



**QUARTERLY REPORT
(Un-Audited)
3RD QUARTER ENDED
MARCH 31, 2019**

ZAHUR COTTON MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS	MR. JAVED ZAHUR (Chairman/Chief Executive) MRS. MUKAMILA JAVED MISS. RABIA ZAHUR MRS. MAHREEN GUL HASSAN MR. NAZIR AKHTAR MR. KHAN MUHAMMAD MR. M. TANVEER
AUDIT COMMITTEE	MISS. RABIA ZAHUR MR. NAZIR AKHTAR MR. M TANVEER
COMPANY SECRETARY	MISS. RABIA ZAHUR
CHIEF FINANCIAL OFFICER	MR. M. QADEER
AUDITORS	M/S. ANWAR, TARIQ & CO., CHARTERED ACCOUNTANTS 1ST FLOOR, 84-B-I, GHALIB ROAD, GULBERG III, LAHORE-54660 PAKISTAN
LEGAL ADVISOR	MR. QAMAR-UZ- ZAMAN
BANKERS	BANK AL-HABIB LIMITED HABIB METROPOLITAN BANK LIMITED MUSLIM COMMERCIAL BANK LIMITED AL-BARAKA BANK
REGISTERED OFFICE & MILLS	94TH K.M. LAHORE-MULTAN ROAD NEAR PUL JAURIAN, AKHTARABAD, DISTT. OKARA PAKISTAN PHONE : (049) 4500428-29
REGISTRAR	SHARES DEPARTMENT M/S. CORPLINK (PVT) LIMITED WINGS ARCADE, 1-K COMMERCIAL MODEL TOWN LAHORE. PHONE : (042) 35839182, 35887262 Fax: (042) 35869037

ZAHUR COTTON MILLS LIMITED

DIRECTORS' REPORT

DEAR SHAREHOLDER

On behalf of Board of Directors of the Company, we are pleased to present un-audited accounts for the 3rd quarter ended 31st March, 2019.

Empty hall rented out for the storage purposes, in order to meet the running expenses of the company, also to enable us to pay the outstanding liabilities of the company gradually.

The sponsors are in the process of de-listing and shares buy back with Pakistan Stock Exchange.

The accounting policies adopted for the presentation of Quarterly accounts are the same as applied in the preparation of preceding annual accounts of the Company.

These accounts are un-audited, being submitted to the shareholders as required under the Companies Act 2017.

ON BEHALF OF BOARD OF DIRECTORS

LAHORE
25th APRIL 2019

(JAVED ZAHUR)
CHAIRMAN / C E O

ZAHUR COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2019

		(UNAUDITED) 31ST MAR., 2019	(AUDITED) 30TH JUNE, 2018
	NOTE	RUPEES	RUPEES
<u>EQUITY AND LIABILITIES</u>			
<u>SHARE CAPITAL AND RESERVES</u>			
Authorized Capital:			
20,000,000 (30th June 2018: 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			
9,860,000 (30th June 2018: 9,860,000) Ordinary Shares of Rs.10 each		98,600,000	98,600,000
Deposit for Shares		20,066,240	20,066,240
Accumulated Loss		<u>(222,117,049)</u>	<u>(222,551,797)</u>
		(103,450,809)	(103,885,557)
<u>SURPLUS ON REVALUATION OF OPERATING ASSETS</u>	7	47,075,608	47,796,950
<u>NON-CURRENT LIABILITIES</u>			
Long Term Financing	8	115,089,161	115,514,161
Deferred Tax Liability	9	12,523,297	12,803,819
		127,612,458	128,317,980
<u>CURRENT LIABILITIES</u>			
Trade and Other Payables	10	7,161,794	6,302,878
Provision for Taxation		459,748	-
		7,621,542	6,302,878
<u>CONTINGENCIES AND COMMITMENTS</u>	11	-	-
		<u>78,858,799</u>	<u>78,532,251</u>
<u>ASSETS</u>			
<u>NON-CURRENT ASSETS</u>			
Property, Plant and Equipment	12	74,506,078	76,347,889
Long Term Deposits		68,210	68,210
		<u>74,574,288</u>	<u>76,416,099</u>
<u>CURRENT ASSETS</u>			
Other Receivables	13	1,154,239	-
Income Tax Refund due from the Government		-	122,921
Cash and Bank Balances	14	3,130,272	1,993,231
		4,284,511	2,116,152
		<u>78,858,799</u>	<u>78,532,251</u>

The annexed Notes from 1 to 19 form an integral part of these Interim Condensed Financial Statements

CHIEF EXECUTIVE

DIRECTOR

ZAHUR COTTON MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (Un-Audited) FOR THE NINE MONTHS PERIOD ENDED 31ST MARCH, 2019

	NOTE	QUARTER ENDED 31ST MARCH,		NINE MONTHS ENDED 31ST MARCH,	
		2019 RUPEES	2018 RUPEES	2019 RUPEES	2018 RUPEES
INCOME	15	2,867,318	999,785	6,418,868	3,328,679
ADMINISTRATIVE EXPENSES	16	(1,942,099)	(1,370,143)	(5,607,351)	(3,934,017)
FINANCE COST	17	(276)	(600)	(1,144)	(1,448)
		(1,942,375)	(1,370,743)	(5,608,495)	(3,935,465)
NET (LOSS)/PROFIT FOR THE PERIOD before Taxation		924,943	(370,958)	810,373	(606,786)
TAXATION		(521,819)	(121,767)	(1,096,967)	(438,408)
NET (LOSS)/PROFIT FOR THE PERIOD after Taxation		403,124	(492,725)	(286,594)	(1,045,194)
(LOSS)/PROFIT PER SHARE - Basic and Diluted		0.04	(0.05)	(0.03)	(0.11)

The annexed Notes from 1 to 19 form an integral part of these Interim Condensed Financial Statements

CHIEF EXECUTIVE

DIRECTOR

ZAHUR COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (Un-Audited) FOR THE NINE MONTHS PERIOD ENDED 31ST MARCH, 2019

<u>PARTICULARS</u>	NOTE	QUARTER ENDED 31ST MARCH,		NINE MONTHS ENDED 31ST MARCH,	
		2019 RUPEES	2018 RUPEES	2019 RUPEES	2018 RUPEES
Net (Loss)/Profit after Taxation for the Period		403,124	(492,725)	(286,594)	(1,045,194)
Add:					
Incremental Depreciation on Revaluation (Net of Deferred Tax) of Fixed Assets	7.1	-	-	721,342	701,305
Other Comprehensive Income		-	-	-	-
Total Comprehensive Profit/(Loss)		<u>403,124</u>	<u>(492,725)</u>	<u>434,748</u>	<u>(343,889)</u>

The annexed Notes from 1 to 19 form an integral part of these Interim Condensed Financial Statements

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT - (Un-Audited) FOR THE NINE MONTHS PERIOD ENDED 31ST MARCH, 2019

<u>CASH FLOW FROM OPERATING ACTIVITIES</u>	NINE MONTHS ENDED 31ST MARCH	
	2019 RUPEES	2018 RUPEES
Net Profit/(Loss) before Taxation	810,373	(606,786)
Adjustments For:		
Depreciation	1,841,811	1,841,811
Finance Cost	1,144	1,448
	<u>1,842,955</u>	<u>1,843,259</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,653,328	1,236,473
(Increase)/Decrease in Current Assets		
Other Receivables	(1,154,239)	548,873
Increase/(Decrease) in Current Liabilities		
Trade and Other Payables	858,916	(627,374)
	<u>(295,323)</u>	<u>(78,501)</u>
CASH GENERATED FROM OPERATIONS	2,358,005	1,157,972
Income Tax Paid	(794,820)	(1,412,190)
Finance Cost Paid	(1,144)	(1,448)
	<u>(795,964)</u>	<u>(1,413,638)</u>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1,562,041	(255,666)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Repayment of Long Term Finances	(425,000)	(265,000)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(425,000)	(265,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,137,041	(520,666)
Cash and Cash Equivalents at beginning of the Period	1,993,231	3,351,895
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>3,130,272</u>	<u>2,831,229</u>

The annexed Notes from 1 to 19 form an integral part of these Interim Condensed Financial Statements

CHIEF EXECUTIVE

DIRECTOR

ZAHUR COTTON MILLS LIMITED

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY - (Un-Audited) FOR THE NINE MONTHS PERIOD ENDED 31ST MARCH, 2019

<u>PARTICULARS</u>	PAID-UP SHARE CAPITAL	SHARE DEPOSIT MONEY	REVENUE RESERVE (ACCUMULATED LOSS)	TOTAL
	R U P E E S			
Balance as at 30th June, 2017 (Audited)	98,600,000	20,066,240	(221,285,413)	(102,619,173)
Total Comprehensive Loss for the Nine Months ended 31st March, 2018	-	-	(343,889)	(343,889)
Balance as at 31st March, 2018 (Un-audited)	98,600,000	20,066,240	(221,629,302)	(102,963,062)
Total Comprehensive Loss for the Quarter ended 30th June, 2018	-	-	(922,495)	(922,495)
Balance as at 30th June, 2018 (Audited)	98,600,000	20,066,240	(222,551,797)	(103,885,557)
Total Comprehensive Profit for the Nine Months ended 31st March, 2019	-	-	434,748	434,748
Balance as at 31st March, 2019 (Un-audited)	98,600,000	20,066,240	(222,117,049)	(103,450,809)

The annexed Notes from 1 to 19 form an integral part of these Interim Condensed Financial Statements

CHIEF EXECUTIVE

07

DIRECTOR

ZAHUR COTTON MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (Un-Audited) FOR THE NINE MONTHS PERIOD ENDED 31ST MARCH, 2019

1 STATUS AND OPERATIONS OF THE COMPANY

Zahur Cotton Mills Limited was incorporated in Pakistan on April 21, 1990 as a public limited Company under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). Its Ordinary Shares are quoted on Pakistan Stock Exchanges. The principal activity of the Company is manufacturing and selling of grey fabric which continued to remain suspended during the Year. The registered office of the company is situated at 94 KM, Multan Road, Lahore near Pul Jaurian, Akhtarabad, Dist: Okara.

2 GOING CONCERN ASSUMPTION

The condensed interim financial statement for the nine months ended 31st March, 2019 reflects a Loss after taxation of Rs.286,594 (March 31, 2018: Loss Rs. 1,045,194) and as at that date it has accumulated losses of Rs.222,117,049 (June 30, 2018: Rs. 222,551,797). Further, its current liabilities exceeded its current assets by Rs.3,337,030 (June 30, 2018: Rs.4,186,726). The operations of the company ceased and these operations remained suspended during the nine months due to working capital constraints and unfavourable business conditions. These factors raise doubt about the company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, any adjustments relating to recoverability of recorded assets and liabilities have not been incorporated in the condensed interim financial statement. As the management is confident to obtain continued support from its sponsors and lenders, therefore, the condensed interim financial statement have been prepared on a going concern basis.

3 BASIS OF PREPARATION

- 3.1 The condensed interim financial information of the Company for the period ended March 31, 2019 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information is being present and submitted to the shareholders as required by the Listing Regulations of the Pakistan Stock Exchange and under section 237 of the Companies Act, 2017.
- 3.2 The condensed interim financial information does not include all the information required for the complete set of financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2018.

4 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The changes laid down by these standards do not have any significant impact on these financial statements of the Company.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 are considered not to be relevant to the Company's financial statements and hence have not been detailed here.

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018 are considered not to be relevant to the Company's financial statements and hence have not been detailed here.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial statement are the same as applied in the preparation of the preceding audit annual published financial statements of the company for the year ended 30th June, 2018.

Amendments to certain existing standards and interpretation on approved accounting standards effective during the period were not relevant to the Company's operations and not have any impact on the accounting policies of the Company.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2018.

ZAHUR COTTON MILLS LIMITED

	(UNAUDITED) 31ST MAR., 2019 RUPEES	(AUDITED) 30TH JUNE, 2018 RUPEES
7 SURPLUS ON REVALUATION OF OPERATING ASSETS		
7.1 This is made up as follows:		
Land - Freehold	17,665,900	17,665,900
Buildings	29,109,708	29,831,050
Plant and Machinery	300,000	300,000
	47,075,608	47,796,950
7.2 Buildings on freehold land		
Balance as at 01 July	42,634,869	43,970,687
Revaluation during the year	-	-
Transferred to retained earnings in respect of incremental depreciation charged during the year	(1,001,864)	(1,335,818)
	41,633,005	42,634,869
Related deferred tax liability	(12,523,297)	(12,803,819)
	29,109,708	29,831,050
7.3 The Company revalued its freehold Land, Buildings on freehold Land and Plant and Machinery as at 18th January, 2017. The Revaluation exercise was carried-out by independent Valuer M/S Hamid Mukhtar & Co (Pvt) Ltd. (Approved Valuer of Pakistan Banks Association Reg.), on replacement value basis. The revaluation of these Assets resulted in a surplus of Rs. 62.493 Million, which was credited to "Surplus on Revaluation of Fixed Assets Account" , on that date, to comply with the requirement of the Companies Act 2017. The difference between depreciation based on the revalued carrying amount of the asset charged to profit and loss account and depreciation based on the asset's original cost, net of tax is reclassified from revaluation account to retained earnings.		
8 LONG TERM FINANCING		
8.1 These Un-Secured financing comprises of:		
Loan from Chief Executive/Directors (Note 8.2)	66,550,706	66,550,706
Loan from Others (Note 8.3)	48,538,455	48,963,455
	115,089,161	115,514,161
8.2 This interest free and unsecured financing has been consented by the Chief Executive and Directors of the Company and are payable on demand.		
8.3 This interest free and unsecured financing has been consented by the lenders of the Company and are payable on demand. This is made up as follows:		
Balance at beginning of the Year	48,963,455	48,963,455
Add: Received during the Period	-	-
	48,963,455	48,963,455
Less: Payment during the Period	425,000	-
Balance at end of the Period	48,538,455	48,963,455
9 DEFERRED LIABILITIES		
9.1 These comprise of:		
Deferred Tax Liability (Note 9.2)	12,523,297	12,803,819
	12,523,297	12,803,819
9.2 This represents the related deferred tax liability on Revaluation Surplus of Fixed Assets.		
	(UNAUDITED) 31ST MAR., 2019 RUPEES	(AUDITED) 30TH JUNE, 2018 RUPEES
10 TRADE AND OTHER PAYABLES comprise of:		
Creditors	1,645,572	1,059,656
Accrued Liabilities	3,521,611	3,113,611
Advances from Customers	1,977,002	2,112,002
Security against Godown	10,000	10,000
Others	7,609	7,609
	7,161,794	6,302,878
11 CONTINGENCIES AND COMMITMENTS		
11.1 CONTINGENCIES		
Rs. Nil (30 June 2018: Rs. Nil)		
11.2 COMMITMENTS		
Rs. Nil (30 June 2018: Rs. Nil)		

ZAHUR COTTON MILLS LIMITED

12 PROPERTY PLANT AND EQUIPMENT

12.1 These are made up as follows:

PARTICULARS	C O S T			D E P R E C I A T I O N			W.D.V. AS AT 31ST MARCH, 2019
	AS AT 1ST JULY, 2018	REVALUATION SURPLUS	AS AT 31ST MARCH, 2019	RATE %	TO 30TH JUNE, 2018	PROVIDED FOR THE PERIOD	
Land - Freehold							
Cost	2,258,100		2,258,100	-	-	-	2,258,100
Revaluation Surplus	17,665,900	-	17,665,900	-	-	-	17,665,900
	19,924,000	-	19,924,000				19,924,000
Buildings on Freehold Land							
Cost	37,330,978		37,330,978	3%	23,841,958	839,947	24,681,905
Revaluation Surplus	44,527,278	-	44,527,278	3%	1,892,409	1,001,864	2,894,273
	81,858,256	-	81,858,256		25,734,367	1,841,811	27,576,178
Plant and Machinery							
Cost	23,219,389		23,219,389	5%	23,219,389	-	23,219,389
Revaluation Surplus	300,000	-	300,000	5%	-	-	300,000
	23,519,389	-	23,519,389				23,519,389
Fire Fighting Equipment	38,566		38,566	10%	38,566	-	38,566
Furniture and Fixtures	1,903,061		1,903,061	10%	1,903,061	-	1,903,061
Electric Installations	2,294,667		2,294,667	5%	2,294,667	-	2,294,667
Office Equipment	1,209,500		1,209,500	10%	1,209,500	-	1,209,500
Vehicles	2,039,691		2,039,691	20%	2,039,691	-	2,039,691
	132,787,130		132,787,130				132,787,130
31st March, 2019:	132,787,130	-	132,787,130		56,439,241	1,841,811	58,281,052
30th June, 2018:	132,787,130	-	132,787,130		53,983,494	2,455,747	56,439,241

12.2 As the production and operations of the company are closed, therefore the depreciation on Building has been charged to the Administrative Expenses.

ZAHUR COTTON MILLS LIMITED

(UNAUDITED)	(AUDITED)
31ST MAR.,	30TH JUNE,
2019	2018
RUPEES	RUPEES

13 **OTHER RECEIVABLES** represent Godown Rent Due.

14 **CASH AND BANK BALANCES** comprise of:

Cash in Hand	29,886	10,487
Cash with Banks in:		
Current Accounts	3,097,364	1,979,722
Demand Deposits	2,119	2,119
Primax Classic Saving Account	903	903
	3,100,386	1,982,744
	3,130,272	1,993,231

15 **INCOME** comprises of Lease Rentals of Godowns.

NINE MONTHS ENDED 31ST MARCH,		QUARTER ENDED 31ST MARCH,	
2019 RUPEES	2018 RUPEES	2019 RUPEES	2018 RUPEES

16 **ADMINISTRATION EXPENSES**

16.1 These comprise of:

Directors Remuneration	1,080,000	585,000	360,000	195,000
Salaries and Other Benefits	171,000	153,000	60,000	51,000
Communication Expenses	12,300	18,320	5,000	6,520
Power and Fuel	117,868			
Travelling and Conveyance	234,500	11,800	-	-
Rent, Rates and Taxes	30,000	51,400	2,500	12,500
Printing and Stationery	790,916	665,916	-	215,916
Fees and Subscriptions	640,000	116,000	500,000	41,000
Legal and Professional Charges	30,000	10,000	10,000	-
Advertisement	15,500	15,000	-	-
Vehicle Repair and Maintenance	106,234	110,520	35,662	46,520
Auditors' Remuneration (Note 16.2)	-	75,000	-	75,000
Repair and Maintenance	537,222	280,250	355,000	112,750
Depreciation (Note 12.1)	1,841,811	1,841,811	613,937	613,937
	5,607,351	3,934,017	1,942,099	1,370,143

16.2 **Auditors' Remuneration** relates to Annual Statutory Audit of the Company.

17 **FINANCE COST** represents Bank Charges

18 **FIGURES** in these Condensed Interim Financial statement have been rounded off to the nearest Rupee.

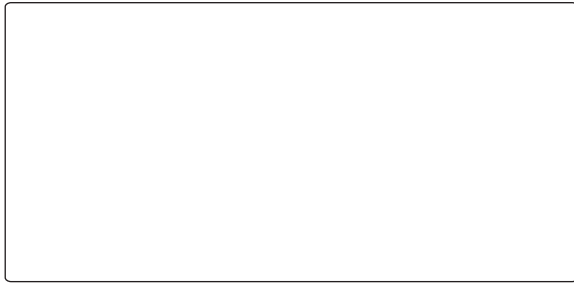
19 **DATE OF AUTHORIZATION FOR ISSUE**

These Financial Statements were authorized for issue on **25th April, 2019** by the Board of Directors of the Company.

CHIEF EXECUTIVE

DIRECTOR

BOOK POST



If undelivered please return to:

ZAHUR COTTON MILLS LIMITED

94TH K.M. LAHORE-MULTAN ROAD
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