

FINANCIAL STATEMENTS

HALF YEAR ENDED DECEMBER 31, 2018

SARGODHA SPINNING MILLS LIMITED

SARGODHA SPINNING MILLS LIMITED

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SARGODHA SPINNING MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mian Farrukh Naseem
Mian Shahzad Aslam
Mian Aamir Naseem
Mr. Sajjad Aslam
Mr. Saad Naseem
Mr. Ahmad Naseem
Mr. Umair Abid
Mr. Muhammad Shams Amin

**Chief Executive
Chairman**

AUDIT COMMITTEE

Mr. Umair Abid
Mian Aamir Naseem
Mr. Sajjad Aslam

**Chairman
Member
Member**

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Umair Abid
Mr. Sajjad Aslam
Mr. Ahmad Naseem

**Chairman
Member
Member**

CHIEF FINANCIAL OFFICER

Mr. Mazhar Hussain

COMPANY SECRETARY

Mr. Mazhar Hussain

AUDITORS

Horwath Hussain Chaudhury & Co
Chartered Accountants

BANKERS

National Bank of Pakistan

SHARE REGISTRAR

Corptec (Pvt) Limited
Wings Arcade, 1-K, Commercial
503-E Johar Town, Lahore.
Tel: 042-35170336-37
Fax: 042-35170338

REGISTERED OFFICE

A-601/B, City Towers,
6-K, Main Boulevard,
Gulberg-II, Lahore
Ph: 042-35788758-59

WEBSITE ADDRESS

www.sargodhaspinning.com

MILLS

8-K.M. Sargodha Road,
Faisalabad.
Ph: 041-8868132-5

SARGODHA SPINNING MILLS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present you the reviewed financial statements of the Company for the half year and quarter ended December 31, 2018.

During the period under review, the Company sustained after tax loss of Rs.6.069 million as compared to after tax loss of Rs. 32.398 million of the corresponding period. The financials are as follows

Rupees in Thousand

	Half Year Ended	Quarter Ended
	31 December 2018	
Sales	-	-
Cost of sales	-	-
Gross Profit	-	-
Administrative expenses	(10,389)	(4,416)
Operating Loss	(10,389)	(4,416)
Other operating expenses	(280)	
Other income	4,623	3,801
Finance cost	(23)	(10)
Loss before Taxation	(6,069)	(625)
Taxation	-	-
Net Loss for the Period	(6,069)	(625)
Loss per Share - Basic and Diluted (Rupees)	(0.19)	(0.02)

Updating on Sale of Assets

As already informed to the shareholder through annual report of 2018 that entire assets have been sold or agreement for sale has been executed. The total sale proceeds expected to be received up to June 2019. The following assets sold and repaid liabilities from 01 July 2018 to 31 December 2018:-

<u>S. No.</u>	<u>Machinery Sold</u>	<u>Description</u>	<u>Amount in million</u>
1	Blow Room & auxiliaries	Auxiliaries	0.750
2	Card Machine	07 Nos.	1.446
3	Simplex Frames	02 No.	1.133
4	Ring Frames	13 Nos.	7.650
5	Yarn Conditioning Machine	01 Nos.	0.784
6	Cone winders	01 Nos.	5.000

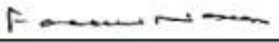
SARGODHA SPINNING MILLS LIMITED

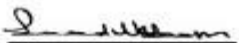
		16.763
Other Receipts –		
		79.265
	Advance for Sale of – Building Structure (Malba)	13.150
	Profit on investment (Net of withholding tax)	1.507
		110.685
Liabilities Paid		
1	Bank guarantee margin	16.172
2	Creditors	0.938
3	Salaries & wages	6.642
4	Electricity charges	0.697
5	Sales & income tax	3.121
6	Administrative expenses	3.353
		30.923
		79.762

The Board of directors in their meeting held on 28 May 2018, has approved the delisting of the Company from Pakistan Stock Exchange Limited through buy back of shares by sponsors at the rate of Rupees 40.33 per share (intrinsic value) subject to the approval of Pakistan Stock Exchange Limited. In this regard, a formal application for voluntary delisting of the Company through buy back of shares from majority shareholders has been filled by the Company to Pakistan Stock Exchange Limited. Last meeting with Pakistan Stock Exchange Limited has been held on 28 January 2019 regarding the approval of de-listing; now company is waiting for their final approval for de-listing.

The board avail the opportunity to appreciate the devoted work done by the devoted executives, officers, staff and workers of the Company

For and on behalf of the Board


 (Mian Farrukh Naseem)
 Chief Executive


 (Saad Naseem)
 Director

Lahore: February 26, 2019

SARGODHA SPINNING MILLS LIMITED

ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

ہم کمپنی کے غیر آڈٹ شدہ حسابات کے گوشوارے برائے مالی ششماہی ختمہ 31 دسمبر 2018، کمپنی کے آڈٹران کی نظر ثانی کے بعد آپ کی خدمت میں پیش کر رہے ہیں۔
زیر نظر مدت کمپنی نے ٹیکس ادا کرنے سے بعد 6.069 ملین روپے کا نقصان اٹھایا، جو گزشتہ سال اسی مدت کے لیے 32.398 ملین روپے کا نقصان تھا۔

(روپے ہزاروں میں)

31.12.2018	31.12.2018	سہ ماہی
-	-	فروخت
-	-	فروخت کی لاگت
-	-	مجموعی نتائج
(4,416)	(10,389)	انتظامی اخراجات
(4,416)	(10,389)	اہریننگ نقصان
-	(280)	دیگر اخراجات
3,801	4,623	دیگر آمدنی
(10)	(23)	مالی اخراجات
(625)	(6,069)	نقل و حرکت نقصان
-	-	ٹیکس
(625)	(6,069)	بعد از ٹیکس نقصان
(0.02)	(0.19)	نقصان فی شیئر۔ بنیادی اور کم نقصان

اہٹوں کی فروخت پر اپ ڈیٹ:

جیسا کہ پہلے ہی 2018 کی سالانہ رپورٹ میں حصص یافتگان کو مطلع کیا گیا ہے کہ پورے اٹھائے فروخت کر دیئے گئے ہیں یا فروخت کے لیے معاہدہ طے پا گیا ہے۔ فروخت کی وصولی جون 2019 تک مکمل ہو جائے گی۔ یکم جولائی 2018 سے 31 دسمبر 2018 تک مندرجہ ذیل اٹھائے فروخت اور اجابات ادا ہو چکے ہیں۔

روپے ملین میں

نمبر شمار	فروخت مشینری	تفصیل	رقم
1	بلو روم اینڈ معاونات	معاونات	0.750
2	کارڈ مشین	07 عدد	1.446
3	سمپلنگس فریزر	02 عدد	1.133
4	رنگ فریزر	13 عدد	7.650
5	بارن کنڈرنگ مشین	01 عدد	0.784
6	کون واکٹر	01 عدد	5.000
	مجموعی اٹھوں کی فروخت	میزان	16.763
1	ایڈوائس برائے رچرچ فروخت		79.265
2	ایڈوائس برائے لمبر فروخت		13.150
3	سرمایہ کاری پر نتائج		1.507
	مجموعی اٹھوں کی فروخت	میزان	110.685

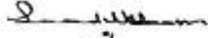
SARGODHA SPINNING MILLS LIMITED

		اداء واجبات	
16.172		بینک گارنٹی مارجن	1
0.938		قرض دہندگان	2
6.642		تعمیرات و اجرت	3
3.121		سیلز ٹیکس / اکم ٹیکس	4
4.050		انتظامی اخراجات	5
30.923	میزان		


28 مئی کو منعقد ہونے والے اجلاس میں بورڈ آف ڈائریکٹرز نے پاکستان اسٹاک ایکسچینج لمیٹڈ سے کمپنی کی ڈی اسٹنگ بذریعہ اسپانسرز کے 40.33 روپے فی شیئر پرو ابلنس خریدنے کی منظوری دی ہے بشرطیکہ پاکستان اسٹاک ایکسچینج کمپنی لمیٹڈ منظوری دے دے۔ اس ضمن میں کمپنی کی رضا کارانہ ڈی اسٹنگ بذریعہ اقلیتی حصص یافتگان سے حصص و اجناس خریدنے کے لیے ایک نئی درخواست بھی پاکستان اسٹاک ایکسچینج کو جمع کروادی ہے۔ ڈی اسٹنگ کی منظوری کے لیے پاکستان اسٹاک ایکسچینج کے ساتھ آخری میٹنگ 28.01.2019 کو ہوئی ہے۔ اب کمپنی حتمی منظوری کی منتظر ہے۔

بورڈ کمپنی کے ایگزیکٹوز، افسران، کمپنی کے عملہ و کارکنوں کی اہمکوششوں کا شکریہ ادا ہے۔

منجانب بورڈ


 سعد نسیم
 (ڈائریکٹر)

منجانب بورڈ


 میاں فرخ نسیم
 (چیف ایگزیکٹو)

SARGODHA SPINNING MILLS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **SARGODHA SPINNING MILLS LIMITED** ("the Company") as at December 31, 2018, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the quarter ended December 31, 2018 and December 31, 2017 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 1.2 to the condensed interim financial statements which states that the Company is no longer a going concern, therefore, these condensed interim financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively. Estimated realizable / settlement values are based on the latest available, reliable information, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In future, these estimates may need revision if changes occur in the circumstances on which the estimates are based as a result of new information. Hence, the ultimate values at which these assets will be realized and liabilities will be settled may be different from those carried in these condensed interim financial statements. Our conclusion is not qualified in respect of this matter.

The condensed interim financial statements for the half year ended December 31, 2017 and financial statements for the year ended June 30, 2018 were reviewed and audited by another firm of Chartered Accountants who expressed an unmodified conclusion and unmodified opinion thereon vide their reports dated February 23, 2018 and October 04, 2018, respectively. However, both these reports contained an emphasis of matter paragraph in respect of going concern status of the Company.

The engagement partner on the audit resulting in this independent auditor's report is Amin Ali.

LAHORE
Dated:

HORWATH HUSSAIN CHAUDHURY & CO.
Chartered Accountants





SARGODHA SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

		December 31, 2018	June 30, 2018
	Note	(Un-audited) Rs. '000'	(Audited) Rs. '000'
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 42,000,000 (June 30, 2018: 42,000,000) ordinary shares of Rs. 10 each		420,000	420,000
Issued, subscribed and paid up capital 31,200,000 (30 June 2018 : 31,200,000) ordinary shares		312,000	312,000
Equity portion of sponsor' advances		10,407	10,407
Surplus on revaluation of property, plant and equipment		1,158,468	1,158,468
Accumulated loss		(651,748)	(645,679)
		829,127	835,196
Current Liabilities			
Trade and other payables - restated		137,673	150,623
Sponsors' advances		1,702	1,702
Unclaimed dividend		1,066	1,066
Provision for taxation		926	926
		141,367	154,317
Liabilities against non current assets classified as held for sale - restated	4	437,174	345,029
Contingencies and Commitments	5	-	-
		1,407,668	1,334,542
ASSETS			
Non Current Assets			
Property, plant and equipment	6	500	542
Deffered tax asset	7	-	-
		500	542
Current Assets			
Stores and spare parts		1,365	1,499
Short term deposits		19,086	2,660
Short term investments	8	145,000	-
Other receivables		5,697	8,996
Cash and bank balances		11,908	82,792
		183,056	95,947
Non current assets classified as held for sale	9	1,224,112	1,238,053
		1,407,668	1,334,542

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


(Mian Farrukh Naseem)
Chief Executive


(Mazhar Hussain)
Chief Financial Officer

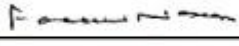

(Saad Naseem)
Director


SARGODHA SPINNING MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

	Half Year Ended December 31,		Quarter Ended December 31,	
	2018	2017	2018	2017
----- (Un-audited) -----				
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Sales	-	-	-	-
Cost of sales	-	-	-	-
Gross Profit	-	-	-	-
Administrative expenses	(10,389)	(9,922)	(4,416)	(6,421)
Operating Loss	(10,389)	(9,922)	(4,416)	(6,421)
Other operating expenses	(280)	(26,308)		(26,308)
Other income	4,623	13,130	3,801	7,434
Finance cost	(23)	(3,390)	(10)	(1,795)
Loss before Taxation	(6,069)	(26,490)	(625)	(27,090)
Taxation	-	(5,908)	-	(5,806)
Net Loss for the Period	<u>(6,069)</u>	<u>(32,398)</u>	<u>(625)</u>	<u>(32,896)</u>
Loss per Share - Basic and Diluted (Rupees)	<u>(0.19)</u>	<u>(1.04)</u>	<u>(0.02)</u>	<u>(1.05)</u>

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


(Mian Farrukh Naseem)
Chief Executive


(Mazhar Hussain)
Chief Financial Officer



(Saad Naseem)
Director

SARGODHA SPINNING MILLS LIMITED


CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2018

	Half Year Ended December 31,		Quarter Ended December 31,	
	2018	2017	2018	2017
	----- (Un-audited) -----			
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Net Loss for the Period	(6,069)	(32,398)	(625)	(32,896)
Other Comprehensive Income for the Period				
Items that will not be re-classified subsequently to profit or loss	-	-	-	-
Items that may be re-classified subsequently to profit or loss	-	-	-	-
Total Comprehensive Loss for the Period	<u>(6,069)</u>	<u>(32,398)</u>	<u>(625)</u>	<u>(32,896)</u>

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



(Mian Farrukh Naseem)
Chief Executive



(Mazhar Hussain)
Chief Financial Officer



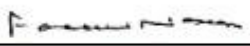
(Saad Naseem)
Director

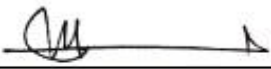
SARGODHA SPINNING MILLS LIMITED

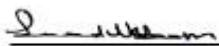
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Particulars	Issued, Subscribed and Paid up Capital	Equity Portion of Sponsors' Advances	Surplus On Revaluation Of Property Plant and Equipment - Net of Deffered Tax	Accumulated Loss	Total
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Balance as at June 30, 2017 as previously reported	312,000	10,407	-	(488,175)	(165,768)
Impact of restatement	-	-	1,177,152	-	1,177,152
Balance as at 30 June 2017 - restated	312,000	10,407	1,177,152	(488,175)	1,011,384
Total comprehensive loss for the half year ended June 30, 2017	-	-	-	(32,398)	(32,398)
Reversal of surplus on disposal of property, plant and equipment - net of deferred tax	-	-	(5,039)	5,039	-
Reversal of surplus on revaluation of property, plant and equipment- net of deferred tax	-	-	(13,786)	-	(13,786)
Balance as at December 31, 2017 as restated	312,000	10,407	1,158,327	(515,534)	965,200
Balance as at June 30, 2018	312,000	10,407	1,158,468	(645,679)	835,196
Total comprehensive loss for the half year ended June 30, 2018	-	-	-	(6,069)	(6,069)
Balance as at December 31, 2018	312,000	10,407	1,158,468	(651,748)	829,127

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


(Mian Farrukh Naseem)
Chief Executive


(Mazhar Hussain)
Chief Financial Officer



(Saad Naseem)
Director


SARGODHA SPINNING MILLS LIMITED


CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half Year Ended December 31,	
	2018	2017
	Rs. '000'	Rs. '000'
	------(Un-audited)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(6,069)	(26,490)
Adjustment for:		
- Depreciation	42	79
- Interest expense due to impact of IAS - 39	-	1,003
- Gain on sale of non current assets classified as held for sale	(2,823)	(10,433)
- Impairment loss	-	22,696
- Exchange loss	-	3,541
- Stores written off	-	33
- Finance cost	93	2,387
- Credit balances written off	-	(2,621)
	(2,688)	16,685
Operating Loss before Working Capital Changes	(8,757)	(9,805)
(Increase) / decrease in current assets		
- Stores and spare parts	134	9
- Short term deposit and prepayments	(16,426)	-
- Other receivables	1	(128)
Increase / (decrease) in current liabilities		
- Trade and other payables	(12,950)	(8,481)
	(29,242)	(8,600)
Cash Used in Operations	(37,999)	(18,405)
Finance cost paid	(93)	(541)
Income tax paid	3,300	(933)
	3,207	(1,474)
Net Cash Used in Operating Activities	(34,792)	(19,879)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of non-current assets classified as held for sale	16,763	53,675
Liabilities against non current assets classified as held for sale	92,145	-
Short term investment	(145,000)	-
Net Cash (Used in) / Generated from Investing Activities	(36,092)	53,675
CASH FLOWS FROM FINANCING ACTIVITIES		
Sponsors' advance - interest free	-	380
Short term borrowings - net	-	(29,283)
Net Cash Used in Financing Activities	-	(28,903)
Net (Decrease) / Increase in Cash and Cash Equivalents	(70,884)	4,893
Cash and cash equivalents at the beginning of the period	82,792	353
Cash and Cash Equivalents at the End of the Period	11,908	5,246

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


(Mian Farrukh Naseem)
Chief Executive


(Mazhar Hussain)
Chief Financial Officer


(Saad Naseem)
Director

SARGODHA SPINNING MILLS LIMITED

NOTES TO AND THE FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Note 1

The Company and its Operations

- 1.1** Sargodha Spinning Mills Limited ('the Company') is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange. The primary object of the Company is manufacturing and trading of yarn made from raw cotton and synthetic fibre and trading of fabric of all types and to generate electricity for internal use.

The information on geographical location and addresses of the Company's business units is as under:

- The company's registered office is situated at A-601/ B, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore.
- Mills is located at 8 - KM Sargodha Road, Faisalabad.

1.2 Going concern status

- 1.2.1** The Company has incurred net loss of Rupees 6.07 million during the half year ended December 31, 2018. Accumulated losses of the Company as on the reporting date are Rupees 651.7 million. Due to poor economic conditions and adverse market conditions for spinning sector, the Company shut down its operations during the financial year ended June 30, 2016. During the financial year ended June 30, 2015 certain disputes arose among major shareholders ('parties') regarding election of directors, constitution of the board of directors of the Company and running the affairs of the Company, which resulted in litigation. Subsequently, parties executed a settlement agreement dated February 29, 2016 to resolve the disputes and to lay down a mechanism for the effective and seamless handling of the affairs of the Company to avoid any litigation. The parties agreed and accepted that the principal objective is to sell the assets / properties of the Company to pay its liabilities.
- 1.2.2** Pursuant to an agreement dated February 29, 2016 executed between major shareholders, it has been agreed and accepted that company shall sell the assets / properties of the company to pay its liabilities.
- 1.2.3** During the year ended 30 June 2017, Executive Director, Corporate Supervision Department, Company Law Division, Securities and Exchange Commission of Pakistan (SECP) issued Order under Section 472 (1) of the repealed Companies Ordinance, 1984 and directed the Company to obtain approval from shareholders in terms of the applicable laws in respect of the disposal of fixed assets, to prepare proper time bound business plan duly approved by the board of directors of the Company and to update to the shareholders and SECP regarding status of disposal of assets, utilization of disposal proceeds and implementation of business plan on quarterly basis.
- 1.2.4** The Company obtained approval from shareholders to dispose off freehold land, buildings on freehold land, plant and machinery and all other assets installed at the mills premises in extra-ordinary general meeting held on 07 March 2017. The process of disposal of fixed assets of the Company as approved by the shareholders in the aforesaid extra-ordinary general meeting could not be completed within one year. Therefore, in accordance with the requirements of Section 183 (5) of the Companies Act, 2017 the Company obtained approval from shareholders again to dispose of the remaining plant and machinery located at the mills premises in extra-ordinary general meeting held on 02 April 2018.
- 1.2.5** In view of the aforesaid reasons, the Company is not considered a going concern. These financial statements have been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively. 'Estimated realizable / settlement values are based on the latest available, reliable information, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In future, these estimates may need revision if changes occur in the circumstances on which the estimates are based or a result of new information. Hence, the ultimate values at which these assets will be realized and liabilities will be settled may be different from those carried in these condensed interim financial statements. Our conclusion is not qualified in respect of this matter.

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Note 2

Basis of Preparation

- 2.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.
- 2.2** These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2018. Comparative statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2018 whereas comparative statement of profit or loss, comparative statement of comprehensive income, comparative statement of changes in equity and comparative statement of cash flows are extracted from unaudited these condensed interim financial statements for the half year ended December 31, 2017.
- 2.3** These condensed interim financial statements are unaudited and have been subjected to limited scope review by the auditors as required by Section 237 of the Companies Act, 2017. The figures for the quarters ended on December 31, 2017 and 2018 presented in the condensed financial statements have not been reviewed by the external auditors.
- 2.4** The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2018.
- 2.5** These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.
- 2.6** These financial statements have been prepared using the non-going concern basis of accounting using estimated realizable / settlement values of the assets and liabilities respectively. In realizable / settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

Note 3

Significant Accounting Policies

The Company's accounting and financial risk management policies and methods of preparation of these condensed interim financial statements are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2018.

Note 4

Liabilities Against Assets Classified As Held For Sale

	December 31, 2018	June 30, 2018
	(Un-audited)	(Audited)
	Rs. '000'	Rs. '000'
Advances against:		
- Freehold land	396,328	317,063
- Buildings on freehold land	38,146	24,993
- Plant and machinery	2,700	2,973
	<u>437,174</u>	<u>345,029</u>

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Note 5

Contingencies and Commitments

Contingencies

- 5.1** The Company has issued counter-guarantee of Rupees 17.215 million (June 30, 2018: Rupees 17.215 million) in favour of National Bank of Pakistan for issuing letters of guarantee favouring Sui Northern Gas Pipelines Limited (SNGPL) for gas connection and Faisalabad Electric Supply Company (FESCO) for electricity connection. However, during the period, the company has provided full margin to the Bank against guarantees already issued in favour of SNGPL and FESCO.

Commitments

- 5.2** The company has no commitment on reporting date (June 30, 2018: Nil).

Note 6

Property, Plant and Equipment

	Note	December 31, 2018	June 30, 2018
		(Un-audited)	(Audited)
		Rs. '000'	Rs. '000'
Furniture and equipment	6.1	500	542
6.1 Furniture and equipment			
Opening written down value		542	1,189
Impairment loss		-	(489)
		542	700
Depreciation charge for the period / year		(42)	(158)
		500	542

Note 7

Deferred Tax Asset

	December 31, 2018	June 30, 2018
	(Un-audited)	(Audited)
	Rs. '000'	Rs. '000'
The asset for deferred income tax originated due to temporary differences relating to:		
Accelerated tax depreciation	(8,278)	(9,755)
Surplus on revaluation of property, plant and equipment	(4,052)	(4,052)
	(12,330)	(13,807)
Accumulated tax losses	100,663	100,510
Deferred income tax asset - net	88,333	86,703
Less: Deferred income tax asset not recognized	(88,333)	(86,703)
	-	-

- 7.1** The net deferred income tax asset of Rupees 88.33 million (30 June 2018: Rupees 86.703 million) has not been recognized in these condensed interim financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits will not be probably available against which the temporary differences can be utilized.

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Note 8

Short Term Investments

	Note	December 31, 2018 (Un-audited) Rs. '000'	June 30, 2018 (Audited) Rs. '000'
Investment in Term Deposit Receipts - held to maturity	8.1	145,000	-
8.1 Held to maturity			
Term Deposit Receipts (TDR's)			
Meezan Bank Limited	8.1.1	15,000	-
Bank Al Habib	8.1.2	130,000	-
		<u>145,000</u>	<u>-</u>

8.1.1 This represents twenty two Term Deposit Receipts having maturity of one months and carrying interest at the rates ranging from 4% to 4.5% (June 30, 2018: Nil).

8.1.2 This represents seven Term Deposit Receipts having maturity of three days to one month and carrying interest at the rates ranging from 6.5% to 8% (June 30, 2018: Nil).

Note 9

Non Current Assets Classified As Held For Sale

The shareholders of the Company have resolved in extra-ordinary general meeting held on 07 March 2017 to dispose of freehold land, buildings of freehold land and plant and machinery along with all other assets installed at the mills premises. Process of disposal of the aforesaid assets could not be completed within one year. Therefore, in accordance with the requirements of Section 183 (5) of the Companies Act, 2017 the Company again obtained approval from shareholders to dispose of the remaining plant and machinery located at mills premises in extra-ordinary general meeting held on 02 April 2018. These non-current assets have been classified as held for sale at lower of their carrying amounts and fair value less costs to sell in accordance with the requirements of International Financial Reporting Standard 5 "Non-current Assets Held for Sale and Discontinued Operations". Category wise break up of non-current assets classified as held for sale is summarized as follows:

	Note	December 31, 2018 (Un-audited) Rs. '000'	June 30, 2018 (Audited) Rs. '000'
Land	9.1	1,162,563	1,162,563
Building on freehold land	9.2	52,500	52,500
Plant and machinery		9,049	22,990
		<u>1,224,112</u>	<u>1,238,053</u>

9.1 The Company has executed an agreement to sell dated March 07, 2018 and has received advance against sale of land as mentioned in note 4.

9.2 The Company has also executed an agreement to sell dated November 06, 2017 and has received advance against sale of building as mentioned in note 4.

Note 10

Transactions with Related Parties

Related parties comprise associated companies, related group companies, directors of the Company and their close relatives, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties other than the remuneration and benefits to key management personnel under the terms of their employment are as under:

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Note 10, Transactions with related parties - Continued...

				December 31, 2018	December 31, 2017
				(Un-audited)	(Un-audited)
				Rs. '000'	Rs. '000'
Transactions during the period					
Related party	Relationship	% of shareholding	Nature of transaction		
Shadab Textile Mills Limited	Associate	N/A	Sale of store and spare	114	-
			Sale of machinery	5,500	247
Provident fund		N/A	Employer's contribution to fund	128	487
Outstanding Balance as on:				December 31, 2018	June 30, 2018
				(Un-audited)	(Un-audited)
				Rs. '000'	Rs. '000'
Shadab Textile Mills Limited				114	-
Provident fund				1,685	1,703

Note 11


Authorization of Financial Statements

These condensed interim financial statements (un-audited) were approved and authorized for issuance on February 26, 2019 by the Board of Directors of the Company.


Note 12

General

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material reclassifications have been made in these condensed interim financial statements (un-audited).



(Mian Farrukh Naseem)
Chief Executive



(Mazhar Hussain)
Chief Financial Officer



(Saad Naseem)
Director