



QUARTERLY REPORT
(UN-AUDITED)
(1st QUARTER)
ENDED
30th SEPTEMBER, 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

DIRECTORS' REPORT

DEAR SHAREHOLDER

On behalf of Board of Directors of the Company, we are pleased to present un-audited accounts for the quarter ended 30th September 2019.

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 are being submitted to the shareholders as required under the Companies Act, 2017.

ON BEHALF OF BOARD OF DIRECTORS

LAHORE
19th OCTOBER 2019

(JAVED ZAHUR)
CHAIRMAN / C E O

ZAHUR COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019 (UNAUDITED)

		Un-audited September 30, 2019	Audited June 30, 2019
<u>EQUITY AND LIABILITIES</u>	NOTE	RUPEES	RUPEES
<u>SHARE CAPITAL AND RESERVES</u>			
Authorized Capital:			
20,000,000 (June 30, 2019: 20,000,000) Ordinary Shares of Rs.10 each		200,000,000	200,000,000
Issued, Subscribed and Paid-up Capital			
9,860,000 (2019: 9,860,000) Ordinary Shares of Rs.10 each (Fully paid in Cash)		98,600,000	98,600,000
<u>REVENUE RESERVES</u>			
Accumulated Loss		(225,082,175)	(224,067,429)
<u>CAPITAL RESERVES</u>			
Deposit for Shares	5	20,066,240	20,066,240
Revaluation Surplus on Property, Plant and Equipment - Net of Tax	6	46,611,411	46,848,519
Total Shareholders' Equity		<u>(59,804,524)</u>	<u>(58,552,670)</u>
<u>NON-CURRENT LIABILITIES</u>			
Long Term Financing	7	114,849,161	114,849,161
Deferred Tax Liability - net	8	12,319,585	12,416,432
		127,168,746	127,265,593
<u>CURRENT LIABILITIES</u>			
Trade and Other Payables	9	8,487,491	8,187,491
Provision for Taxation		296,324	296,324
		8,783,815	8,483,815
<u>CONTINGENCIES & COMMITMENTS</u>			
	10	-	-
		<u>76,148,037</u>	<u>77,196,738</u>
<u>ASSETS</u>			
<u>NON-CURRENT ASSETS</u>			
Property, Plant and Equipment	11	73,278,205	73,892,142
Long Term Deposits		68,210	68,210
		73,346,415	73,960,352
<u>CURRENT ASSETS</u>			
Cash and Bank Balances	12	2,801,622	3,236,386
		<u>76,148,037</u>	<u>77,196,738</u>

The annexed Notes from 1 to 19 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

		<u>QUARTER ENDED</u>	
		SEPTEMBER, 30 2019	SEPTEMBER, 30 2018
		NOTE	RUPEES
INCOME	13	-	1,775,775
ADMINISTRATIVE EXPENSES	14	(1,348,701)	(1,311,777)
NET (LOSS)/PROFIT FOR THE PERIOD before Taxation		<u>(1,348,701)</u>	463,998
TAXATION	15	96,847	(287,574)
NET (LOSS)/PROFIT FOR THE PERIOD after Taxation		<u>(1,251,854)</u>	176,424
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(1,251,854)</u>	<u>176,424</u>
(LOSS)/EARNINGS PER SHARE-Basic and Diluted	16	<u>(0.13)</u>	<u>0.02</u>

The annexed Notes from 1 to 19 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

ZAHUR COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOW (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	<u>QUARTER ENDED</u>		
	NOTE	September 30, 2019	September 30, 2018
		RUPEES	RUPEES
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
Net (Loss)/Profit before Taxation		(1,348,701)	463,998
Adjustments for Depreciation		613,937	613,937
		(734,764)	1,077,935
EFFECT ON CASH FLOW OF WORKING CAPITAL CHANGES			
(Increase)/Decrease in Current Assets:			
Other Receivables		-	(1,775,775)
Increase / (Decrease) in Current Liabilities:			
Trade and Other Payables		300,000	40,000
		300,000	(1,735,775)
Cash Used in Operations		(434,764)	(657,840)
Income Tax Paid		-	(456)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(434,764)	(658,296)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>			
NET CASH OUT FLOW FROM FINANCING ACTIVITIES		-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(434,764)	(658,296)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		3,236,386	1,993,231
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	12	2,801,622	1,334,935

The annexed Notes from 1 to 19 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019

PARTICULARS	NOTE	CAPITAL RESERVES				TOTAL
		ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	REVENUE RESERVE (ACCUMULATED LOSS)	SHARE DEPOSIT MONEY	REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT	
		R U P E E S				
Balance as at 30th June, 2018 Audited		98,600,000	(222,551,798)	20,066,240	47,796,951	(56,088,607)
Profit for the Period		-	176,424	-	-	176,424
Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income for the Quarter ended September 30, 2018		-	176,424	-	-	176,424
Transferred from surplus on revaluation of property plant and equipments on account of incremental depreciation - net of tax			240,448		(240,448)	-
Balance as at September 30, 2018 (Un-audited) as restated		98,600,000	(222,134,926)	20,066,240	47,556,503	(55,912,183)
Loss for the Period			(2,640,487)	-	-	(2,640,487)
Other Comprehensive Income						
Total Comprehensive Loss for the Quarter ended September 30, 2018		-	(2,640,487)	-	-	(2,640,487)
Transferred from surplus on revaluation of property plant and equipments on account of incremental depreciation - net of tax			707,984		(707,984)	-
Balance as at June 30, 2019 Audited		98,600,000	(224,067,429)	20,066,240	46,848,519	(58,552,670)
Total Comprehensive Loss for quarter ended September 30, 2019			(1,251,854)	-	-	(1,251,854)
Transferred from surplus on revaluation of property plant and equipments on account of incremental depreciation - net of tax			237,108		(237,108)	-
Balance as at September 30, 2019 (Un-audited)		98,600,000	(225,082,175)	20,066,240	46,611,411	(59,804,524)

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

CHIEF EXECUTIVE

DIRECTOR

ZAHUR COTTON MILLS LIMITED

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

1 STATUS AND OPERATIONS OF THE COMPANY

The Company was incorporated in Pakistan on April, 21, 1990 as public limited Company under the Companies Ordinance, 1984. Its shares are quoted on Karachi and Lahore Stock Exchanges. The principal activity of the Company is to 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, Lahore - Multan Road, near Pul Jaurian, Akhtarabad, Distt: Okara.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

- (i) This condensed interim financial information of the Company for the period ended 30 September, 2019 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act 2017 have been followed.
- (ii) This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements as at and for the year ended 30 June 2019.
- (iii) The comparative Statement of Financial Position presented in this condensed interim financial information has been extracted from the audited annual separate financial statements of the Company for the year ended 30 June 2019, whereas the comparative condensed interim statement of Profit or Loss and Comprehensive Income, condensed interim Statement of Cash Flow and condensed interim Statement of Changes in Equity are extracted from the unaudited condensed interim financial information for the period ended 30 September 2018.
- (v) This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act 2017.

2.2 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention except that the land and buildings are stated at fair values determined by an independent valuer and the Company's liability under its defined benefit plan (gratuity) which is determined on the present value of the defined benefit obligations determined by an independent actuary.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

This condensed interim financial information is presented in Pakistani Rupees which is also the Company's functional currency and all financial information presented has been rounded-off to the nearest thousand Rupee except where stated otherwise.

3 ACCOUNTING POLICIES AND COMPUTATION METHODS

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 audited annual financial statements of the Company as at and for the year ended 30 June 2019.

Certain amendments an interpretations to approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 2019.

5 SHARE DEPOSIT MONEY

This has been received from Sponsor (Mr. Javed Zahur) against Right Issue.

6 SURPLUS ON REVALUATION OF OPERATING ASSETS

6.1 This is made up as follows:

		UN-AUDITED SEPTEMBER 30, 2019 RUPEES		AUDITED JUNE 30, 2019 RUPEES
Freehold land	(Note 6.2)	17,665,900		17,665,900
Buildings on freehold land	(Note 6.3)	28,645,511		28,882,619
Plant and Machinery	(Note 6.4)	300,000		300,000
		46,611,411		46,848,519

6.2 Freehold land

Balance as at 01 July		17,665,900		17,665,900
Revaluation during the year		-		-
		17,665,900		17,665,900

6.3 Buildings on freehold land

Balance as at 01 July		41,299,051		42,634,869
Revaluation during the year		-		-
Transferred to retained earnings in respect of incremental depreciation charged during the year		(333,955)		(1,335,818)
		40,965,096		41,299,051
Related deferred tax liability	(Note 8.1)	(12,319,585)		(12,416,432)
		28,645,511		28,882,619

6.4 Plant and Machinery

Balance as at 01 July		300,000		300,000
Revaluation during the year		-		-
		300,000		300,000

ZAHUR COTTON MILLS LIMITED

6.5 The Company revalued its freehold Land, Buildings on freehold Land and Plant and Machinery as at 18th January, 2018. 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 Repealed Companies Ordinance, 1984. 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.

7 LONG TERM FINANCING

7.1 These unsecured financing have been obtained from:

Related Parties - Chief Executive/Directors
Others

(Note 7.2)

	UN-AUDITED SEPTEMBER 30, 2019	AUDITED JUNE 30, 2019
	RUPEES	RUPEES
Related Parties - Chief Executive/Directors	66,375,706	66,375,706
Others	48,473,455	48,473,455
	114,849,161	114,849,161

7.2 These are interest free and unsecured and have been consented by the lenders to be payable on the availability of Funds with the Company.

8 DEFERRED LIABILITIES

8.1 These comprise of:

Deferred Tax Liability

(Note 8.2)	12,319,585	12,416,432
	12,319,585	12,416,432

8.2 This represents the related deferred tax liability on Revaluation Surplus of Fixed Assets.

9 TRADE AND OTHER PAYABLES comprise of:

Creditors	2,466,269	2,466,269
Accrued Liabilities	4,039,220	3,739,220
Advances from Customers	1,972,002	1,972,002
Security against Godown	10,000	10,000
	8,487,491	8,187,491

10 CONTINGENCIES AND COMMITMENTS

10.1 CONTINGENCIES

Rs. Nil (June 30, 2019: Rs. Nil)

10.2 COMMITMENTS

Rs. Nil (June 30, 2019: Rs. Nil)

11 PROPERTY PLANT AND EQUIPMENT

11.1 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 30TH SEP, 2019					
	AS AT 1ST JULY, 2019	AS AT 30TH SEP, 2019	REVALUATION ADDITIONS/ (DELETIONS)	AS AT 30TH SEP, 2019	RATE %	TO 30TH JUNE, 2019		ON DELETIONS	ON ADDITION	ON OPENING	PROVIDED FOR THE YEAR FOR THE PERIOD	TO 30TH SEP, 2019
Land - Freehold												
Cost	2,258,100	2,258,100	-	2,258,100	-	-	-	-	-	-	-	2,258,100
Revaluation Surplus	17,665,900	17,665,900	-	17,665,900	-	-	-	-	-	-	-	17,665,900
	19,924,000	19,924,000	-	19,924,000	-	-	-	-	-	-	-	19,924,000
Buildings on Freehold Land												
Cost	37,330,978	37,330,978	-	37,330,978	3%	279,982	279,982	-	279,982	279,982	25,241,869	12,089,109
Revaluation Surplus	44,527,278	44,527,278	-	44,527,278	3%	3,229,227	3,333,955	-	3,333,955	3,333,955	3,562,182	40,965,096
	81,858,256	81,858,256	-	81,858,256	-	28,190,114	613,937	-	613,937	613,937	28,804,051	53,054,205
Plant and Machinery												
Cost	23,219,389	23,219,389	-	23,219,389	5%	23,219,389	-	-	-	-	23,219,389	300,000
Revaluation Surplus	300,000	300,000	-	300,000	-	-	-	-	-	-	-	300,000
	23,519,389	23,519,389	-	23,519,389	-	23,219,389	-	-	-	-	23,219,389	300,000
Fire Fighting Equipment												
Cost	38,566	38,566	-	38,566	10%	38,566	-	-	-	-	38,566	-
Furniture and Fixtures												
Cost	1,903,061	1,903,061	-	1,903,061	10%	1,903,061	-	-	-	-	1,903,061	-
Electric Installations												
Cost	2,294,667	2,294,667	-	2,294,667	5%	2,294,667	-	-	-	-	2,294,667	-
Office Equipment												
Cost	1,209,500	1,209,500	-	1,209,500	10%	1,209,500	-	-	-	-	1,209,500	-
Vehicles												
Cost	2,039,691	2,039,691	-	2,039,691	20%	2,039,691	-	-	-	-	2,039,691	-
	132,787,130	132,787,130	-	132,787,130	-	613,937	613,937	-	613,937	613,937	69,508,925	73,279,205
	132,787,130	132,787,130	-	132,787,130	-	56,439,241	56,439,241	-	56,439,241	56,439,241	68,894,999	73,892,440

11.2 In view of insignificant materiality level and closed operations of the Company, the management has decided not to revalue the items appearing at Nil value.

11.3 As the operations are closed, so the depreciation has been changed to the Administrative Expenses.

ZAHUR COTTON MILLS LIMITED

	UN-AUDITED SEPTEMBER 30, 2019 RUPEES	AUDITED JUNE 30, 2019 RUPEES
12 CASH AND BANK BALANCES comprise of:		
Cash in Hand	10,526	27,926
Cash with Banks in:		
Current Accounts	2,788,074	3,205,438
Demand Deposits	2,119	2,119
Saving Account	903	903
	2,791,096	3,208,460
	2,801,622	3,236,386

13 INCOME represents services and lease Rentals of Godowns of the Company.

	UN-AUDITED Quarter Ended SEPTEMBER 30, 2019 RUPEES	UN-AUDITED Quarter Ended SEPTEMBER 30, 2018 RUPEES
14 ADMINISTRATION EXPENSES		
14.1 These comprise of:		
Directors Remuneration	360,000	210,000
Salaries and Other Benefits	60,000	51,000
Communication Expenses	6,400	1,400
Fuel and Power	-	33,300
Travelling and Conveyance	60,000	204,500
Rent, Rates and Taxes	-	27,500
Fees and Subscriptions	110,000	110,000
Legal and Professional Charges	10,000	10,000
Bank Charges	64	140
Vehicle Running and Maintenance	11,000	-
Repair and Maintenance	117,300	50,000
Depreciation (Note 11.3)	613,937	613,937
	1,348,701	1,311,777

15 TAXATION

15.1 This represents:		
Current Year Taxation	-	381,081
Deferred Taxation	(96,847)	(93,507)
	(96,847)	287,574

16 (LOSS) / EARNINGS PER SHARE

16.1 BASIC (LOSS)/EARNINGS PER SHARE

Net (Loss)/Profit attributable to Ordinary Shareholders:	(1,251,854)	176,424
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Weighted Average Number of Ordinary Shares Outstanding during the Year	NUMBER OF SHARES
	9,860,000 9,860,000

(Loss) / Earnings per Share	(0.13) 0.02
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16.2 DILUTED EARNINGS / (LOSS) PER SHARE

There is no dilution effect on the basic earnings / (loss) per share as the Company has no such commitments.

17 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

17.1 The aggregate amount charged in these financial statements for the year for remuneration, including certain benefits to the Chief Executive and Director of the Company is as follows:

	UN-AUDITED		UN-AUDITED	
	FOR THE THREE MONTHS		FOR THE THREE MONTHS	
	PERIOD ENDED		PERIOD ENDED	
	SEPTEMBER 30, 2019		SEPTEMBER 30, 2018	
	RUPEES		RUPEES	
PARTICULARS	CHIEF EXECUTIVE	DIRECTOR	CHIEF EXECUTIVE	DIRECTOR
Managerial Remuneration	200,000	40,000	100,000	40,000
House Rent Allowance	80,000	16,000	40,000	16,000
Medical Allowance	20,000	4,000	10,000	4,000
	300,000	60,000	150,000	60,000
Number of Persons	1	1	1	1

17.2 In addition to above, Chief Executive is provided with running, repair and maintenance of his Vehicle and payment of his mobile phone Bills.

18 FIGURES in this condensed interim financial information have been rounded off to the nearest Rupee.

19 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 19, 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

NEAR PUL JAURIAN, AKHTARABAD,

DISTT. OKARA, PAKISTAN