

**2nd Quarter &
Half Year Accounts
Period Ended**

**December 31st
2019**

(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 Ali
	Mr. Riaz Ahmad
	Mr. Liaqat Ali Qamar

Audit Committee:

Chairman:	Mr. Riaz Ahmad
Member:	Mr. Muhammad Ali
Member:	Ms. Quratul-Ain Zahid

Human Resources & Remuneration (HR&R) Committee:

Chairman:	Mr. Muhammad Ali
Member:	Mr. Imran Zahid
Member:	Mr. Liaqat Ali Qamar

Company Secretary: Mr. Ajmal Shabab

Chief Financial Officer: Mr. Zia Ullah Khan Dilawar

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
1st Floor, H.M House, 7-Bank Square, Lahore.

Mills: 29-KM, Sheikhupura Road, Faisalabad

Web Site: www.jatml.com

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Board of Directors are pleased to present condensed interim financial statements of the company for the 2nd quarter and half year ended December 31, 2019.

Financial Results

Operating Indicators	Half Year Ended December 31, 2019 Rupees	Half Year Ended December 31, 2018 Rupees
Sales	513,785,333	602,103,963
Gross profit/(loss)	(10,704,558)	12,363,751
Pretax profit/(loss)	(14,439,748)	8,577,633
Provision for taxation	(3,959,462)	(4,884,787)
Profit / (loss) per share	(1.46)	0.29

During the period ended, the gross profit of the company has been decreased as compare to corresponding period of last year.

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 ongoing litigation and other matters related to court as reported in the Directors' report to the shareholders for the year ended June 30, 2019.

Transactions with related parties are carried out at arm's 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 I. A. Textile Mills Limited and all its partners within the country and all across the world.

For and on behalf of the Board of Directors

FEBRUARY 27, 2020
FAISALABAD


IMRAN ZAHID
Chief Executive

J A TEXTILE MILLS LIMITED

CHAIRMAN'S REVIEW

We are pleased to present the financial results of the company. The Sale has decreased in this half year. Due to decrease of sale the profit has decreased in this half year as compared to corresponding half year of last year

we are confident that our business 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 appreciate the board of directors for their commitment, hardworking and continued efforts towards the improvement of the company.

For and on behalf of the Board of Directors

**FAISALABAD
FEBRUARY 27, 2020**


**RUKHSANA BEGUM
Chairperson BOD**

جے اے ٹیکسٹائل ملز لمیٹڈ

چیئر پرسن کا چائزہ

ہم ہمدردی کھیتی کے مالی نتائج پیش کر رہے ہیں۔ اس عرصہ میں فروخت میں کمی واقع ہوئی ہے جس کی وجہ سے اس سال کے منافع میں پچھلے سال کی نسبت کمی ہوئی ہے۔

ہم اس بات پر پرامید ہیں کہ کھیتی اس سال ترقی کی جانب گامزن رہے گی اور اس سال بہتر نتائج حاصل کرنے کیلئے کاروبار کے بہترین طریقے اختیار کریں گے

انتظامیہ اس سلسلے میں پرعزم ہے کہ آپ کی کھیتی کی مالی کارکردگی کو برقرار رکھنے کے معاملے پر خصوصی توجہ مرکوز رکھے گی۔ ہم اپنے حصص یافتگان، کسٹمرز، بینکوں اور سٹاف کے شکرگزار ہیں جنکی مدد اور امداد کھیتی کو حاصل رہا۔

آخر میں، میں بورڈ آف ڈائریکٹرز کا بھی شکریہ ادا کرنا چاہتی ہوں جن کی طرف سے انتھک محنت، قیمتی شراکت اور راہنمائی فراہم کی جاتی رہی۔

بورڈ کی طرف سے

27 فروری 2020

فیصل آباد۔

رخسانہ بیگم
چیئر پرسن، بورڈ آف ڈائریکٹرز



**INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF
J. A. TEXTILE MILLS LIMITED
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **J. A. Textile Mills Limited** ("the Company") as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the condensed interim financial statements). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 statements are not prepared, in all material respects, in accordance with the 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 financial statements, which indicates that its accumulated loss stands at Rs. 212,597 million against the paid up share capital of Rs. 126,012 million as at December 31, 2019 and as of that date, the Company's current liabilities exceeded its current assets by Rs. 92,311 million, and the Company suffered a loss of Rs. 18,399 million during the period. 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 5.1.1 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. The management of the company is affirmative that the case will be decided in its favour. However, the ultimate outcome of the matter cannot presently be determined with any degree of certainty.

The engagement partner on the review resulting in this independent auditor's report is Khan Muhammad

DATE: February 27, 2020
FAISALABAD


KRESTON HYDER BHIMJI & CO.
Chartered Accountants

J. A. TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	NOTE	Unaudited December 31, 2019	Audited June 30, 2019
[R U P E E S]			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 20,000,000 ordinary shares of Rs.10 each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up capital 12,601,160 ordinary shares of Rs. 10 each, fully paid in cash		126,011,600	126,011,600
Accumulated loss		(217,596,516)	(202,562,192)
Surplus on remeasurement of investments available for sale to fair value		(15,654)	(69,959)
Surplus on revaluation of property, plant and equipment		194,500,513	197,865,399
Loan from related parties	4	<u>132,955,324</u>	<u>133,203,264</u>
		<u>235,855,267</u>	<u>254,448,112</u>
NON CURRENT LIABILITIES			
Deferred liability		63,872,245	67,985,263
CURRENT LIABILITIES			
Trade and other payables		247,313,380	263,858,431
Unclaimed dividend		443,720	443,720
Provision for taxation		-	395,070
		<u>247,757,100</u>	<u>264,697,221</u>
CONTINGENCIES AND COMMITMENTS			
	5	-	-
		<u>547,484,612</u>	<u>587,130,596</u>
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	374,611,106	383,178,999
Long term deposits		<u>17,427,380</u>	<u>17,427,380</u>
		<u>392,038,486</u>	<u>400,606,379</u>
CURRENT ASSETS			
Stores and spares		6,041,426	5,649,937
Stock in trade		56,982,716	74,365,382
Trade debts		1,030,391	47,622,654
Advances, prepayment and other receivables		10,308,033	8,201,394
Short term investment	7	356,826	302,521
Tax refunds due from Government		16,863,375	7,627,329
Cash and bank balances		<u>63,863,359</u>	<u>42,755,000</u>
		<u>155,446,126</u>	<u>186,524,217</u>
		<u>547,484,612</u>	<u>587,130,596</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

J. A. TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	[R U P E E S]		[R U P E E S]	
NOTE				
Sales-net	513,785,333	602,103,963	431,159,955	352,687,879
Cost of sales	(324,489,891)	(589,740,212)	(435,022,649)	(344,997,654)
Gross profit/(loss)	(10,704,558)	12,363,751	(3,862,694)	7,690,225
Operating expenses				
Distribution cost	(393,661)	(122,775)	(393,661)	(76,270)
Administrative expenses	(5,506,516)	(5,470,228)	(2,951,979)	(2,842,938)
Finance cost	(19,418)	(11,729)	(16,169)	(8,356)
	(5,919,595)	(5,604,732)	(3,361,809)	(2,927,564)
Operating profit/(loss)	(16,624,153)	6,759,019	(7,224,503)	4,762,661
Other income	2,184,405	1,818,614	2,184,405	1,818,614
Profit/(loss) before taxation	(14,439,748)	8,577,633	(5,040,098)	6,581,275
Taxation				
Current	(7,706,780)	(7,526,300)	(6,467,399)	(4,408,599)
Prior year	(365,700)	-	(365,700)	-
Deferred	4,113,018	2,641,513	3,385,825	2,081,780
	(3,959,462)	(4,884,787)	(3,447,274)	(2,326,819)
Profit/(loss) for the period	(18,399,210)	3,692,846	(8,487,372)	4,254,456
Earnings per share - basic and diluted	(1.46)	0.29	(0.67)	0.34

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

J. A. TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	[R U P E E S]		[R U P E E S]	
Profit/(loss) for the period	(18,399,210)	3,692,846	(8,487,372)	4,254,456
Other comprehensive income/(loss) for the period:				
Items that may be reclassified subsequently to profit or loss				
Unrealized profit/ (loss) on changes in fair value of investment	54,305	(19,024)	54,305	(19,024)
Total comprehensive income for the period	<u>(18,344,905)</u>	<u>3,673,822</u>	<u>(8,433,067)</u>	<u>4,235,432</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

J. A. TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Share capital	Accumulated loss	Surplus on	Surplus on	Loan from related parties	Total
			remeasurement of investments available for sale to fair value	revaluation of property, plant and equipment		
			[R U P	E E S]
Balance as at July 01, 2018	126,011,600	(209,641,063)	(80,951)	204,986,679	125,926,741	247,253,000
Profit/(loss) for the period	-	3,692,046	-	-	-	3,692,046
Other comprehensive income/(loss) for the period	-	-	(19,024)	-	-	(19,024)
Total comprehensive income for the period	-	3,692,046	(19,024)	-	-	3,673,022
Incremental depreciation on resolved property, plant and equipment for the period	-	5,014,904	-	(5,014,904)	-	-
Tax effect on incremental depreciation	-	(1,404,196)	-	1,404,196	-	-
Loan obtained from related parties	-	-	-	-	7,935,000	7,935,000
Repayment of loan from related parties	-	-	-	-	(342,022)	(342,022)
Balance as at December 31, 2018	<u>126,011,600</u>	<u>(202,337,429)</u>	<u>(49,975)</u>	<u>201,375,891</u>	<u>133,519,720</u>	<u>258,519,807</u>
Balance as at July 01, 2019	126,011,600	(202,562,192)	(69,959)	197,865,399	133,203,264	254,448,112
Profit/(loss) for the period	-	(18,399,210)	-	-	-	(18,399,210)
Other comprehensive income for the period	-	-	54,305	-	-	54,305
Total comprehensive income for the period	-	(18,399,210)	54,305	-	-	(18,344,905)
Incremental depreciation on resolved property, plant and equipment for the period	-	4,739,276	-	(4,739,276)	-	-
Tax effect on incremental depreciation	-	(1,374,390)	-	1,374,390	-	-
Repayment of loan from related parties	-	-	-	-	(247,940)	(247,940)
Balance as at December 31, 2019	<u>126,011,600</u>	<u>(217,596,510)</u>	<u>(15,654)</u>	<u>194,500,513</u>	<u>132,955,324</u>	<u>235,855,267</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

J. A. TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	NOTE	Half year ended	
		December 31, 2019	December 31, 2018
[R U P E E S]			
a) CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		(14,439,748)	8,577,633
Adjustments for non cash and other items			
Depreciation		8,567,893	9,092,632
Profit on deposit accounts		(1,466,233)	(456,028)
Profit on deposit with SNGPL		(726,562)	(324,269)
Gain on disposal of property, plant and equipment		-	(1,021,633)
Finance cost		19,418	11,729
Operating cash used in before working capital changes		<u>(8,045,232)</u>	<u>15,880,064</u>
Changes in working capital			
(Increase)/decrease in current assets			
Stores and spares		(391,489)	2,542,131
Stock in trade		17,382,666	(34,090,758)
Trade debts		46,592,263	5,778,150
Advances, prepayments and other receivables		(1,380,077)	223,599
Tax refunds due from Government		(7,305,153)	(728,935)
Increase in current liabilities		<u>(16,545,051)</u>	<u>28,823,777</u>
Trade and other payables		<u>38,353,159</u>	<u>2,547,964</u>
Cash generated from operations		<u>30,307,927</u>	<u>18,428,028</u>
Finance cost paid		(19,418)	(11,729)
Income tax paid		(10,398,443)	(7,645,553)
Profits on deposits with SNGPL received		-	251,991
Profits on deposit accounts received		1,466,233	456,028
Net cash generated from operating activities		<u>21,356,299</u>	<u>11,478,765</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in property, plant and equipment		-	(1,919,000)
Sale proceed on disposal of property, plant and equipment		-	1,200,000
Net cash used in investing activities		<u>-</u>	<u>(719,000)</u>
c) CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		-	(4,000,000)
Loan from related parties - net		(247,940)	7,592,977
Net cash generated from financing activities		<u>(247,940)</u>	<u>3,592,977</u>
Net increase in cash and cash equivalents	(a+b+c)	<u>21,108,359</u>	<u>14,352,742</u>
Cash and cash equivalents at the beginning of the period		<u>42,755,000</u>	<u>3,012,176</u>
Cash and cash equivalents at the end of the period		<u>63,863,359</u>	<u>17,364,918</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

J. A. TEXTILE MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2019

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 repealed Companies Ordinance, 1984 (now Companies Act 2017). 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. 217,597 million (June 30, 2019: Rs. 202,562 million) as against issued, subscribed and paid up capital of Rs. 126,012 million and its current liabilities exceeded its current assets by Rs. 92,311 million (June 30, 2019: Rs. 78,173 million) as at December 31, 2019, whereas the Company suffered a loss of Rs. 18,399 million during the current period. 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 the Company may be unable to realize its assets and discharge its obligations in the normal course of business.

In spite of the huge accumulated losses and negative current ratio, the management of the Company is making strenuous efforts, optimal production strategies and effective cost controls to improve the profitability of the Company. These measures include balancing and modernization of plant and machinery in previous years, improvement in future industry situation and better production efficiency. 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. 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

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provision of and directives issued under the Companies Act, 2017.

Where the provision of and directives issues under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The cumulative figures for the half year ended December 31, 2019 presented in these condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2019.

Comparative statement of financial position is extracted from annual audited financial statement for the year ended June 30, 2019, whereas comparative statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows are extracted from un-audited condensed interim financial statements for the half year ended and quarter ended December 31, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2019.
- 3.2** There are certain IFRSs, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2019. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in these condensed interim financial statements.
- 3.3** Taxes on income in the interim periods are accrued using tax rate that would be applicable to expected annual profit or loss for the year ended June 30, 2020.

4. LOAN FROM RELATED PARTIES

Chief executive, directors and members

Unaudited December 31, 2019	Audited June 30, 2019
[R U P E E S]	

132,955,324 **133,203,264**

This represents interest free loan from chief executive, directors and members of the Company, repayable 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 classified as part of equity.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

- 5.1.1** The Faysal Bank Limited filed a suit against the Company for recovery of Rs. 48.560 million on 21 September 2001 before Banking Court - II, Faisalabad. The Company made the payment of principal amount of Rs 44.510 million as against the purchase price of 48.560 million so the banking court directed the Faysal bank to recover only 4.05 million vide judgment dated 4 November 2002. The bank filed an appeal before the Lahore High Court (LHC), Lahore, against the decision of Banking Court - II, Faisalabad for recovery of Rs. 18.726 Million (principal 45.616 minus payment as per bank 26.890). The High court enhanced the liability at Rs. 56.845 million and allowed to adjust Rs. 26.890 million already paid by the Company as per statement of accounts of the bank and established Rs. 29.955 million as recoverable from the Company after adjustment of already paid amount alongwith cost of funds vide judgment dated 6 July 2010. Regarding contention of payment between bank and Company the LHC has remitted this matter to the banking court for deputation of chartered accountant for verification of payment by the company to the bank.

Having been aggrieved by the decision of the Honourable Lahore High Court, Lahore, the Company filed an appeal before the Supreme Court of Pakistan which is pending adjudication. The management of the company has optimistic opinion 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.

- 5.1.2** 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 vide order dated 29 October 2009. 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 vide order dated 27 April 2015 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 management of the Company has optimistic opinion 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.

5.2 Commitments

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

6. PROPERTY, PLANT AND EQUIPMENT

Net book value at the beginning of the period/year
 Additions during the period/year
 Disposals during the period/year -Net book value
 Depreciation charged during the period/year
 Net book value at the end of the period/year

	Unaudited December 31, 2019	Audited June 30, 2019
	[R U P E E S]	
	383,178,999	398,352,788
	-	3,227,547
	-	(178,367)
	8,567,893	18,222,969
	<u>374,611,106</u>	<u>383,178,999</u>

7. SHORT TERM INVESTMENT

Available for sale

NAFA Islamic Asset Allocation Fund

356,826	302,521
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These have been valued by using published net asset value (NAV) as at December 31, 2019. The number of units held by the Company are 22,015.9670 units (June 30, 2019: 22,015.9670 units).

B. COST OF SALES	Note	Half year ended		Quarter ended	
		December 31,	December 31,	December 31,	December 31,
		2019	2018	2019	2018
		[R U P E E S]		[R U P E E S]	
Raw material consumed	8.1	388,278,372	447,034,665	308,541,195	271,864,014
Stores and spares consumed		6,897,099	13,033,003	5,099,029	7,093,901
Packing material consumed		7,371,929	8,757,664	5,756,856	5,096,135
Salaries and wages		47,997,655	54,378,792	33,534,696	29,706,832
Retirement benefits		1,754,110	1,534,020	064,459	573,320
Fuel and power		76,061,660	78,635,033	59,146,027	47,098,498
Repairs and maintenance		71,460	1,858,140	36,060	448,600
Postage and telecommunication		36,965	35,720	18,283	23,140
Vehicles running and maintenance		205,239	214,365	106,499	130,279
Depreciation		8,473,995	8,958,099	4,236,997	4,487,046
Others		321,765	496,854	126,565	262,802
		537,473,257	615,736,371	417,466,666	367,574,727
Work in process					
Opening balance		10,274,038	6,293,971	10,497,821	5,218,870
Closing balance		(11,930,726)	(10,716,330)	(11,930,726)	(10,716,330)
		(1,656,688)	(4,422,359)	(1,432,905)	(5,397,460)
Cost of goods manufactured		535,816,569	611,314,012	416,033,761	362,177,267
Finished goods					
Opening balance		819,798	26,361,742	31,135,364	30,755,929
Closing balance		(12,146,476)	(47,935,542)	(12,146,476)	(47,935,542)
		(11,326,678)	(21,573,800)	18,988,888	(17,179,613)
		524,489,891	589,740,212	435,022,649	344,997,654
8.1 RAW MATERIAL CONSUMED					
Opening balance		62,111,381	56,869,352	27,179,878	15,488,063
Purchases		357,033,315	452,637,984	312,227,641	318,848,621
		419,144,696	509,507,336	339,407,519	334,336,684
Closing balance		(30,866,324)	(62,472,670)	(30,866,324)	(62,472,670)
		388,278,372	447,034,666	308,541,195	271,864,014

9. RELATED PARTY TRANSACTIONS

The related parties comprise associated undertakings, directors, members, key management personnel and retirement benefit fund. The Company in the normal course of business carries out transactions with these related parties. Transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial statements, are as follows:

Party	Nature of transactions	Half year ended	
		December 31,	December 31,
		2019	2018
		[R U P E E S]	
Employees provident fund trust	Company's contribution to the fund	1,922,459	1,905,605
Key Management personnel	Loan (Repayment)/Receipt	(247,940)	7,592,977

10. FAIR VALUE OF ASSETS

The table below analyses financial instruments carried at fair value, by valuation method. Fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

	Unaudited	Audited
	December 31,	June 30,
	2019	2019
		[R U P E E S]
Short term investment	356,826	302,521

11. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 27 FEB 2020 by the Board of Directors of the Company.

12. GENERAL

12.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. However, during the year, no major reclassification or rearrangement is made in the corresponding figures.

12.2 Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR