	1,455,501	792,414	414,853	423,648	234,235	3,332,024	2,104,589
Unallocated liabilities							386,748	350,056
Total liabilities as per balance sheet							3,718,772	2,454,645
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 Nine Months Ended 31 March 2014

### 13. 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 2013.

### 14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue April 28, 2014 by the Board of Directors of the Company.

### 15. 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 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. Surplus realised on disposal of revalued assets was transferred to other comprehensive income in previous quarter, however in current period it has been reclassified to Profit and Loss Account. Therefore previous period figures has been restated accordingly.

### 16. GENERAL

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



Jawed Anwar  
Chief Executive Officer



Faiq Jawed  
Director

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