SHAMS TEXTILE MILLS LIMITED

9 MONTHS REPORT

31 March 2018

(Un-Audited)

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COMPANY INFORMATION

Board of Directors

Muhammad Anwar	(Chairman)
Asif Bashir	
Adil Bashir	
Khurram Mazhar Karim	
Muhammad Asif	(Nominee: NIT)
Shahid Arshad	
Sharik Bashir	

Chief Executive Officer

Khalid Bashir

Chief Financial Officer

Farooq Ahmad

Head of Internal Audit

Tariq Javed

Company Secretary

Hashim Tariq

Audit Committee

Khurram Mazhar Karim	(Chairman)
Muhammad Anwar	(Member)
Asif Bashir	(Member)

Human Resource & Remuneration Committee

Asif Bashir	(Chairman)
Muhammad Anwar	(Member)
Khurram Mazhar Karim	(Member)

Share Registrar

Corptec Associates (Pvt) Ltd.
503-E, Johar Town, Lahore.

Auditors

Riaz Ahmad & Company
Chartered Accountants

Bankers

Allied Bank Limited
MCB Bank Limited
National Bank of Pakistan
The Bank of Punjab
United Bank Limited
Habib Metropolitan Bank Limited

Registered Office

7-B-III, Aziz Avenue, Gulberg-V, Lahore
Ph: +92-423-576 0379, 576 0382
Fax: +92-423-576 0376
Email: info@shams.com.pk
Web: www.shams.com.pk

Project Locations

Kotla Kahloon, District Nankana Sahib, Punjab
3-KM, Faisalabad Road, Chiniot, Punjab

DIRECTORS' REPORT

The Directors are pleased to present their report on the operational results of the Company for the quarter ended March 31, 2018.

General Review

The Textile Industry operated under severe constraints during the period under review. This was despite the improved electricity and gas situation which was alleviated to a great extent through provision of RLNG. The company operated at full production but due to low sale prices the margins were significantly lower.

The sale prices were low but generally the off take was better. Our primary export market China was reasonably active especially for coarse count yarns. The domestic market was under stress due to huge imports of fewer counts from India which was selling yarns at very much lower prices which affected our profitability.

Operational Efficiencies:

Overall performance of the Company remained satisfactory during the period under review, with reasonable production efficiencies. Margins were reduced but strict controls were exercised in order to reduce the cost of doing business. Due to this we were able to show positive results.

Financial summary of the current quarter is as follow:

	NINE MONTHS ENDED	
	31 March 2018	31 March 2017
	(Rupees in thousand)	
SALES	**3,451,751**	2,571,879
COST OF SALES	**(3,299,530)**	(2,483,048)
GROSS PROFIT	**152,221**	88,831
DISTRIBUTION COST	**(28,362)**	(29,709)
ADMINISTRATIVE EXPENSES	**(46,459)**	(41,166)
OTHER EXPENSES	**(2,906)**	(663)
	(77,727)	(71,538)
	74,494	17,293
OTHER INCOME	**21,518**	4,098
PROFIT FROM OPERATIONS	**96,012**	21,391
FINANCE COST	**(31,551)**	(31,850)
PROFIT BEFORE TAXATION	**64,461**	(10,459)
TAXATION	**(47,137)**	(25,857)
PROFIT AFTER TAXATION	**17,324**	(36,316)

Future Outlook:

The management expects some improvement in the overall business scenario in the future. Energy costs are expected to be higher and also others factors such as slag demand for our products will continue to impact our results. However efforts will be continued towards improvements where ever possible. We expect to close the year in a positive note.

ACKNOWLEDGEMENTS:

We would like to thank the Board of Directors for their guidance at all times to all employees and shareholders for their cooperation.

For and On behalf of Board of Directors

Khalid Bashir
Chief Executive

Muhammad Anwar
Director

25 April, 2018
Lahore

ڈائیریکٹر رپورٹ

ڈائیریکٹرز سہ ماہی 31 مارچ 2018ء کے مالیاتی حساب کتاب پیش کرتے ہیں۔

عام تاثر:

ٹیکسٹائیل کی صنعت نے مشکل حالات کے باوجود اس سہ ماہی میں کام کیا۔ یہ مشکل حالات بجلی اور گیس میں بہتری کے باوجود درپیش رہے اور جس میں بہت حد تک کمی آر ایل این جی کی وجہ سے ہوئی۔ اگرچہ کمپنی اپنی پوری پیداوار کر رہی ہے لیکن کم قیمت کی وجہ سے منافع کافی کم ہے۔

قیمت فروخت کم ہونے کی وجہ سے طلب میں بہتری آئی۔ چین جو کے ہماری برآمد کی ابتدائی منڈی ہے اس میں کافی بہتری آئی خاص طور پر کورس کاؤنٹ کی فروخت میں۔ ملکی منڈی دباؤ کا شکار رہی جس کی وجہ بڑی مقدار میں انڈیا سے دھاگہ درآمد کرنا تھا اور انڈیا یہ دھاگہ کم قیمت پر فروخت کر رہا تھا۔ جس نے ملکی صنعت کے منافع کو متاثر کیا۔

آپریشنل بہتری:

کمپنی کی کارکردگی عمومی طور پر ٹھیک رہی اور پیداوار میں کافی بہتری آئی۔ منافع اگرچہ کم ہوئے لیکن سخت کنٹرول کی وجہ سے کاروباری لاگت میں بھی کمی ہوئی اس وجہ سے ہمارے مالیاتی نتائج مثبت رہے۔

(مبلغ ملین میں)	نو ماہی 31 مارچ 2018ء	نو ماہی 31 مارچ 2017ء
فروخت	**3,451,751**	2,571,879
لاگت فروخت	**(3,299,530)**	(2,483,048)
خام منافع	**152,221**	88,831
تقسیمی لاگت	**(28,362)**	(29,709)
آپریٹنگ خرچہ	**(46,459)**	(41,166)
متفرق خرچہ	**(2,906)**	(663)
	(77,727)	(71,538)
	74,494	17,293
متفرق آمدنی	**21,518**	4,098
کاروباری سرگرمی پر منافع/(نقصان)	**96,012**	21,391
فنانشل خرچہ	**(31,551)**	(31,850)
ٹیکسیشن سے پہلے نقصان	**64,461**	(10,459)
ٹیکسیشن	**(47,137)**	(25,857)
ٹیکسیشن کے بعد نقصان	**17,324**	(36,316)

مستقبل کے امکانات:

مینجمنٹ توقع کرتی ہے کہ مستقبل میں کاروباری حالات بہتر ہوں گے۔ ایندھن کی قیمت زیادہ ہوگی اور دوسرے عوامل مثلاً طلب میں توازن ہمارے مالیاتی نتائج پر اثر انداز ہوں گے۔ تاہم بہتری کے لیے کوشش جاری رہے گی اور سال کے آخر میں بھی مثبت نتائج آئیں گے۔

اظہار تشکر:

ہم بورڈ آف ڈائریکٹرز کی مسلسل رہنمائی پر شکریہ ادا کرتے ہیں اور تمام کارکنان اور حصہ داروں کا بھی ہمارے ساتھ تعاون کا شکریہ۔

خالد بشیر
چیف ایگزیکٹو

محمد انور
ڈائیریکٹر

25 اپریل 2018ء
لاہور

CONDENSED INTERIM BALANCE SHEET
As At 31 March, 2018

	Note	Un Audited 31 March 2018	Audited 30 June 2017
		(Rupees in thousands)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
25,000,000 (30 June 2017: 25,000,000) ordinary shares of Rupees 10 each		**250,000**	250,000
Issued, subscribed and paid up share capital			
8,640,000 (30 June 2017: 8,640,000) ordinary shares of Rupees 10 each		**86,400**	86,400
Reserves		**720,564**	730,095
Accumulated loss		**(207,220)**	(224,544)
Total equity		**599,744**	591,951
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	**30,370**	52,670
Deferred income tax liability		**14,579**	8,522
		44,949	61,192
CURRENT LIABILITIES			
Trade and other payables		**739,722**	625,199
Accrued mark-up		**2,111**	8,279
Short term borrowings		**235,320**	499,902
Current portion of long term financing	5	**38,066**	67,832
		1,015,219	1,201,212
Total liabilities		**1,060,168**	1,262,404
CONTINGENCIES AND COMMITMENTS	6	**-**	-
TOTAL EQUITY AND LIABILITIES		**1,659,912**	1,854,355

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

Chief Executive | Director | Chief Financial Officer

	Note	Un Audited 31 March 2018	Audited 30 June 2017
		(Rupees in thousands)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	**910,261**	931,028
Long term security deposits		**1,576**	1,576
		911,837	932,604
CURRENT ASSETS			
Stores and spare parts		**47,687**	47,411
Stock-in-trade		**365,252**	551,596
Trade debts		**135,887**	90,437
Advances		**3,268**	4,797
Short term prepayments		**2,092**	-
Other receivables		**3,691**	9,868
Short term investments		**53,411**	65,218
Sales tax refundable		**74,070**	77,555
Taxation - net		**54,907**	70,261
Cash and bank balances		**7,810**	4,608
		748,075	921,751
TOTAL ASSETS		**1,659,912**	1,854,355

Chief Executive | Director | Chief Financial Officer

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (Un-Audited)

For The Nine Months Ended 31 March, 2018

		NINE MONTHS ENDED		QUARTER ENDED	
		31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
	Note	**(Rupees in thousand)**			
SALES		**3,451,751**	2,571,879	**1,177,841**	640,749
COST OF SALES	**8**	**(3,299,530)**	(2,483,048)	**(1,118,673)**	(607,230)
GROSS PROFIT		**152,221**	88,831	**59,168**	33,519
DISTRIBUTION COST		**(28,362)**	(29,709)	**(11,656)**	(6,910)
ADMINISTRATIVE EXPENSES		**(46,459)**	(41,166)	**(16,042)**	(13,852)
OTHER EXPENSE		**(2,906)**	(663)	**(1,258)**	(321)
		(77,727)	(71,538)	**(28,956)**	(21,083)
		74,494	17,293	**30,212**	12,436
OTHER INCOME		**21,518**	4,098	**3,819**	1,670
PROFIT FROM OPERATIONS		**96,012**	21,391	**34,031**	14,106
FINANCE COST		**(31,551)**	(31,850)	**(7,528)**	(12,912)
PROFIT / (LOSS) BEFORE TAXATION		**64,461**	(10,459)	**26,503**	1,194
TAXATION		**(47,137)**	(25,857)	**(11,202)**	(6,968)
PROFIT / (LOSS) AFTER TAXATION		**17,324**	(36,316)	**15,301**	(5,774)
PROFIT / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)		**2.01**	(4.20)	**1.77**	(0.67)

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

Chief Executive | Director | Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)

For The Nine Months Ended 31 March, 2018

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
	(Rupees in thousand)			
PROFIT / (LOSS) AFTER TAXATION	**17,324**	(36,316)	**15,301**	(5,774)
OTHER COMPREHENSIVE (LOSS) / INCOME				
Items that will not be reclassified to profit or loss	**-**	-	**-**	-
Items that may be reclassified subsequently to profit or loss:				
Reclassifiaction adjustment for gain included in profit or loss	**(8,394)**	-	**-**	-
(Deficit) / surplus on remeasurement of available for sale investments	**(1,136)**	5,072	**6,862**	3,536
Other comprehensive (loss) / income for the period	**(9,530)**	5,072	**6,862**	3,536
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	**7,794**	(31,244)	**22,163**	(2,238)

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

Chief Executive | Director | Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited)

For The Nine Months Ended 31 March, 2018

	Note	Nine Months Ended 31 March 2018	31 March 2017
		(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilized in) operations	**9**	**409,243**	(26,250)
Finance cost paid		**(37,719)**	(31,133)
Income tax paid		**(25,726)**	(16,689)
Dividend paid		**(9)**	(11)
Net cash generated from / (utilized in) operating activities		**345,789**	(74,083)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		**(37,522)**	(24,018)
Proceed from sale of short term investments		**11,548**	-
Proceeds from sale of property, plant and equipment		**35**	384
Net cash used in investing activities		**(25,939)**	(23,634)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		**-**	16,268
Repayment of long term financing		**(52,066)**	(54,845)
Short term borrowings - net		**(264,582)**	136,356
Net cash (used in) / from financing activities		**(316,648)**	97,779
Net increase in cash and cash equivalents		**3,202**	62
Cash and cash equivalents at the beginning of the period		**4,608**	8,817
Cash and cash equivalents at the end of the period		**7,810**	8,879

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

Chief Executive | Director | Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)

For The Nine Months Ended 31 March, 2018

	SHARE CAPITAL	Reserves						Accumulated Loss	TOTAL EQUITY
		Capital			Revenue				
		Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Total reserves			
	(Rupees in thousands)								
Balance as at 30 June 2016 (Audited)	86,400	86,400	42,800	129,200	600,000	729,200	(174,152)	641,448
Loss for the nine months ended 31 March 2017	-	-	-	-	-	-	(36,316)	(36,316)
Other comprehensive income for the nine months ended 31 March 2017	-	-	5,072	5,072	-	5,072	-	5,072
Total comprehensive loss for the nine months ended 31 March 2017	-	-	5,072	5,072	-	5,072	(36,316)	(31,244)
Balance as at 31 March 2017 (Un-audited)	86,400	86,400	47,872	134,272	600,000	734,272	(210,468)	610,204
Loss for the three months ended 30 June 2017	-	-	-	-	-	-	(14,076)	(14,076)
Other comprehensive income for the three months ended 30 June 2017	-	-	(4,177)	(4,177)	-	(4,177)	-	(4,177)
Total comprehensive loss for the three months ended 30 June 2017	-	-	(4,177)	(4,177)	-	(4,177)	(14,076)	(18,253)
Balance as at 30 June 2017 (Audited)	86,400	86,400	43,695	130,095	600,000	730,095	(224,544)	591,951
Loss for the nine months ended 31 March 2018	-	-	-	-	-	-	17,324	17,324
Other comprehensive loss for the nine months ended 31 March 2018	-	-	(9,530)	(9,530)	-	(9,530)	-	(9,530)
Total comprehensive loss for the nine months ended 31 March 2018	-	-	(9,530)	(9,530)	-	(9,530)	17,324	7,794
Balance as at 31 March 2018 (Un-audited)	86,400	86,400	34,165	120,565	600,000	720,565	(207,220)	599,745

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

Chief Executive

Director

Chief Financial Officer

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)

For The Nine Months Ended 31 March, 2018

1. THE COMPANY AND ITS OPERATIONS

Shams Textile Mills Limited ("the Company") is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and is listed on Pakistan Stock Exchange Limited. Its registered office is situated at 7-B-III, Aziz Avenue, Gulberg V, Lahore. The Company is engaged in the business of manufacturing, sale and trading of yarn.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to the shareholders, as required by Section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the nine months ended 31 March 2018 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

3. ACCOUNTING POLICIES

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

	Unaudited	Audited
	31 March 2018	30 June 2017
	(Rupees in thousands)	
5. LONG TERM FINANCING - SECURED		
Opening balance	**120,502**	177,361
Add: Obtained during the period / year	**-**	16,268
Less: Repaid during the period / year	**52,066**	73,127
	68,436	120,502
Less: Current portion shown under current liabilities	**38,066**	67,832
	30,370	52,670

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)
For The Nine Months Ended 31 March, 2018

6. CONTINGENCIES AND COMMITMENTS

Contingencies

Bank guarantees of Rupees 69.596 million (30 June 2017: Rupees 69.596 million) are given by the banks of the Company in favour of Sui Northern Gas Pipelines Limited against gas connections, Lahore Electric Supply Company Limited (LESCO) and Faisalabad Electric Supply Company Limited (FESCO) against electricity connections and Director Excise and Taxation, Karachi against infrastructure cess.

Commitments

Letters of credit for other than capital expenditures amounted to Rupees 200.363 million (30 June 2017: Rupees 6.042 million).

	Un-audited 31 March 2018	Audited 30 June 2017
	(Rupees in thousands)	
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 7.1)	**854,132**	879,749
Capital work-in-progress (Note 7.2)	**56,129**	51,279
	910,261	931,028
7.1 Operating fixed assets		
Opening book value	**879,749**	946,403
Add: Cost of additions during the period / year (Note 7.1.1)	**32,672**	22,568
Less: Book value of deletions during the period / year (Note 7.1.2)	**29**	4,332
Less: Depreciation charged during the period / year	**58,260**	84,890
Closing book value	**854,132**	879,749
7.1.1 Cost of additions		
Plant and machinery	**28,858**	16,803
Vehicles	**3,814**	5,765
	32,672	22,568
7.1.2 Book value of deletions		
Plant and machinery	**-**	949
Vehicles	**29**	3,383
	29	4,332
7.2 Capital work-in-progress		
Buildings	**50,879**	50,879
Advance against purchase of vehicles	**5,250**	400
	56,129	51,279

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)

For The Nine Months Ended 31 March, 2018

	Un-Audited			
	Nine months ended		Quarter ended	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
	(Rupees in thousand)			
8. COST OF SALES				
Raw materials consumed	**2,148,174**	1,714,671	**772,161**	599,247
Salaries, wages and other benefits	**231,471**	184,292	**79,749**	61,821
Stores, spare parts and loose tools consumed	**69,461**	61,729	**21,809**	23,658
Packing materials consumed	**57,004**	45,164	**20,367**	15,509
Repair and maintenance	**17,101**	21,305	**5,393**	7,641
Fuel and power	**359,179**	279,862	**134,903**	99,227
Insurance	**5,132**	5,080	**1,756**	1,907
Other factory overheads	**6,051**	3,380	**2,773**	1,284
Depreciation	**56,032**	60,815	**18,942**	20,360
	2,949,605	2,376,298	**1,057,853**	830,654
Work-in-process:				
Opening stock	**33,878**	27,855	**34,485**	29,894
Closing stock	**(28,309)**	(23,262)	**(28,309)**	(23,262)
	5,569	4,593	**6,176**	6,632
Cost of goods manufactured	**2,955,174**	2,380,891	**1,064,029**	837,286
Finished goods:				
Opening stock	**469,235**	494,532	**179,523**	162,319
Closing stock	**(124,879)**	(392,375)	**(124,879)**	(392,375)
	344,356	102,157	**54,644**	(230,056)
	3,299,530	2,483,048	**1,118,673**	607,230

	Un-audited Nine Months Ended	
	31 March 2018	31 March 2017
	(Rupees in thousand)	
9. CASH GENERATED FROM OPERATIONS		
Loss before taxation	**64,461**	(10,459)
Adjustments for non-cash charges and other items:		
Depreciation	**58,260**	63,588
Gain on sale of property, plant and equipment	**(6)**	(268)
Gain on sale of investment	**(9,272)**	-
Reversal against slow moving stores, spare parts and loose tools	**(5,000)**	-
Finance cost	**31,551**	31,850
Working capital changes (Note 9.1)	**269,249**	(110,961)
	409,243	(26,250)
9.1 Working capital changes		
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	**4,724**	(9,629)
- Stock-in-trade	**186,344**	(164,843)
- Trade debts	**(45,450)**	(4,809)
- Advances	**1,529**	34,523
- Short term prepayments	**(2,092)**	3,536
- Other receivables	**2,206**	(2,844)
- Sales tax refundable	**3,485**	(16,902)
	150,746	(160,968)
(Decrease) / increase in trade and other payables	**118,503**	50,007
	269,249	(110,961)

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)
For The Nine Months Ended 31 March, 2018

10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL STATEMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in this condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 31 March 2018	Level 1	Level 2	Level 3	Total
		Rupees in thousand		
Financial assets				
Available for sale financial assets	53,411	-	-	53,411
Total financial assets	**53,411**	**-**	**-**	**53,411**

Recurring fair value measurements At 30 June 2017	Level 1	Level 2	Level 3	Total
		Rupees in thousand		
Financial assets				
Available for sale financial assets	65,218	-	-	65,218
Total financial assets	**65,218**	**-**	**-**	**65,218**

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer in and out of level 3 measurements.

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

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

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

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

ii. Valuation techniques used to determine fair values

Specific valuation technique used to value financial instruments was use of quoted market prices.

11. TRANSACTION WITH RELATED PARTIES

The related parties comprise associated undertakings, key management personnel and provident fund trust. The company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)

For The Nine Months Ended 31 March, 2018

i. Transactions	Un-Audited			
	Nine months ended		Quarter ended	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
	(Rupees in thousand)			
Associated companies				
Sale of goods and services	**1,844**	19,638	**-**	-
Purchase of goods and services	**173**	-	**41**	-
Insurance premium	**8,899**	2,771	**735**	799
Rent expense	**1,710**	180	**600**	60
Purchase of operating fixed assets	**4,212**	-	**-**	-
Insurance claim	**-**	15,093	**-**	-
Electricity purchased	**22,093**	-	**117**	-
Other related parties				
Company's contribution to employees' provident fund trust	**4,157**	3,781	**1,409**	1,292
Remuneration of Chief Executive, Director and Executives	**23,721**	21,160	**7,907**	6,519

ii. Period end balances	As at 31 March 2018 (Un-audited)		
	Associated Companies	**Other related Parties**	**Total**
	(Rupees in thousand)		
Trade and other payables	1,237	30,625	31,862
Short term investments	8,296	-	8,296

	As at 30 June 2017 (Audited)		
	Associated Companies	**Other related Parties**	**Total**
	(Rupees in thousand)		
Trade and other payables	8,464	69,625	78,089
Trade debts	1,270	-	1,270
Short term investments	8,296	-	8,296

12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors of the Company and authorized for issue on 25 April, 2018.

16. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

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

16. GENERAL

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

Chief Executive | Director | Chief Financial Officer

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