

**2<sup>nd</sup> Quarter &  
Half Year Accounts  
Period Ended**

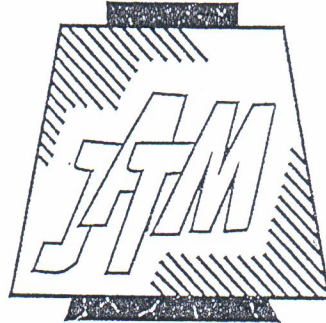
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**December 31<sup>st</sup>**

**2017**

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**(REVIEWED)**



**J. A. Textile Mills Limited**

# COMPANY INFORMATION

## Board of Directors

Chair Person:	Mrs. Rukhsana Begum
Chief Executive:	Mr. Imran Zahid
Directors:	Mr. Zahid Anwar
	Mrs. Rukhsana Begum
	Ms. Quratul-Ain Zahid
	Mr. Muhammad Yousaf
	Mr. Muhammad Ali
	Mr. Muhammad Anwar-ul-Haq

## Audit Committee:

Chairman:	Mr. Muhammad Ali
Member:	Mr. Muhammad Anwar-ul-Haq
Member:	Ms. Quratul-Ain Zahid

## Human Resources & Remuneration (HR&R) Committee:

Chairman:	Mr. Muhammad Anwar-ul-Haq
Member:	Mr. Imran Zahid
Member:	Mr. Muhammad Yousaf

Company Secretary: Mr. AjmalShabab

Chief Financial Officer: Mr. AftabYounis

Head of Internal Audit: Mr. Muhammad Umer Farooq

Auditors: KrestonHyder Bhimji & Company, Chartered Accountants

Banks: Al Baraka Islamic Bank B.S.C. (E.C.)  
Dubai Islamic Bank Pakistan Limited  
JS Bank Limited  
National Bank of Pakistan  
United Bank Limited

Legal Advisor: Mr. Zia-ul-Haq (Advocate)

Registered Office: JK House, 32-W, Susan Road, Madina Town, Faisalabad

Share Registrar Office: HameedMajeed Associates (Private) Limited  
1<sup>st</sup>Floor, H.M House, 7-Bank Square, Lahore.

Mills: 29-KM, Sheikhpura Road, Faisalabad

Web Site: [www.jatml.com](http://www.jatml.com)

# **J A TEXTILE MILLS LIMITED**

## **CHAIRMAN'S REVIEW**

We are pleased to present the financial results of the company. The sale has increased in this half year as compared to the corresponding period of the last year. Due to increase of prices of yarn the profit has increased by Rs.3.794 million as compared to corresponding half year of last year,

We are confident that our existing business trend will continue adding to sustainable growth to achieve better results during the current year.

The management remains committed to maintain focus on sustaining the financial performance of the company. We thank our shareholders, customers, bankers and staff for their support and trust in the company.

In the end, I would like to thank the board of directors for their valuable contribution and guidance throughout the company.

**For and on behalf of the Board of Directors**

**FAISALABAD  
FEBRUARY 26, 2018**

**RUKHSANA BEGUM  
Chairperson BOD**



جے اے ٹیکسٹائل ملز لمیٹڈ

چیئر پرسن کا جائزہ

ہم بصد خوشی کمپنی کے مالی نتائج پیش کر رہے ہیں، اس سال کی سیل پچھلے سال کی سیل کے مقابلے میں زیادہ ہے۔ لیکن خام مال کی قیمتیں زیادہ ہونے کی وجہ سے اس سال منافع پچھلے سال کی نسبت بڑھ کر -3.7941 ملین ہوا ہے۔

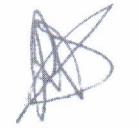
ہم پر امید ہیں کہ کمپنی اس سال ترقی کی طرف گامزن رہے گی۔

مینجمنٹ اس سلسلے میں پر عزم ہے کہ آپ کی کمپنی کی مالی کارکردگی کو برقرار رکھنے کے معاملے پر خصوصی توجہ مرکوز رکھے گی۔ ہم اپنے حصص یافتگان، کسٹمرز اور سٹاف کے شکر گزار ہیں جنکی مدد اور اعتماد کمپنی کو حاصل رہا۔

آخر میں میں بورڈ آف ڈائریکٹرز کا بھی شکریہ ادا کرنا چاہتی ہوں جن کی طرف سے پورے سال کے دوران قیمتی شراکت اور رہنمائی فراہم کی جاتی رہی۔

بورڈ کی طرف سے

چیئر پرسن بورڈ آف ڈائریکٹرز



رخسانہ بیگم

26 فروری 2018

فیصل آباد

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Board of Directors are pleased to present condensed interim financial statements of the Company for the 2<sup>nd</sup> quarter and half year ended December 31, 2017.

### Financial Results

Operating Indicators	Half Year Ended December 31, 2017 Rupees	Half Year Ended December 31, 2016 Rupees
Sales	558,618,667	76,655,900
Gross profit /(loss)	16,484,742	(2,756,928)
Pretax profit/(loss)	11,660,290	(3,734,770)
Provision for taxation	(10,480,821)	(1,120,432)
Profit /loss per share	0.09	(0.21)

Pakistan textile export is decreasing with the passage of time due to increase in competition from other textile producing countries. Although the overall industry's environment was adversely suffered due to our domestic market has been captured by India and China by supplying comparatively low rate yarn as compared to our own manufactured yarn of spinning units. Despite of these unfavorable factors and circumstances the management tried there level best to run the business, justifies the going concern assumption.

Regarding the auditor's reservation of going concern relating to note 1.2 of condensed interim financial statements, the management of the Company is making strenuous efforts, optimal production strategies and effective cost controls to improve the profitability of the Company. The management positively looks forward to counter all challenges and is firmly committed to deliver the best possible results and will continue to meet our objectives and goals. Based upon these aspects and continuing financial support from directors and associates, the financial statements have been prepared on going concern basis.

There is no material change in position of on going litigation and other matters related to court as reported in the Directors' report to the shareholders for the year ended June 30, 2017.

Transactions with related parties are carried out at arms length. The prices are determined in accordance with comparable uncontrolled price method.

We would like to express our appreciation for the dedication and hard work put in by the entire team at J. A. Textile Mills Limited and all its partners within the country and all across the world.

For and on behalf of the Board

February 26, 2018  
Faisalabad

  
IMRAN ZAHID  
Chief Executive

# ڈائریکٹرز رپورٹ برائے حصص یافتگان

آپ کے بورڈ آف ڈائریکٹرز کو دوسری سہ ماہی اور 31 دسمبر 2017 کو ختم ہونے والے ششماہی سال کے کمپنی کے غیر آڈٹ تخلیق شدہ مالیاتی اسٹیٹمنٹ پیش کرتے ہوئے نہایت مسرت محسوس ہو رہی ہے۔  
مالیاتی نتائج:

ششماہی سال کا اختتام	ششماہی سال کا اختتام	آپریٹنگ تفصیلات
31 دسمبر 2016	31 دسمبر 2017	
روپے	روپے	
76,655,900	558,618,667	فروخت
(2,756,928)	16,484,742	مجموعی آمدن/خسارہ
(3,734,770)	11,660,290	قبل از ٹیکس آمدن/خسارہ
(1,120,432)	(10,480,821)	ٹیکس کے لئے پرویشن
(0.21)	0.09	آمدن فی شیئر

دیگر ٹیکسٹائل کی پیداوار کے مقابلہ کی وجہ سے وقت گزرنے کے ساتھ پاکستان کی برآمدات میں کمی ہو رہی ہے۔ مجموعی طور پر ہماری صنعت میں جو دھماکہ تیار ہو رہا ہے اس سے کم قیمت پر انڈیا اور چائینے سپلائی دے کر ہماری لوکل مارکیٹ کو کافی متاثر کیا ہے۔ ان غیر معمولی حالات کے باوجود مینجمنٹ اپنی پوری کوشش کر رہی ہے کہ کاروبار کو بہتر سے بہتر سطح پر چلا یا جائے۔

گوبینگ کنسرن کے متعلق آڈیٹرز کے تحفظات، تخصیص شدہ درمیانی مدت کے مالیاتی اسٹیٹمنٹس کے نوٹ نمبر 1.2 کی بابت کمپنی کے منافع کو بہتر بنانے کے لئے کمپنی کی انتظامیہ مسلسل کوششیں کر رہی ہے، پیداوار بڑھانے کی حکمت عملی اور لاگت کنٹرول کرنے کے موثر طریقوں پر عمل کیا جا رہا ہے۔ کمپنی کی انتظامیہ مثبت انداز میں آنے والے تمام چیلنجوں کا مقابلہ کرنے کے لئے تیار ہے اور ممکنہ بہترین نتائج فراہم کرنے کے لئے پختہ ارادہ رکھتی ہے۔ اور اپنے مقاصد اہداف کو پورا کرنے کے لئے کوششیں جاری رہیں گی۔ ان پہلوؤں، ڈائریکٹرز اور ایسوسی ایٹس کی مسلسل مالی امداد کی بنیاد پر یہ مالیاتی اسٹیٹمنٹس گوبینگ کنسرن بنیادوں پر بنائی گئی ہیں

30 جون 2017 کو ختم ہونے والے سال کی ڈائریکٹرز رپورٹ برائے حصص یافتگان میں جو مقدمات اور دیگر امور رپورٹ کئے گئے ان میں کوئی تبدیلی نہیں ہوئی ہے۔

ریلیٹیو پارٹیز کے ساتھ لین دین آرم لینتھ بنیادوں پر کیا گیا اور قیمتوں کا تعین کمپیئر ڈ ان کنٹرولڈ پرائس میتھڈ کی بنیاد پر کیا گیا۔

ہم جے اے ٹیکسٹائل ملز لمیٹڈ کی پوری ٹیم اور اس کے تمام شراکت داروں، ملک کے اندر دنیا بھر میں، کی انتھک محنت تعریف کرتے ہیں۔

بورڈ آف ڈائریکٹران کی طرف سے

26 فروری، 2018

فیصل آباد

عمران زابد  
چیف ایگزیکٹو آفیسر

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying second quarterly balance sheet of **J. A. Textile Mills Limited** ("the Company") as at December 31, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement, statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this six monthly financial information based on our review.

### Scope of review

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

### Conclusion


Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Matter of emphasis

Without qualifying our conclusion;

- a) we draw attention of the members to the contents of note 1.2 to the annexed interim financial information, which indicates that although the Company has earned net profit of Rs. 1.179 million during the current period and its accumulated loss stands at Rs. 243.126 million against the paid up share capital of Rs. 126.012 as at December 31, 2017 along with negative current ratio. These factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.
- b) we draw attention of the members to the contents of note 7.1.1 to the annexed interim financial information, which indicates that the Company has filed appeal before the Supreme Court of Pakistan against the decision of the Lahore High Court, Lahore for remitting back the case to Banking Court - II, Faisalabad for necessary calculations and verification of payments to the tune of Rs. 26.890 million, which had originally been decided in favour of the Company; and due to which an old balance of Rs. 20,889 to the credit of the company (as included, "Cash and Bank Balances") has also been frozen by the Bank. Although the management of the company is affirmative that the case will be decided in its favour, the ultimate outcome of the matter cannot presently be determined with any degree of certainty.

DATE: February 26, 2018  
FAISALABAD

  
**KRESTON EXDER BHEMJI & CO.**  
Chartered Accountants  
Engagement Partner: Khan Muhammad

**J. A. TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT DECEMBER 31, 2017**

	Unaudited December 31, 2017	Audited June 30, 2017
NOTE	[ R U P E E S ]	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorized capital</b>		
20,000,000 ordinary shares of Rs.10 each	<u>200,000,000</u>	<u>200,000,000</u>
<b>Issued, subscribed and paid up capital</b>		
12,601,160 ordinary shares of Rs. 10 each, fully paid in cash	126,011,600	126,011,600
Accumulated loss	(243,126,229)	(247,875,140)
Surplus on remeasurement of investments	(34,359)	128,989
Surplus on revaluation of property, plant and equipment	5 208,701,017	201,952,923
Loan from chief executive, directors and members	6 134,632,263	-
	<u>226,184,292</u>	<u>80,218,372</u>
<b>NON CURRENT LIABILITIES</b>		
Long term financing	7 -	4,000,000
Deferred liabilities	75,826,748	67,906,860
	<u>75,826,748</u>	<u>71,906,860</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	227,053,445	202,560,607
Current portion of long term financing	7 9,999,750	11,110,750
Short term borrowings	-	127,097,279
	<u>237,053,195</u>	<u>340,768,636</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	8 -	-
	<u>539,064,235</u>	<u>492,893,868</u>
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	9 409,032,634	401,952,657
Long term deposits	17,427,380	17,422,380
	<u>426,460,014</u>	<u>419,375,037</u>
<b>CURRENT ASSETS</b>		
Stores and spares	7,186,916	6,960,094
Stock in trade	74,197,651	46,582,264
Trade debts	1,408,009	1,079,569
Advances, prepayment and other receivables	2,405,052	5,825,788
Short term investments	338,121	372,294
Tax refunds due from Government	8,182,248	8,921,314
Cash and bank balances	18,886,224	3,777,508
	<u>112,604,221</u>	<u>73,518,831</u>
	<u>539,064,235</u>	<u>492,893,868</u>

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

  
**CHIEF EXECUTIVE**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**



# J. A. TEXTILE MILLS LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2017

NOTE	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	[ R U P E E S ]		[ R U P E E S ]	
Sales-net	558,618,667	76,655,900	290,928,208	76,655,900
Cost of sales	<b>(542,133,925)</b>	<b>(79,412,828)</b>	<b>(274,913,787)</b>	<b>(70,319,737)</b>
Gross profit/(loss)	<b>16,484,742</b>	<b>(2,756,928)</b>	<b>16,014,421</b>	<b>6,336,163</b>
Operating expenses				
Distribution cost	<b>(51,040)</b>	-	<b>(51,040)</b>	-
Administrative expenses	<b>(4,843,238)</b>	(1,486,423)	<b>(2,564,810)</b>	(710,655)
Other expenses	<b>(613,699)</b>	-	<b>(613,699)</b>	-
Finance cost	<b>(22,273)</b>	(5,140)	<b>(10,888)</b>	(4,734)
	<b>(5,530,250)</b>	(1,491,563)	<b>(3,240,437)</b>	(715,389)
	<b>10,954,492</b>	(4,248,491)	<b>12,773,984</b>	5,620,774
Other income	<b>705,798</b>	513,721	<b>705,798</b>	510,585
Profit/(loss) before taxation	<b>11,660,290</b>	(3,734,770)	<b>13,479,782</b>	6,131,359
Taxation				
Current	<b>(6,982,733)</b>	(771,696)	<b>(3,636,602)</b>	(771,696)
Deferred	<b>(3,498,088)</b>	1,892,128	<b>(4,083,262)</b>	(1,067,711)
	<b>(10,480,821)</b>	1,120,432	<b>(7,719,864)</b>	(1,839,407)
Profit/(loss) for the period	<b>1,179,469</b>	<b>(2,614,338)</b>	<b>5,759,918</b>	<b>4,291,952</b>
Earnings/(loss) per share - basic and diluted	<b>0.09</b>	<b>(0.21)</b>	<b>0.46</b>	<b>0.34</b>

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



**J. A. TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2017**

	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	[ R U P E E S ]		[ R U P E E S ]	
Profit/(loss) for the period	1,179,469	(2,614,338)	5,759,918	4,291,952
<b>Other comprehensive income:</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Unrealized (loss)/income on changes in fair value of investment	(34,359)	9,443	(34,359)	4,729
Gain realised on disposal of short term investments	(128,989)	-	(128,989)	-
	(163,348)	9,443	(163,348)	4,729
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Surplus on revaluation of property, plant and equipment - net of deferred tax	24,709,391	-	24,709,391	-
Impairment of revalued property, plant and equipment - net of deferred tax	(14,391,855)	-	(14,391,855)	-
	10,317,536	-	10,317,536	-
<b>Total comprehensive income/(loss) for the period</b>	<b>11,333,657</b>	<b>(2,604,895)</b>	<b>15,914,106</b>	<b>4,296,681</b>

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

  
**CHIEF EXECUTIVE**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**

# J. A. TEXTILE MILLS LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2017

	Half year ended	
	December 31, 2017	December 31, 2016
	[ R U P E E S ]	
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>NOTE</b>	
Profit/(loss) before taxation		11,660,290      (3,734,770)
<b>Adjustments for non cash and other items</b>		
Depreciation		9,475,573      10,092,815
Profit on deposits		(571,288)      (513,721)
Profit on short term investment		(129,175)
Workers' profit participation fund		613,699      -
Finance cost		22,273      5,140
Operating cash flows before working capital changes		21,071,372      5,849,464
<b>Changes in working capital</b>		
<b>(Increase)/decrease in current assets</b>		
Stores and spares		(226,822)      (2,218,994)
Stock in trade		(27,615,387)      (42,541,065)
Trade debts		(328,440)      (123,400)
Advances, prepayments and other receivables		3,787,008      568,511
Tax refunds due from Government		(433,012)      (76,205)
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables		23,879,139      27,958,553
		(937,514)      (16,432,600)
<b>Cash generated from/(used) in operations</b>		20,133,858      (10,583,136)
Finance cost paid		(22,273)      (5,140)
Income tax paid		(5,810,655)      (237,211)
Profits on deposits with SNGPL received		-      685,000
Profit on deposits received		205,016      544,370
Security deposit paid		(5,000)      (616,500)
<b>Net cash generated from/(used) in operating activities</b>		14,500,946      (10,212,617)
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition in property, plant and equipment		(1,816,214)      (251,157)
<b>Net cash generated from / (used) in investing activities</b>		(1,816,214)      (251,157)
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing		(5,111,000)      -
Short term borrowings - net		7,534,984      (1,049,537)
<b>Net cash generated from/(used) in financing activities</b>		2,423,984      (1,049,537)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(a+b+c)</b>	15,108,716      (11,513,311)
<b>Cash and cash equivalents at the beginning of the period</b>		3,777,508      17,741,044
<b>Cash and cash equivalents at the end of the period</b>		18,886,224      6,227,733

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



**J. A. TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2017**

	Share capital	Accumulated loss	Surplus on remeasurement of investments available for sale to fair value			Surplus on revaluation of property, plant and equipment	Loan from chief executive, directors and members	Total
			R	U	P			
<b>Balance as at July 01, 2016</b>	126,011,600	(258,035,889)		108,692		-	-	(131,915,597)
Loss for the period	-	(2,614,338)		-		-	-	(2,614,338)
Other comprehensive income	-	-		9,443		-	-	9,443
Total comprehensive loss for the period	-	(2,614,338)		9,443		-	-	(2,604,895)
Incremental depreciation on revalued property, plant and equipment for the period	-	5,419,300		-		-	-	5,419,300
Tax effect on incremental depreciation	-	(1,625,790)		-		-	-	(1,625,790)
<b>Balance as at December 31, 2016</b>	<u>126,011,600</u>	<u>(256,856,717)</u>		<u>118,135</u>		<u>-</u>	<u>-</u>	<u>(130,726,982)</u>
<b>Balance as at July 01, 2017</b>	126,011,600	(247,875,140)		128,989		201,952,923	-	80,218,372
Profit for the period	-	1,179,469		-		-	-	1,179,469
Other comprehensive income	-	-		(163,348)		10,317,536	-	10,154,188
Total comprehensive income for the period	-	1,179,469		(163,348)		10,317,536	-	11,333,657
Incremental depreciation on revalued property, plant and equipment for the period	-	5,099,204		-		(5,099,204)	-	-
Tax effect on incremental depreciation	-	(1,529,762)		-		1,529,762	-	-
Loan from chief executive, directors and members reclassified as equity	-	-		-		-	134,632,263	134,632,263
<b>Balance as at December 31, 2017</b>	<u>126,011,600</u>	<u>(243,126,229)</u>		<u>(34,359)</u>		<u>208,701,017</u>	<u>134,632,263</u>	<u>226,184,292</u>

The annexed notes 1 to 13 form an integral part of the condensed interim financial information.

  
**CHIEF EXECUTIVE**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**



## **J. A. TEXTILE MILLS LIMITED**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2017**

#### **1 THE COMPANY AND ITS OPERATIONS**

**1.1** J. A. Textile Mills Limited (the Company) was incorporated in Pakistan on 25 May, 1987 under the Companies Ordinance, 1984. The shares of the company are listed on Pakistan Stock Exchange. The Mill is situated at 29-KM, Sheikhpura Road, Faisalabad in the province of Punjab and the registered office of the Company is situated at JK House, 32-W Susan Road, Madina Town, Faisalabad. The principal business activity of the Company is manufacturing and sale of yarn.

#### **1.2 Going concern assumption**

The Company has accumulated loss of Rs. 243.126 million (June 30, 2017: Rs. 247.875 million) as against issued, subscribed and paid up capital of Rs. 126.012 million and its current liabilities exceeded its current assets by Rs. 124.449 million (June 30, 2017: Rs. 267.25 million). These factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern, and therefore the Company may be unable to discharge its liabilities and realize its assets in the normal course of business.

In spite of the huge accumulated losses and negative current ratio, the management of the Company is making its strenuous efforts, optimal production strategies and effective cost controls to improve the profitability of the Company. The balancing and modernization of plant and machinery in previous years, improvement in future industry situation and better production efficiency has resulted in profit for the period. The management positively looks forward to counter all challenges and is firmly committed to deliver the best possible results and will continue to meet its objectives and goals as it is also evident from the current period results. Based upon these aspects and continuing financial support from directors and associates, the financial statements have been prepared on going concern basis.

#### **2 STATEMENT OF COMPLIANCE**

This condensed interim financial information is un-audited and 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 Act, 2017. In case the requirements of IAS 34 differ with the requirements of the Companies Act, 2017, the provisions of or the directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of company as at and for the year ended June 30, 2017.

This condensed interim financial information comprises of condensed interim balance sheet, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the selected notes for the half year ended December 31, 2017 which have been subjected to a review but not audited. This condensed interim financial information also includes condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2017 and 2016. The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended December 31, 2017 and 2016 are not subject to review.

#### **3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1** The accounting policies and methods of computation which have been used in the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2017.

**3.2** Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the company's operations or did not have any impact on the accounting policies of the

#### 4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.
- 4.2 Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2017.
- 4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

	NOTE	Unaudited December 31, 2017 [ R U P E E S ]	Audited June 30, 2017
<b>5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
Opening balance		201,952,923	209,539,941
Add: Surplus arise on revaluation of property, plant and equipment		35,299,130	-
Less: Related effect of deferred tax liability		(10,589,739)	-
		24,709,391	-
Less: Impairment of revalued property, plant and equipment		(20,559,794)	-
Add: Related effect of deferred tax liability		6,167,939	-
		(14,391,855)	-
Less: Incremental depreciation on revalued property, plant and equipment transferred to accumulated loss		5,099,204	10,838,599
Add: Related effect of deferred tax liability		(1,529,762)	(3,251,581)
		3,569,442	7,587,018
		<u>208,701,017</u>	<u>201,952,923</u>

The Company's freehold land, building on freehold land, plant and machinery, power generators, electric installations and factory equipments were revalued by M/S Yousaf Adil Saleem & Co. Chartered Accountants as on September 30, 1998 and by M/S Nizamy Associates as on June 30, 2007 and June 30, 2012 and M/S Amir Evaluators & Consultants as on 30th December, 2017. Revaluation of freehold land is carried out at market value and building on freehold land, plant and machinery, power generators, electric installations and factory equipments on depreciated replacement values.

The fair valuation of the revalued assets are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets. The fair values are subject to change owing to change in input. However, the management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs. The basis of revaluation for items of these fixed assets were as follows:

The revaluation of freehold land was based on inquiries from real estate agents and property dealers in near vicinity of freehold land. Different revaluation methods and exercises were adopted according to experience, location and other usage of freehold land considering all the relevant factors. The methodology for valuation adopted was based on International Valuation Standards. Valuation of building on freehold land was based on assessment of current construction cost of building having equivalent area and similar specifications using prevailing yardsticks for assessing cost of construction on per unit area basis. The cost thus arrived was adjusted to account for the age of building in comparison with useful service life of structure. For the purpose of valuation of plant and machinery, power generators, electric installations and factory equipments the historical values were appreciated and depreciated accordingly. Due consideration was given to the devaluation of Pakistani rupee and average escalation in the world market, adequate obsolescence factor was also applied.

#### 6 LOAN FROM CHIEF EXECUTIVE, DIRECTORS AND MEMBERS

Loan from chief executive, directors and members	6.1	<u>134,632,263</u>	-
6.1 This represents interest free loan from chief executive, directors and members of the Company, repayable at the discretion of the Company. During the period terms of the loan has been changed from payable on demand to payable at the discretion of the Company. However, in light of guidance provided in Technical Release -32 ("Accounting Directors' Loan") issued by the Institute of Chartered Accountants of Pakistan, this loan has been reclassified as part of equity.			

## 7 LONG TERM FINANCING

### From banking company- Secured

IBRD foreign currency  
Demand finance

Less: current portion shown under current liabilities

	Unaudited December 31, 2017	Audited June 30, 2017
	[ R U P E E S ]	
7.1	164,509	164,509
	9,835,241	14,946,241
	9,999,750	15,110,750
	<u>(9,999,750)</u>	<u>(11,110,750)</u>
	<u>-</u>	<u>4,000,000</u>

- 7.1 The financing was obtained from MCB Bank Limited and is secured against first charge by way of equitable mortgage on fixed assets of the Company, hypothecation of plant, machinery and equipment and floating charge on book debts. It was further secured by a demand promissory note and personal guarantees of the directors of the Company carrying mark up @ 14% to 17% per annum. In case of default in payment of any installment of principal and/or mark up on due date, additional mark up @ 5% per annum was payable on the amount of default.

## 8 CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

- 8.1.1 The Faysal Bank Limited had filed an appeal before the Lahore High Court, Lahore against the decision of Banking Court - II, Faisalabad (decided in favour of the Company), for recovery of Rs. 45.616 Million (June 30, 2017: Rs. 45.616 Million) along with costs etc. not determinable at this stage. The appeal of the bank was accepted by the Honourable Lahore High Court, Lahore to the extent that computation of mark up and verification of payments to the tune of Rs. 26.890 Million may again be made.

Having been aggrieved by the decision of the Honourable Lahore High Court, Lahore, the Company filed an appeal before the Supreme Court of Pakistan. The management of the company has affirmed that the case will be decided in its favour on the pretext that due relief had already been given by the apex court in identical cases.

- 8.1.2 An employee of the Company has filed a suit for the claim of reinstatement of his services and dues which has been decided by the Labour Court No. 4, Faisalabad in appellant's favour. The Company has filed an appeal before Punjab Labour Appellate Tribunal against the decision of Labour Court. In compliance with the order of Punjab Labour Appellate Tribunal payment of Rs. 119,774 as 50% of employee's dues have been deposited with Appellate Authority. Consequently, the Punjab Labour Appellate Tribunal, Lahore after hearing the arguments has set aside the impugned order of Labour Court No. 4, Faisalabad and remanded back to the lower Court with a direction to decide the Appellant Company's application wherein it is alleged that the respondent is unfit to work. However, the legal advisor has confirmed that the Company is at sound footing and prima facie the case is expected to be decided in its favour. The amount under litigation is not material, therefore, no provision has been made in the financial statements.

### 8.2 Commitments

There are no significant commitments at the reporting date which need to be disclosed in this condensed interim financial information.

9	PROPERTY, PLANT AND EQUIPMENT	NOTE	Unaudited	Audited
			December 31, 2017	June 30, 2017
			[ R U P E E S ]	
	Operating fixed assets	9.1	408,060,464	400,980,487
	Advances for capital expenditures - plant and machinery		972,170	972,170
			<u>409,032,634</u>	<u>401,952,657</u>

#### 9.1 OPERATING FIXED ASSETS

DESCRIPTION	December 31, 2017										W . D . V	Rate %
	COST / REVALUED AMOUNT					DEPRECIATION						
	As at July 1, 2017	Addition	Revaluation Surplus	Revaluation Adjustment	As at December 31, 2017	As at July 1, 2017	For the year	Revaluation Adjustment	As at December 31, 2017	As at December 31, 2017		
[ R U P E E S ]					[ R U P E E S ]							
Freehold land	78,800,000	-	-	-	78,800,000	-	-	-	-	78,800,000	-	
Building on freehold land												
- factory	152,567,415	-	28,412,241	(65,849,476)	115,130,180	63,625,939	2,223,537	(65,849,476)	-	115,130,180	5	
- residential	29,130,889	-	6,886,889	(12,839,378)	23,178,400	12,421,647	417,731	(12,839,378)	-	23,178,400	5	
Plant and machinery	277,452,531	1,438,000	(14,313,422)	(117,677,109)	146,900,000	113,550,645	4,126,464	(117,677,109)	-	146,900,000	5	
Power generators	60,356,217	378,214	(6,002,305)	(23,232,126)	31,500,000	21,271,591	1,960,535	(23,232,126)	-	31,500,000	10	
Electric installations	16,621,598	-	(34,083)	(13,087,515)	3,500,000	12,901,511	186,004	(13,087,515)	-	3,500,000	10	
Factory equipments	14,979,075	-	(209,984)	(7,769,091)	7,000,000	7,389,618	379,473	(7,769,091)	-	7,000,000	10	
Electric appliances	940,688	-	-	-	940,688	814,089	6,330	-	820,419	120,269	10	
Office equipments	2,875,855	-	-	-	2,875,855	2,201,233	33,731	-	2,234,964	640,891	10	
Furniture and fixtures	290,516	-	-	-	290,516	260,907	1,480	-	262,387	28,129	10	
Vehicles	10,188,344	-	-	-	10,188,344	8,785,461	140,288	-	8,925,749	1,262,595	20	
<b>Total</b>	<b>644,203,128</b>	<b>1,816,214</b>	<b>14,739,336</b>	<b>(240,454,695)</b>	<b>420,303,983</b>	<b>243,222,641</b>	<b>9,475,573</b>	<b>(240,454,695)</b>	<b>12,243,519</b>	<b>408,060,464</b>		

DESCRIPTION	June 30, 2017										W . D . V	Rate %
	COST / REVALUED AMOUNT					DEPRECIATION						
	As at July 1, 2016	Addition	Revaluation Surplus	Revaluation Adjustment	As at June 30, 2017	As at July 1, 2016	For the year	Adjustment	As at June 30, 2017	As at June 30, 2017		
[ R U P E E S ]					[ R U P E E S ]							
Freehold land	78,800,000	-	-	-	78,800,000	-	-	-	-	78,800,000	-	
Building on freehold land												
- factory	152,567,415	-	-	-	152,567,415	58,944,809	4,681,130	-	63,625,939	88,941,476	5	
- residential	29,130,889	-	-	-	29,130,889	11,542,213	879,434	-	12,421,647	16,709,242	5	
Plant and machinery	275,140,901	2,311,630	-	-	277,452,531	104,986,509	8,564,136	-	113,550,645	163,901,886	5	
Power generators	60,356,217	-	-	-	60,356,217	16,928,855	4,342,736	-	21,271,591	39,084,626	10	
Electric installations	16,621,598	-	-	-	16,621,598	12,488,168	413,343	-	12,901,511	3,720,087	10	
Factory equipments	14,979,075	-	-	-	14,979,075	6,546,345	843,273	-	7,389,618	7,589,457	10	
Electric appliances	940,688	-	-	-	940,688	800,022	14,067	-	814,089	126,599	10	
Office equipments	2,875,855	-	-	-	2,875,855	2,126,275	74,958	-	2,201,233	674,622	10	
Furniture and fixtures	290,516	-	-	-	290,516	257,617	3,290	-	260,907	29,609	10	
Vehicles	11,097,112	(908,768)	-	-	10,188,344	9,227,634	371,965	(814,138)	8,785,461	1,402,883	20	
<b>Total</b>	<b>642,800,266</b>	<b>1,402,862</b>	<b>-</b>	<b>-</b>	<b>644,203,128</b>	<b>223,848,447</b>	<b>20,188,332</b>	<b>(814,138)</b>	<b>243,222,641</b>	<b>400,980,487</b>		

	Unaudited	Audited
	December 31, 2017	June 30, 2017
[ R U P E E S ]		
9.2 Depreciation charge for the period/year has been allocated as under:		
Cost of sales	9,300,074	19,738,119
Administrative expenses	175,499	450,213
	<u>9,475,573</u>	<u>20,188,332</u>

#### 9.3 Forced sale values of revalued assets are:

Freehold land	66,980,000	-
Building on freehold land		
- factory	92,104,144	-
- residential	18,542,720	-
Plant and machinery	117,520,000	-
Power generators	25,200,000	-
Electric installations	2,800,000	-
Factory equipments	5,600,000	-
	<u>328,746,864</u>	-

#### 9.4 Immovable properties of the Company include:

Description	Area	Location
Land	98 - Kanal & 10 - Marlas = 98.50 - Kanal	Chak # 70 - R.B, 29 - KM, Link Main Sheikhpura Road, Tehsil Jaranwala, District Faisalabad.
<b>Building on Freehold Land</b>		
- factory	Covered Area - 129,574 (S.ft)	Chak # 70 - R.B, 29 - KM, Link Main Sheikhpura Road, Tehsil Jaranwala, District Faisalabad.
- residential	Covered Area - 33,112 (S.ft)	Chak # 70 - R.B, 29 - KM, Link Main Sheikhpura Road, Tehsil Jaranwala, District Faisalabad.



10 COST OF SALES	Note	Half year ended		Quarter ended	
		December 31,	December 31,	December 31,	December 31,
		2017	2016	2017	2016
		[ R U P E E S ]		[ R U P E E S ]	
Raw material consumed	10.1	383,096,718	69,627,093	192,223,879	69,627,093
Stores and spares consumed		6,588,253	1,497,480	2,502,255	1,497,480
Packing material consumed		9,969,404	292,166	4,832,335	292,166
Salaries and wages		55,075,285	8,854,969	27,297,956	6,679,358
Retirement benefits		1,198,253	197,760	615,103	100,283
Fuel and power		77,287,421	13,447,764	39,547,814	11,558,545
Repairs and maintenance		720,127	544,540	610,698	544,540
Postage and telecommunication		49,492	31,291	36,572	31,291
Vehicles running and maintenance		266,631	4,561	147,516	4,561
Depreciation	9.2	9,300,074	9,866,743	4,667,647	4,935,959
Others		528,246	82,025	252,733	82,025
		<u>544,079,904</u>	<u>104,446,392</u>	<u>272,734,508</u>	<u>95,353,301</u>
Work in process					
Opening balance		9,648,040	-	8,658,925	-
Closing balance		(7,345,455)	(6,752,996)	(7,345,455)	(6,752,996)
		<u>2,302,585</u>	<u>(6,752,996)</u>	<u>1,313,470</u>	<u>(6,752,996)</u>
Cost of goods manufactured		<u>546,382,489</u>	<u>97,693,396</u>	<u>274,047,978</u>	<u>88,600,305</u>
Finished goods					
Opening balance		9,105,627	71,431	14,220,000	71,431
Closing balance		(13,354,191)	(18,351,999)	(13,354,191)	(18,351,999)
		<u>(4,248,564)</u>	<u>(18,280,568)</u>	<u>865,809</u>	<u>(18,280,568)</u>
		<u>542,133,925</u>	<u>79,412,828</u>	<u>274,913,787</u>	<u>70,319,737</u>

10.1 RAW MATERIAL CONSUMED	Half year ended		Quarter ended		
	December 31,	December 31,	December 31,	December 31,	
	2017	2016	2017	2016	
		[ R U P E E S ]		[ R U P E E S ]	
Opening balance	26,421,193	6,706,479	38,588,494	6,706,479	
Purchases	<u>410,108,005</u>	<u>87,134,594</u>	<u>207,067,865</u>	<u>87,134,594</u>	
	<u>436,529,198</u>	<u>93,841,073</u>	<u>245,656,359</u>	<u>93,841,073</u>	
Closing balance	(53,432,480)	(24,213,980)	(53,432,480)	(24,213,980)	
	<u>383,096,718</u>	<u>69,627,093</u>	<u>192,223,879</u>	<u>69,627,093</u>	

## 11 RELATED PARTY TRANSACTIONS

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and key management personnel. Amounts due from and due to related parties, if any, are shown under relevant notes to condensed interim financial information. Transaction with the related parties other than specifically mentioned in related notes were as follows;

	Half year ended	
	December 31,	December 31,
	2017	2016
		[ R U P E E S ]
Post employment benefit	1,292,511	215,420
Repayment of loan to chief executive, directors and members	400,016	1,049,537
Loan obtained from chief executive	7,935,000	-

**12 DATE OF AUTHORIZATION FOR ISSUE**

**26 FEB 2018**

This condensed interim financial information was authorized for issue on \_\_\_\_\_ by the Board of Directors of the Company.

**13 GENERAL**

- 13.1** Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of better presentation. However, during the period "surplus on revaluation of property, plant and equipment" has been regrouped under equity as a separate line item as per requirements of IAS 16 "Property, plant and equipment". Previously this was shown in the balance sheet of the Company after capital and reserves as per requirement of section 235 of the repealed Companies Ordinance, 1984.
- 13.2** Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR