

3rd Quarterly Accounts

March 31, 2018

(Un-Audited)



Reliance Weaving
Mills Limited
A Fatima Group Company



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3rd Quarterly Accounts

March 31, 2018

(Un-Audited)

Company Information

Board of Directors

Non-Executive Directors

Mr. Fawad Ahmed Mukhtar (Chairman)
Mr. Fahd Mukhtar
Mrs. Fatima Fazal

Executive Directors

Mr. Fazal Ahmed Sheikh
Mr. Faisal Ahmed Mukhtar

Independent Directors

Dr. M. Shaukat Malik
Mr. Shahid Aziz

Board Committees

Audit Committee

Mr. Shahid Aziz (Chairman)
Mr. Fahd Mukhtar (Member)
Dr. M. Shaukat Malik (Member)
Mr. Aftab Ahmed Qaiser (Secretary)

HR & Remuneration Committee

Dr. M. Shaukat Malik (Chairman)
Mr. Faisal Ahmed Mukhtar (Member)
Mr. Fahd Mukhtar (Member)
Mr. Asad Jan (Secretary)

Risk Management Committee

Mr. Faisal Ahmed Mukhtar (Chairman)
Mr. Shahid Aziz (Member)
Dr. M. Shaukat Malik (Member)
Mr. Basharat Hashmi (Secretary)

Executive Management Team

Chief Executive Officer

Mr. Fazal Ahmed Sheikh

Chief Financial Officer

Mr. Waheed Ahmed

Company Secretary

Mr. Aftab Ahmed Qaiser

GM Weaving

Mr. Ikram Azeem

GM Spinning (Multan)

Mr. Muhammad Shoaib Alam

GM Spinning (Rawat)

Mr. Hafeez ur Rehman

GM Marketing

Mr. Khawaja Sajid
Mr. Aqeel Saifi

Auditors & Share Registrar

External Auditors

Shine wing Hameed Chaudhri & Co.
Chartered Accountants, 1st Floor Abdali Tower
17, Abdali Road Multan.

Shares Registrar

M/s CDC Pakistan Ltd. Mezzanine Floor,
19- Khyaban-e-Aiwan-e-Iqbal, LSE Plaza Lahore.
info@cdc.pak.com & basharat.hashmi@fatima-group.com

Bankers/Financial Institutions

Allied Bank Ltd

National bank Ltd

The Bank of Khyber

First Habib Modaraba

Bank Islami Pakistan Ltd

Dubai Islam Bank Pakistan Ltd

Pak Brunei Investment Company Ltd

Pak Libya Holding Company (Pvt) Ltd

Askari Bank Ltd (Islamic banking Services)

Habib Bank Ltd

Meezan Bank Ltd

Bank Al Flah Ltd

Sindh bank Ltd

MCB Bank Ltd

Soneri Bank Ltd

Samba Bank Ltd

Summit Bank Ltd

Habib Metropolitan Bank Ltd

Al-Baraka Bank Pakistan Ltd

Pak China Investment Company Ltd

Standard Chartered Bank (Pakistan) Ltd

Saudi Pak Industrial & Investment Company Ltd

United Bank Ltd

Arif Habib Bank Ltd

The Bank of Punjab

Faysal bank Ltd

Sites Address

Unit # 1,2,4 & 5

Fazalpur Khanewal Road, Multan.

Phone & Fax 061-6740020-3 & 061-6740039

Unit # 3

Mukhtarabad, Chak Beli Khan Road, Rawat, Rawalpindi.

Phone & Fax 051-4611579-81 & 051-4611097

Business Offices

Registered Office

2nd Floor Trust Plaza, LMQ Road, Multan.

Tel # 061-4512031-2, 061-4546238

Fax # 061-4511677, 061-4584288

e-mail: info@fatima-group.com

Head Office

E-110, Khyaban-e-Jinnah Lahore.

Tel # 042-35909449, 042-111-328-462,

Fax: 042-36621389

Website: www.fatima-group.com

Director's Review To The Shareholders

Directors of Your Company are pleased to present nine months financial results of the company for the period ended 31 March, 2018.

State of affairs and financial results

During the period under review your Company earned after tax net profit of Rs. 134 M as compared to profit of Rs. 75 M in the same period last year. The results of the Company have improved inspite of increase in utility cost by Rs. 119 M due to increase in RLNG prices. Moreover, financial cost increased on short term borrowings by Rs. 80 M due to increase in working capital and KIBOR. The increase in short term cost is partially offset by exchange gain of Rs. 42 M due to devaluation of PKR against USD. Further, the increase in distribution cost is mainly due to increase in freight cost on export of yarn and fabric.

Export package along with devaluation of PKR against USD has supported the textile sector; however, profit margins are still under pressure due to tough regional competition.

Future Outlook

Going forward, rising input cost is a major challenge ahead and the management is doing its best to minimize the impact of the same.

On Behalf of Board of Directors

Sd/-

Fazal Ahmed Sheikh
(Chief Executive Officer)


Date: April 30, 2018
Place: Lahore

Condensed Interim Balance Sheet (Un-audited)

As At March 31, 2018

		Un-audited March 31, 2018	Audited June 30, 2017
		----- (Rs in "000") -----	
EQUITY AND LIABILITIES	Note		
Share capital and reserves			
Authorised capital			
40,000,000 ordinary shares of Rs. 10 each		400,000	400,000
30,000,000 preference shares of Rs. 10 each		<u>300,000</u>	<u>300,000</u>
		<u>700,000</u>	<u>700,000</u>
Issued, subscribed and paid up capital		308,109	308,109
Reserves		177,565	179,496
Unappropriated profit		1,825,344	1,737,474
Surplus on revaluation of freehold land		<u>949,486</u>	<u>634,325</u>
		3,260,504	2,859,404
Non-current Liabilities			
Long term finances	8	1,358,771	1,762,344
Liabilities against asset subject to finance lease		14,555	1,269
Deferred liability		<u>213,740</u>	<u>184,911</u>
		1,587,066	1,948,524
Current Liabilities			
Trade and other payables		1,639,069	874,062
Markup accrued		156,493	132,680
Short term finances		5,903,279	4,581,656
Current portion of non-current liabilities		664,117	833,442
Unclaimed dividend		16,167	5,061
Taxation		<u>96,870</u>	<u>70,596</u>
		8,475,995	6,497,497
		<u>10,063,061</u>	<u>8,446,021</u>
Total equity and liabilities		<u>13,323,565</u>	<u>11,305,425</u>
ASSETS			
Non-current assets			
Property, plant and equipment	4	5,661,396	5,371,086
Intangible assets		3,910	4,620
Long term investments	5	838,269	855,743
Long term deposits		20,197	19,725
Deferred tax asset		<u>55,179</u>	<u>55,179</u>
		6,578,951	6,306,353
Current assets			
Stores, spares and loose tools		200,134	182,141
Stock in trade		4,443,447	3,009,201
Trade debts		824,847	603,771
Loans and advances	6	300,684	310,197
Trade deposits and prepayments		13,085	3,233
Other receivables		23,590	27,710
Short term investments	7	107,990	109,922
Tax refunds due from the government		742,832	656,267
Cash and bank balances		<u>88,005</u>	<u>96,630</u>
		6,744,614	4,999,072
Total assets		<u>13,323,565</u>	<u>11,305,425</u>

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


Chief Executive Officer


Director


Chief Financial Officer

Condensed Interim Statement of Profit And Loss Account (Un-audited)

For the nine months period ended March 31, 2018

	Nine months ended March 31,		Three months ended March 31,	
	2018	2017	2018	2017
Note	------(Rs in "000")-----			
Sales - net	10 10,109,457	8,550,713	3,655,114	3,066,120
Cost of sales	<u>(9,198,788)</u>	<u>(7,785,636)</u>	<u>(3,306,966)</u>	<u>(2,806,268)</u>
Gross profit	910,669	765,077	348,148	259,852
Distribution cost	<u>(100,867)</u>	<u>(83,986)</u>	<u>(36,619)</u>	<u>(23,224)</u>
Administrative expenses	<u>(122,455)</u>	<u>(108,564)</u>	<u>(46,191)</u>	<u>(35,654)</u>
Other expenses	<u>(26,659)</u>	<u>(20,252)</u>	<u>(8,327)</u>	<u>(9,263)</u>
Other income	<u>2,462</u>	<u>13,795</u>	<u>25</u>	<u>9,659</u>
	<u>(247,519)</u>	<u>(199,007)</u>	<u>(91,112)</u>	<u>(58,482)</u>
Profit from operations	663,150	566,070	257,036	201,370
Finance cost	<u>(413,173)</u>	<u>(398,442)</u>	<u>(142,478)</u>	<u>(141,114)</u>
	249,977	167,628	114,558	60,256
Share of loss from associates	<u>(17,860)</u>	<u>(5,353)</u>	<u>(5,662)</u>	<u>(3,843)</u>
Profit before taxation	232,117	162,275	108,896	56,413
Provision for taxation	<u>(98,032)</u>	<u>(86,406)</u>	<u>(41,173)</u>	<u>(30,722)</u>
Profit after Taxation	<u>134,085</u>	<u>75,869</u>	<u>67,723</u>	<u>25,691</u>
Earnings per share	<u>4.35</u>	<u>2.46</u>	<u>2.20</u>	<u>0.83</u>

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


Chief Executive Officer


Director


Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

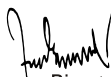
For the nine months period ended March 31, 2018

	Nine months ended March 31,		Three months ended March 31,	
	2018	2017	2018	2017
	------(Rs in "000")-----			
Profit for the period	134,085	75,869	67,723	25,691
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
-Gain on remeasurement of available for sale investment	(1,931)	13,257	(2,876)	5,513
Items that may not be reclassified subsequently to profit or loss:				
-Share of other comprehensive income of associate	-	(3)	-	-
	(1,931)	13,254	(2,876)	5,513
Total comprehensive income for the period	<u>132,154</u>	<u>89,123</u>	<u>64,847</u>	<u>31,204</u>

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



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-audited)


For the nine months period ended March 31, 2018

	Note	Nine months ended March 31,	
		2018	2017
----- (Rs. in "000") -----			
A. Cash flows from operating activities			
Cash generated from operations	11	(144,544)	(825,200)
Finance cost paid		(389,359)	(401,114)
Taxes paid - net		(8,271)	(47,233)
Staff retirement benefits paid		(20,260)	(19,082)
Workers Profit Participation Fund paid		(9,796)	(19,615)
Net cash used in operating activities		(572,230)	(1,312,244)
B. Cash flows from investing activities			
Fixed capital expenditure		(193,036)	(25,815)
Proceeds from disposal of fixed assets		30,213	3,019
Long term deposits		(472)	(4,067)
Long term investments		-	(71,766)
Net cash used in investing activities		(163,295)	(98,629)
C. Cash flows from financing activities			
Proceeds from long term finances		124,233	44,629
Repayment of long term finances		(702,370)	(508,909)
Increase/(decrease) in lease liability		18,525	(15,631)
Finances under mark up arrangement - net		1,321,623	1,901,060
Dividend paid		(35,111)	(15,303)
Net cash generated from financing activities		726,900	1,405,846
Net decrease in cash and cash equivalents (A+B+C)		(8,625)	(5,027)
Cash and cash equivalents at beginning of the period		96,630	77,390
Cash and cash equivalents at end of the period		88,005	72,363

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



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Un-audited)

For the nine months period ended March 31, 2018

	Capital reserve			Revenue reserve		Total
	Share capital	Share premium	Fair value reserve	General reserve	Retained earnings	
	----- (Rs. in "000") -----					
Balance as at June 30, 2017 (audited)	308,109	41,081	64,243	74,172	1,737,474	2,225,079
Transactions with owners:						
Cash dividend at the rate of Rs. 1.5 per ordinary share for the year ended June 30, 2017	-	-	-	-	(46,216)	(46,216)
Profit for the nine months period ended March 31, 2017	-	-	-	-	134,085	134,085
Other comprehensive income	-	-	(1,931)	-	-	(1,931)
Total comprehensive income for the period	-	-	(1,931)	-	134,085	132,154
Balance as at March 31, 2018 (Un-audited)	308,109	41,081	62,312	74,172	1,825,343	2,311,017
Balance as at June 30, 2016 (audited)	308,109	41,081	64,724	74,172	1,651,176	2,139,262
Transactions with owners:						
Cash dividend at the rate of Rs. 0.50 per ordinary share for the year ended June 30, 2016	-	-	-	-	(15,405)	(15,405)
Profit for the nine months period ended March 31, 2017	-	-	-	-	75,869	75,869
Other comprehensive income	-	-	13,257	-	(3)	13,254
Total comprehensive income for the period	-	-	13,257	-	75,866	89,123
Balance as at March 31, 2017 (Un-audited)	308,109	41,081	77,981	74,172	1,711,637	2,212,980

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


Chief Executive Officer


Director


Chief Financial Officer

Selected Notes to Condensed Interim Financial Information (Un-audited)

For the nine months period ended March 31, 2018

1. THE COMPANY AND ITS OPERATIONS

Reliance Weaving Mills Limited ("the Company") was incorporated in Pakistan as a public limited company on April 07, 1990 under the repealed Companies Ordinance, 1984 and its shares are quoted on Pakistan Stock Exchange Limited ("PSX"). The Company commenced its operations on May 14, 1990 and principally engaged in the manufacture and sale of yarn and fabric. The registered office of the Company is situated at 2nd Floor, Trust Plaza, L.M.O. Road, Multan.

2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the nine-months ended March 31, 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, provisions of or directives issued under the Companies Act, 2017 have been followed.

2.2 This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2017. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2017 whereas comparative profit and loss account, comparative statement of comprehensive income, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited condensed interim financial information for the nine months ended on March 31, 2017.

2.3 Presentation and functional currency

The condensed interim financial information are presented in Pak Rupees, which is the Company's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information and the significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended 30 June 2017. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2017, which do not have any impact on this condensed interim financial information.

4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work in progress

	Un-audited March 31, 2018	Audited June 30, 2017
Note	----- (Rs. in "000") -----	
4.1	5,644,129	5,344,973
	17,267	26,113
	<u>5,661,396</u>	<u>5,371,086</u>

Selected Notes to Condensed Interim Financial Information (Un-audited)

For the nine months period ended March 31, 2018

		Un-audited March 31, 2018	Audited June 30, 2017
4.1 Operating assets	Note	----- (Rs. in "000") -----	
Opening written down value		5,344,973	5,138,451
Additions during the period / year		201,882	446,812
Revaluation surplus		315,161	-
Net book value of operating assets disposed off - during the period / year		(31,977)	(7,192)
Depreciation charged during the period / year		(185,910)	(233,098)
Closing written down value		5,644,129	5,344,973
		Additions at cost	Disposal at book value
4.1.1 Additions / disposals during the period		----- (Rs. in '000) -----	
Building		4,107	-
Plant and machinery		166,961	(30,017)
Electric installations		5,368	-
Factory equipment		481	-
Office equipment		1,319	-
Electric appliances		1,676	(4)
Furniture and fixtures		1,268	-
Vehicles		20,702	(1,956)
		201,882	(31,977)
		Un-audited March 31, 2018	Audited June 30, 2017
5. LONG TERM INVESTMENTS	Note	----- (Rs. in "000") -----	
Investment in associate - Un-quoted			
Fatima Energy Limited	5.1	767,341	784,277
Fatima Transmission Company Limited	5.2	70,928	71,466
		838,269	855,743
5.1 Fatima Energy Limited ("FEL") at equity method			
Cost		800,054	800,054
Share of post acquisition loss		(44,080)	(26,220)
Share of other comprehensive income		2,963	2,424
Gain on dilution of investment in associate		8,404	8,019
Carrying amount at end of the period		767,341	784,277
No. of shares held		80,016,370	80,016,370
Ownership interest in percentage		14.04%	14.11%

Selected Notes to Condensed Interim Financial Information (Un-audited)

For the nine months period ended March 31, 2018

Note	Un-audited March 31, 2018	Audited June 30, 2017
------(Rs. in "000")-----		
5.2 Fatima Transmission Company Limited ("FTCL") at equity method		
Cost	71,875	71,875
Share of post acquisition loss	(947)	(409)
Carrying amount at end of the period	<u>70,928</u>	<u>71,466</u>
No. of shares held	7,187,500	7,187,500
Ownership interest in percentage	31.25%	31.25%
6. LOANS AND ADVANCES		
Advances - considered good		
- To employees	173,718	147,533
- To suppliers	64,666	58,784
Due from related parties	28,300	28,326
Letters of credit - margins, deposits, opening charges, etc.	34,000	75,554
	<u>300,684</u>	<u>310,197</u>
7. OTHER FINANCIAL ASSETS		
Short term investment - available for sale		
Fatima Fertilizer Company Limited	7.1 86,510	88,442
Short term investment - Others		
Multan Real Estate Company (Pvt) Limited	21,480	21,480
	<u>107,990</u>	<u>109,922</u>
7.1 Fatima Fertilizer Company Limited		
Carrying amount at beginning of 2,625,167 fully paid ordinary shares of Rs.10 each	88,442	89,098
Fair value adjustment	(1,932)	(656)
Closing market value of 2,625,167 shares	<u>86,510</u>	<u>88,442</u>
8. LONG TERM FINANCES		
From financial institutions - secured	2,014,306	2,592,443
Less: current portion	(655,535)	(830,099)
	<u>1,358,771</u>	<u>1,762,344</u>
8.1 The movement of long term finance during the period / year ended is as follows:		
Opening balance	2,592,443	2,669,209
Add: obtained during the period / year	124,233	560,233
	<u>2,716,676</u>	<u>3,229,442</u>
Less: repaid during the period / year	(702,370)	(636,999)
Closing balance	<u>2,014,306</u>	<u>2,592,443</u>

Selected Notes to Condensed Interim Financial Information (Un-audited)

For the nine months period ended March 31, 2018

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There is no significant change in the status of contingent liabilities since the annual published audited financial statements as at June 30, 2017, except the following;

- Bank guarantee outstanding as at March 31, 2018 are Rs. 189.677 million (June 30, 2017: Rs. 176.780 million).
- Foreign bills discounted outstanding as at March 31, 2018 are Rs. 763.157 million (June 30, 2017: Rs. 473.419 million).

Note	Un-audited March 31, 2018	Audited June 30, 2017
	----- (Rs. in "000") -----	

9.2 Commitments

Commitments in respect of forward foreign exchange contracts:

9.2.1 - Sales	20,677	52,830
9.2.2 Letters of credit for:		
- Capital expenditures	-	122,219
- Other than capital expenditures	207,029	22,923
	<u>207,029</u>	<u>145,142</u>
9.2.3 Stand by letters of credit for:		
- Commitment to inject equity in Fatima Energy Limited:	67,956	1,000,000
	<u>67,956</u>	<u>1,000,000</u>

Nine months period ended
March 31,

	2018	2017
	----- (Rs. in "000") -----	
10. SALES - net		
Export	4,575,059	3,484,702
Local	5,292,696	4,969,427
Waste	173,774	138,101
	<u>10,041,529</u>	<u>8,592,230</u>
Less: Commission	(102,797)	(78,766)
	<u>9,938,732</u>	<u>8,513,464</u>
Add: Weaving/doubling/sizing income	472	15,553
Export rebate	170,253	21,696
	<u>170,725</u>	<u>37,249</u>
	<u>10,109,457</u>	<u>8,550,713</u>

Selected Notes to Condensed Interim Financial Information (Un-audited)

For the nine months period ended March 31, 2018

	Un-audited	
	Nine months period ended March 31,	
11. CASH GENERATED FROM OPERATIONS	2018	2017
Profit before tax	232,117	162,275
Adjustments for non cash charges and other items:		
Depreciation on property, plant and equipment	185,910	173,007
Amortization of intangible assets	710	710
Staff retirement benefits accrued	49,090	40,974
Loss on disposal of property, plant and equipment	1,763	2,666
Share on loss from associate	17,475	5,353
Provision of WPPF	10,609	8,823
Finance cost excluding exchange gain/ (loss)	413,173	397,888
Profit before working capital changes	910,847	791,696
Effect on cash flow due to working capital changes:		
(Increase)/ decrease in current assets		
- Stores, spares and loose tools	(17,993)	(4,841)
- Stock in trade	(1,434,246)	(1,056,846)
- Trade debts	(221,075)	(312,783)
- Loans and advances	9,512	(6,585)
- Trade deposits and prepayments	(9,853)	15,273
- Tax refunds due from government (excluding income tax)	(150,050)	(50,449)
- Other receivables	4,120	(54,352)
(Decrease)/ increase in current liabilities		
- Trade and other payables (excluding workers' profit participation fund)	764,194	(146,313)
	(1,055,391)	(1,616,896)
Cash used from operations	(144,544)	(825,200)

12. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

Selected Notes to Condensed Interim Financial Information (Un-audited)

For the nine months period ended March 31, 2018

Nature of transaction	Un-audited Nine months ended March 31,		Un-audited Three months ended March 31,	
	2018	2017	2018	2017
	------(Rs in "000")-----			
<u>Associated undertakings</u>				
Purchase of goods	14,792	24,249	2,298	8,045
Sale of goods	1,490	2,960	-	400
Mark up charged	2,109	10,467	174	10,424
Mark up expense	3,320	3,064	1,298	1,229
Advances issued	571,864	703,850	320,864	431,200
Advances repaid	467,500	465,000	337,500	253,200
Purchase/ Sale of operating fixed assets	-	1,303	-	1,303
Allotment of shares	-	71,766	-	-
Others	1,544	11,232	5,822	268
<u>Key management personnel</u>				
Remuneration to::				
Director	3,006	3,006	1,002	1,002
Executives	13,125	19,880	4,946	7,498
<u>Others</u>				
Donations	11,200	8,763	3,200	4,163

13. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

14. CAPITAL MANAGEMENT

The Company's capital management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

Selected Notes to Condensed Interim Financial Information (Un-audited)

For the nine months period ended March 31, 2018

	Note	------(Un-audited)-----			------(Audited)-----		
		March 31, 2018			June 30, 2017		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
		-----Rupees in '000'-----					
Property, plant and equipment							
- Freehold lands	15.1	-	752,939	-	-	752,939	-
Other financial assets							
- Short term investment - available for sale	15.2	86,510	-	-	88,442	-	-
		<u>86,510</u>	<u>752,939</u>	<u>-</u>	<u>88,442</u>	<u>752,939</u>	<u>-</u>

There were no transfers between levels and no changes in valuation techniques during the period / year.

The Company has not disclosed the fair values of all other assets and liabilities as their carrying amounts are reasonable approximation of their fair values.

15.1 The Company follows the revaluation model for its freehold land. The Company, during the current period, has again revalued its freehold land situated at Chak Bell Khan Road, Mukhtara Abad, Rawat and Mouza Kappaal Pur, Khanewal Road, Multan. The latest revaluation exercise has been carried-out by independent Valuers [MVK Associates (Pvt.) Ltd., PBA Approved Valuers, Multan] to replace the carrying values of freehold land with their fair market values. The appraisal surplus arisen on latest revaluation aggregating Rs.315.161 million has been credited to this account to comply with the requirements of section 235 of the repealed Companies Ordinance, 1984.

Since the date of last revaluation, there has been no material change in the market factors that derive the fair value of these properties, therefore, management believes that the carrying value of such 'freehold lands' approximate its fair market value.

15.2 Available for sale short term investment includes quoted equity shares. The investment is remeasured at each reporting date at its fair value by using the prevailing market rate of shares on Pakistan Stock Exchange Limited (PSX).

15.3 Had there been no revaluation, the book values would have been as follows:

	Un-audited March 31 2018	Audited June 30 2017
	-----Rupees in '000'-----	
Property, plant and equipment		
- Freehold lands	(196,547)	118,614
Other financial assets		
- Short term investment - available for sale	<u>24,198</u>	<u>24,199</u>
	<u>(172,349)</u>	<u>142,813</u>

Selected Notes to Condensed Interim Financial Information (Un-audited)

For the nine months period ended March 31, 2018

16. SEGMENT REPORTING

16.1 Reportable segments

The Company's reportable segments are as follows:

- Spinning segment - production of different quality of yarn using natural and artificial fibers
- Weaving segment - production of different quality of greige fabric using yarn

Information regarding the Company's reportable segments is presented below:

16.2 Segment revenue and results

Following is an analysis of the Company's revenue and results by reportable segments

	Spinning		Weaving		Elimination of inter-segment		Total
	2018	2017	2018	2017	2018	2017	
<i>Un-audited</i>							
<i>Rupees in '000'</i>							
Nine months ended March 31,							
Sales - net	5,429,892	5,024,773	6,686,292	5,921,915	(2,008,726)	(2,395,975)	10,109,457
Cost of sales	(5,016,529)	(4,618,068)	(6,190,985)	(5,563,543)	2,008,726	2,395,975	(9,198,788)
Gross profit	413,363	406,705	497,307	358,372	-	-	910,669
Distribution cost	(21,201)	(16,699)	(79,667)	(67,287)	-	-	(100,867)
Administrative expenses	(55,103)	(54,283)	(67,351)	(54,281)	-	-	(122,455)
Other expenses	(22,074)	(15,632)	(4,585)	(4,620)	-	-	(26,659)
Other income	1,048	6,778	1,415	7,017	-	-	2,462
Profit from operations	(97,331)	(79,836)	(150,188)	(119,171)	-	-	(247,519)
	316,032	326,869	347,119	239,201	-	-	663,150
Finance cost	(230,886)	(208,204)	(182,287)	(190,238)	-	-	(413,173)
	85,146	118,665	164,832	48,963	-	-	249,977
Share of loss from associate	(7,955)	(2,677)	(9,905)	(2,676)	-	-	(17,860)
Profit / (Loss) before taxation	77,191	115,988	154,927	46,287	-	-	232,117
Provision for taxation	(40,781)	(26,627)	(57,251)	(59,779)	-	-	(98,032)
Profit / (Loss) for the period	36,410	89,361	97,676	(13,492)	-	-	134,085
							75,869

16.2.1 The accounting policies of the reportable segments are the same as the Company's accounting policies described in the annual financial statements for the year ended June 30, 2017.

Selected Notes to Condensed Interim Financial Information (Un-audited)

For the nine months period ended March 31, 2018

16.3 Segment assets

Reportable segments' assets and liabilities are reconciled to total assets and total liabilities as follows:

	Spinning		Weaving		Total	
	Un-audited March 31 2018	Audited June 30 2017	Un-audited March 31 2018	Audited June 30 2017	Un-audited March 31 2018	Audited June 30 2017
Rupees in '000"						
Segment assets for reportable segment						
Operating fixed assets	3,326,739	3,117,449	2,334,657	2,227,525	5,661,396	5,344,974
Stores, spares and loose tools	123,119	121,917	77,015	60,224	200,134	182,141
Stock in trade	3,108,431	1,905,343	1,335,016	1,103,958	4,443,447	3,009,201
	6,558,289	5,144,709	3,746,687	3,391,607	10,304,977	8,536,316
Unallocated corporate assets					3,018,588	2,769,109
Total assets as per balance sheet					13,323,565	11,305,425

16.4 Segment liabilities

Segment liabilities for reportable segments'	4,114,010	4,155,210	3,826,713	3,023,501	7,940,722	7,178,711
Unallocated corporate liabilities					2,122,339	1,267,310
Total liabilities as per balance sheet					10,063,061	8,446,021

Selected Notes to Condensed Interim Financial Information (Un-audited)

For the nine months period ended March 31, 2018

17. DATE OF AUTHORIZATION

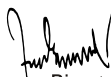
These condensed interim financial information are authorized for issue by the Board of Directors of the Company on April 30, 2018.

18. GENERAL

Figures have been rounded off to nearest thousand rupees except as stated otherwise.



Chief Executive Officer



Director



Chief Financial Officer