

**CONDENSED INTERIM
FINANCIAL INFORMATION**
For the Half Year Ended
DECEMBER 31, 2018



N. P. Spinning Mills Limited

PRINTED MATTER

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N. P. SPINNING MILLS LIMITED DIRECTORS' REPORT

The Directors have the pleasure of presenting before you the condensed (un-audited) interim financial information for the half year ended December 31, 2018.

Financial Results:

The financial results of the Company for the period under review are discouraging. Sales for the period amounted to Nil, compared to Rs.3,217 million for the corresponding period last year. The Company sustained a net loss of Rs.335,421 million compared to Rs.37,808 million. As reported earlier, the operations of the Company have remained suspended; however the loss for the quarter is mainly due to revaluation deficit, cost of sales and provisioning for doubtful advances, slow moving stocks & stores.

Earnings per Share:

The earnings per share for the period is Rs. (22.82).

Future Outlook:

Textile sector is expected to perform well due to various initiatives of Government particularly lower energy cost, exchange adjustments and elimination of import duty along with sales tax on cotton. The commitment of Government to release funds against pending rebate claims / tax refunds will further help industry to compete internationally.

Composition of Board:

Total number of Directors:

- Male: 5
- Female: 2

Composition:

- Independent Directors: 2
- Other Nonexecutive Directors: 4
- Executive Directors: 1

Committees of the Board:

a. Audit Committee

- i. Mr. Noor Muhammad Chairman
- ii. Mr. Furgan Zia Member
- iii. Mr. Muhammad Samee Member

b. HR & R Committee

- i. Mr. Furgan Zia Chairman
- ii. Mr. Noor Muhammd Member
- iii. Mr. Muhammad Samee Member

Directors Remuneration:

As per policy of the Board, no remuneration is payable to non-executive directors including independent directors.

Change of Statutory Auditors:

M/s. Deloitte Yousuf Adil, Chartered Accountants were appointed as statutory auditors of the Company for the year ending 30-06-2019 in the AGM, held on 23-10-2018. However they resigned from the office of statutory auditors. The Board of Directors in its meeting held on 08-01-2019 appointed M/s. Reanda Haroon Zakaria & Co., Chartered Accountants, as statutory auditors of the Company for the year ending 30-06-2019 in place of M/s. Deloitte Yousuf Adil. Accordingly these half yearly financial statements have been reviewed by the incoming auditors.

Acknowledgement:

The Directors wish to acknowledge and appreciate the support of Shareholders, Bankers, Suppliers and the dedication and hard work of the Staff.

On behalf of the Board

(INAMUR REHMAN)
Chairman / Director

(KHALID INAM)
Chief Executive

Karachi: March 01, 2019

TO THE MEMBERS OF N.P. SPINNING MILLS LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of N.P. Spinning Mills Limited ("the Company") as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and 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 this 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 these condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2018 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2018.

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 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.

Basis for Qualified Conclusion

Company has prepared its financial statements on a basis other than going concern as disclosed in note no. 2.3 to the interim financial statements thereby recording assets at realizable values and liabilities at amounts payable.

Out of the total liabilities recorded as on the reporting date amounting to Rs. 994,452 million, we could not express our conclusion on the existence and completeness of the liabilities amounting to Rs. 195,178 million.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

Financial statements for the year ended June 30, 2018 were audited by another firm of Chartered Accountants, who through their report dated October 01, 2018 expressed disclaimer of opinion on those financial statements.

The engagement partner on the audit resulting in this independent auditor's report is **Mohammad Iqbal**.

Karachi:

Dated: March 01, 2019

Reanda Haroon Zakaria & Company
Chartered Accountants

N. P. SPINNING MILLS LIMITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT DECEMBER 31, 2018

		December 31, 2018	June 30, 2018
Note		Rupees	
ASSETS			
Current Assets			
	Property, plant and equipment	5 414,130,834	875,546,358
	Deferred tax asset	6 —	—
	Long-term deposits	—	1,645,222
	Stores, spares and loose tools	3,600,000	13,141,824
	Stock-in-trade	7 23,109,024	41,697,131
	Trade debts	8 —	2,442,973
	Advances	9 —	22,895,654
	Cash and bank balances	13,027,791	31,646,919
	Total Assets	453,867,649	989,016,081
EQUITY AND LIABILITIES			
Authorized Capital			
	32,000,000 Ordinary shares of Rs. 10 each	320,000,000	320,000,000
	Issued, subscribed and paid up capital	147,000,000	147,000,000
	Surplus on revaluation of property, plant and equipment	166,219,289	384,884,862
	Accumulated losses	(853,803,734)	(523,929,649)
		(540,584,445)	7,955,213
Current Liabilities			
	Loan from directors	153,500,000	153,500,000
	Long term financing	10 —	—
	Trade and other payables	255,993,524	285,926,864
	Accrued markup	116,250,666	95,308,493
	Short term borrowings	11 188,507,049	166,116,375
	Current portion of long term finance	10 277,000,000	277,000,000
	Unclaimed dividend	3,200,855	3,209,136
		994,452,094	981,060,868
Contingencies and commitments			
	12		
	Total Equity and Liabilities	453,867,649	989,016,081

The annexed notes from 1 to 17 form an integral part of this condensed interim financial statements.

(KHALID INAM)
Chief Executive

(MUHAMMAD YASIN)
Chief Financial Officer

(INAMUR REHMAN)
Chairman/Director

N. P. SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Note	Half Year ended		Quarter ended	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
	Rupees			
Sales	—	3,216,543	—	3,216,543
Cost of sales	(22,733,038)	(24,951,013)	(12,161,904)	(14,202,305)
Gross loss	(22,733,038)	(21,734,470)	(12,161,904)	(10,985,762)
Administrative expenses	(4,474,641)	(4,873,248)	(2,578,912)	(2,237,599)
Other operating expense	13 (254,659,870)	(75,000)	(254,659,870)	—
Other income	2,097,466	7,369,394	1,915,853	1,813,152
Operating loss	(279,770,083)	(19,313,324)	(267,484,833)	(11,410,209)
Finance cost	(21,033,950)	(18,454,915)	(10,836,598)	(9,253,877)
Loss before taxation	(300,804,033)	(37,768,239)	(278,321,431)	(20,664,086)
Taxation	14 (34,617,261)	(40,207)	(34,617,261)	(40,207)
Loss after taxation	(335,421,294)	(37,808,446)	(312,938,692)	(20,704,293)
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Deficit on account of revaluation of operating fixed assets	(247,735,625)	—	(247,735,625)	—
Deferred tax thereon	34,617,261	—	34,617,261	—
	(213,118,364)	—	(213,118,364)	—
Total comprehensive loss for the period	(548,539,658)	(37,808,446)	(526,057,056)	(20,704,293)
Loss per share	(22.82)	(2.57)	(21.29)	(1.41)

The annexed notes from 1 to 17 form an integral part of this condensed interim financial statements.

(KHALID INAM) (MUHAMMAD YASIN) (INAMUR REHMAN)
Chief Executive Chief Financial Officer Chairman/Director

N. P. 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	December 31, 2017
	Rupees	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(300,804,033)	(37,768,239)
Adjustments for:		
Depreciation	18,534,835	19,588,810
Gain on disposal of property, plant and equipment	(7,053)	—
Reversal of provision of sales tax	—	(5,556,242)
Profit on bank deposits	(509,444)	(313,152)
Impairment loss on account of revaluation of fixed assets	194,237,117	—
Reversal against provision against doubtful trade debts	(1,509,000)	(1,500,000)
Provision for doubtful debts	2,442,973	—
Provision for doubtful advances	23,412,621	—
Deposits written off	1,645,222	—
Provision for slow moving stock	16,994,791	—
Provision for GID cess	6,383,178	—
Provision for slow moving stores	9,418,968	—
Finance cost	21,033,950	18,454,915
Cash outflow before working capital changes	(8,725,875)	(7,093,908)
(Increase) / decrease in current assets		
Stores, spares and loose tools	122,856	—
Stock-in-trade	1,593,316	3,270,124
Trade debts	1,509,000	1,217,961
Advances	(516,967)	27,120
Sales tax refundable	—	14,912,667
(Decrease) / increase in current liabilities		
Trade and other payables	(36,208,718)	(1,581,346)
	(33,500,513)	17,846,526
Cash (used in) / generated from operations	(42,226,388)	10,752,618
Finance cost paid	(91,777)	(4,883)
Gratuity paid	(107,800)	(219,820)
Income tax paid - net	—	(50,342)
Net cash (used in) / generated from operating activities	(42,425,965)	10,477,573

N. P. SPINNING MILLS LIMITED

Half year ended
December 31, 2018 **December 31, 2017**
 Rupees

B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	915,000	—
Profit received on bank deposits	509,444	313,152
Net cash generated from investing activities	1,424,444	313,152
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment of unclaimed dividend	(8,281)	—
Net cash used in financing activities	(8,281)	—
Net (decrease) / increase in cash and cash equivalents	(41,009,802)	10,790,725
Cash and cash equivalents at beginning of the period	(134,469,456)	(143,023,652)
Cash and cash equivalents at end of the period	(175,479,258)	(132,232,927)
Cash and cash equivalents		
Cash and bank balances	13,027,791	34,030,448
Short-term borrowings	(188,507,049)	(166,263,375)
	(175,479,258)	(132,232,927)

The annexed notes from 1 to 17 form an integral part of this condensed interim financial statements.

(KHALID INAM) (MUHAMMAD YASIN) (INAMUR REHMAN)
Chief Executive Chief Financial Officer Chairman/Director

N. P. SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Share Capital	Capital Reserve Surplus on revaluation of property, plant and equipment	Accumulated losses	Shareholders' equity
	Rupees			
Balance as at July 01, 2017	147,000,000	395,519,532	(449,253,947)	93,265,585
Total comprehensive loss for the period	—	—	(37,808,446)	(37,808,446)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	—	(6,465,316)	6,465,316	6,465,316
Balance as at December 31, 2017	147,000,000	389,054,216	(480,597,077)	61,922,455
Balance as at June 30, 2018	147,000,000	384,884,862	(523,929,649)	7,955,213
Total comprehensive loss for the period				
Loss after taxation	—	—	(335,421,294)	(335,421,294)
Other comprehensive loss				
Deficit on account of revaluation of operating fixed assets - net of deferred tax	—	(213,118,364)	—	(213,118,364)
Transferred from surplus on revaluation on account of incremental depreciation - net of deferred tax	—	(5,547,209)	5,547,209	—
Balance as at December 31, 2018	147,000,000	166,219,289	(853,803,734)	(540,584,445)

The annexed notes from 1 to 17 form an integral part of this condensed interim financial statements.

(KHALID INAM) (MUHAMMAD YASIN) (INAMUR REHMAN)
Chief Executive Chief Financial Officer Chairman/Director

N. P. SPINNING MILLS LIMITED
NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1 STATUS AND NATURE OF BUSINESS

1.1 N.P. Spinning Mills Limited (the Company) was incorporated in Pakistan on February 17, 1991 as public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The principal business activity of the Company is manufacturing and sale of yarn. The mill is located at Raiwand, District Lahore in the province of Punjab. The registered office of the Company is located at 703 - Uni Tower, I.I. Chundrigar Road, Karachi in the province of Sindh.

1.2 Going Concern Assumption:

During the period, the Company incurred net loss after taxation amounting to Rs. 335,421 million (December 31, 2017: Rs. 37,808 million), which has resulted in accumulated loss amounting to Rs. 853,804 million (June 30, 2018: Rs. 523,930 million) and deficit in equity of Rs. 540,584 million (June 30, 2018: positive Rs. 7,955 million). The Board of Directors (the Board) of the Company in its meeting held on June 7, 2016 had decided to temporarily suspend the operations of the Factory and had consequently laid off majority of its workforce. The Board considered various aspects for this decision including unfavorable market conditions in the textile spinning sector, high price of utilities, lack of availability of local cotton, shortage of working capital, and severe competition from foreign manufacturers. As disclosed in notes 10.1.1, the lending bank of the Company has also filed a suit against the Company for recovery of outstanding loans and markup thereon. Further, the shareholders in their Annual General Meeting (AGM) held on October 23, 2018 had passed a resolution to authorize the Board to settle the account of the Company with the bank and private creditors in amicable manner either by getting further financing for revival of the unit or to pay-off the dues through disposal of the current and fixed assets of the Company or any part thereof.

In view of the above, management believes that the Company is not a going concern. Accordingly, the Company may not be able to realize its assets or discharge its liabilities in the normal course of business and hence, management has prepared this condensed interim financial statements on a basis other than going concern as stated in note 2.3.

1.3 The external auditors of the Company expressed disclaimer of conclusion on the condensed interim financial statements for the six months ended December 31, 2017, therefore, corresponding figures for the six months ended December 31, 2017 are un-reviewed. Similarly, the external auditors of the Company expressed disclaimer of opinion on the annual financial statements for the year ended June 30, 2018, therefore, corresponding figures as at June 30, 2018 are un-audited.

2 BASIS OF PREPARATION

2.1 This condensed interim financial statements of the Company for the half year ended December 31, 2018 are unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.

2.2 The figures of this condensed interim profit or loss account for the quarter ended December 31, 2018 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half year ended December 31, 2018. These condensed interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018.

2.3 As disclosed in note 1.2 to the financial statements, the Company is not considered a going concern, therefore, these interim financial statements have been prepared on a basis other than going concern, which is as follows:

- All assets are stated at their realizable (forced sale) values; and
- All liabilities are stated at amounts payable.

2.4 This condensed interim financial statements are presented in Pakistani Rupees which is also the functional currency of the Company.

2.5 The comparative statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2018, whereas the comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements for the half year ended December 31, 2017.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, applied in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the annual un-audited financial statements of the Company for the year ended June 30, 2018.

Further, the Company has adopted the following amended standards and interpretations of IFRSs which became effective during the current period:

- IFRS 2 'Share Based Payments' - certain amendments
- IFRS 15 - 'Revenue from Contracts with Customers'
- IAS 40 'Investment Property' - certain amendments

The adoption of the above amendments and interpretation of the standards did not have any effect on this condensed interim financial statements.

N. P. SPINNING MILLS LIMITED

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

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

4.2 In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2018.

4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2018.

	December 31, 2018	June 30, 2018
Note	..... Rupees	.....
5 PROPERTY, PLANT AND EQUIPMENT		
5.1 Written down value as on July 01,	875,546,358	914,723,979
Less: Disposals made during the period	(907,947)	—
Less: Revaluation deficit charged to profit or loss	(194,237,117)	—
Less: Revaluation deficit charged to OCI	(247,735,625)	—
	<u>432,665,669</u>	<u>914,723,979</u>
Less: Depreciation for the period / year	(18,534,835)	(39,177,621)
Written down value as on December 31 / June 30,	<u>414,130,834</u>	<u>875,546,358</u>
5.1.1		

5.1.1 The Company carried out latest revaluation of its fixed assets held on December 31, 2018 by an independent valuer namely M/s. Sadruddin Associates (Private) Limited, who determined the fair value of fixed assets through their report dated February 25, 2019, on the basis of market value, amounting to Rs. 514.522 million and FSV amounting to Rs. 411.618 million resulting in revaluation deficit amounting to Rs. 247.735 million and impairment loss amounting to Rs. 194.237 million.

	December 31, 2018	June 30, 2018
Note	..... Rupees	.....
6 DEFERRED TAX ASSET		
This comprises of the following:		
Deductible temporary differences		
Available tax losses	241,106,919	223,175,435
Provisions	36,388,867	17,651,297
Taxable temporary differences		
Accelerated tax depreciation	(56,618,320)	(134,097,987)
	<u>220,877,466</u>	<u>106,728,745</u>
Less: Unrecognized deferred tax asset	<u>(220,877,466)</u>	<u>(106,728,745)</u>
6.1		

6.1 The Company has not recognized its entire deferred tax asset relating to net deductible difference up to the period ended December 31, 2018 as it is uncertain that future taxable profits for the foreseeable future will be available against which the asset can be utilized.

	December 31, 2018	June 30, 2018
	..... Rupees	.....
7 STOCK-IN-TRADE		
Raw materials	21,382,560	38,377,351
Finished goods	1,726,464	3,319,780
	<u>23,109,024</u>	<u>41,697,131</u>
8 TRADE DEBTS		
Local - unsecured		
Considered good	—	2,442,973
Considered doubtful	31,483,632	30,549,659
	<u>31,483,632</u>	<u>32,992,632</u>
Provision for doubtful debt	(31,483,632)	(30,549,659)
	<u>—</u>	<u>2,442,973</u>

N. P. SPINNING MILLS LIMITED

	December 31, 2018	June 30, 2018
	..... Rupees	
8.1 Movement of provision for doubtful debts		
Balance as on July 01,	30,549,659	33,343,074
Provision made during the period / year	2,442,973	3,694,385
Provision reversed during the period / year	<u>(1,509,000)</u>	<u>(6,487,800)</u>
Balance as on June 30,	<u>31,483,632</u>	<u>30,549,659</u>
9 ADVANCES		
Considered good	—	22,895,654
Considered doubtful	<u>47,763,517</u>	<u>24,350,896</u>
	<u>47,763,517</u>	<u>47,246,550</u>
Provision for doubtful advances	<u>(47,763,517)</u>	<u>(24,350,896)</u>
	<u>—</u>	<u>22,895,654</u>
10 LONG TERM FINANCING		
- Banking company (Secured)		
Term finance	277,000,000	277,000,000
Current portion of long-term finance	<u>(277,000,000)</u>	<u>(277,000,000)</u>
10.1	<u>—</u>	<u>—</u>
10.1 This represents long-term finance facility obtained by the Company for the purpose of repayment of liability against import of machinery. The facility carries markup at the rate of six month KIBOR plus 2.5% and is secured against first charge over fixed assets of the Company.		
The grace period of the long-term finance ended on September 03, 2016, and first installment become due on October 03, 2016. However, the Company has not been able to make any installment payment to the bank as per the repayment schedule. As at December 31, 2018, whole financing amount aggregating to Rs. 277 (June 30, 2018: Rs. 121.19) million are overdue.		
10.1.1 Consequent to the default, in accordance with the terms of agreements, the entire amount of long-term finance became due and payable by the Company immediately, therefore, the whole amount of long-term finance has been classified as current liability. Further, the Bank has also filed a suit against the Company for recovery of term loan and outstanding short term loans and markup thereon. In response, the Company has filed application for leave to defend. The matter is currently pending for hearing of leave to defend application.		
	December 31, 2018	June 30, 2018
	..... Rupees	
11 SHORT TERM BORROWINGS		
Running Finance	94,800,982	99,800,982
Cash Finance	35,370,928	35,370,928
Finance Against Import	30,944,465	30,944,465
Demand Finance 11.1	<u>27,390,674</u>	—
10.1.1	<u>188,507,049</u>	<u>166,116,375</u>
11.1 During the period, Guarantee given by a banking company on behalf of the Company to a utility company has been encashed by the utility company against its unpaid utility dues amounting to Rs. 36.639 million. Banking company has debited the available bank balance of the Company and created the demand finance liability for the remainder of the balance.		
	December 31, 2018	June 30, 2018
	..... Rupees	
12 CONTINGENCIES AND COMMITMENTS		
12.1 Contingencies		
12.1.1 Guarantees issued by bank on behalf of the Company with recourse to:		
- Sui Northern Gas Pipelines Limited	—	36,639,300
- Sindh Cess	<u>54,950,000</u>	<u>54,950,000</u>
12.1.2 On April 19, 2013, the Federal Board of Revenue (FBR) issued a tax demand notice to the Company amounting to Rs. 65,062,038 on the grounds that the Company's customers have either not shown or have shown less purchases from the Company for the tax periods from July 2011 to December 2011 and from March 2012 to February 2013 in their respective sales tax returns based on Computerized Risk Evaluation of Sales Tax (CREST). The Company had filed for stay in the Honorable Sindh High Court (SHC). The Honorable SHC granted the stay order on April 30, 2013, which restrained FBR from pursuing criminal proceedings against the directors of the Company but allowed the FBR to pursue the case in terms of audit but no final order will be issued by FBR without permission of the Court.		

N. P. SPINNING MILLS LIMITED

The Company submitted an interim reply to FBR on May 7, 2013 wherein certain clarifications in respect of the notice issued by FBR were sought. Till date, no clarifications have been received from FBR and accordingly, the Company has not submitted a final reply and no provision has been recognized in the financial statements.

12.1.3 During the period, audit proceedings were finalized for tax year 2016 and Order was passed u/s 122(1) by the Commissioner Audit thereby creating demand 42.450 million based on various disallowances and other adjustments. Company filed an appeal against the said Order with the Commissioner Appeals who granted Stay Order on January 01, 2019 restraining the Commissioner Audit from taking any coercive measures against the Company till the final outcome of the case.

Company expects the favourable outcome of the case, therefore, no provision has been made in these financial statements.

12.1.4 Company has recorded provision for GID Cess amounting to Rs. 62.263 (June 30, 2018: 92.519) million against the total claim of Rs. 80.844 (June 30, 2018: Rs. 117.483) million. During the period, Company has recorded further provision amounting to Rs. 6.383 million. The case is subjudice in the Honourable High Court of Sindh as fully disclosed in note no. 9.2 and 9.3 to the annual financial statements for the year ended June 30, 2018.

12.2 Commitments

There are no commitments binding on the Company as on the reporting date.

		..... Un-Audited	
		for the half year ended	
		December 31, 2018	December 31, 2017
		..... Rupees	
13 OTHER OPERATING EXPENSE			
Auditor's remuneration		125,000	75,000
Impairment loss on account of revaluation of fixed assets 5.1		194,237,117	—
Provision for doubtful debts		2,442,973	—
Provision for doubtful advances		23,412,621	—
Deposits written off		1,645,222	—
Provision for slow moving stock		16,994,791	—
Provision for GID cess 12.1.4		6,383,178	—
Provision for slow moving stores		9,418,968	—
		<u>254,659,870</u>	<u>75,000</u>
14 TAXATION			
Current 14.1		—	40,207
Deferred		34,617,261	—
		<u>34,617,261</u>	<u>40,207</u>
14.1 The Company is not liable to current tax, including minimum tax, on account of nil sales and taxable losses during the period.			
15 TRANSACTIONS WITH RELATED PARTIES			
15.1 The related party comprises of associated undertakings, key management personnel and post employment benefit scheme. The Company in the normal course of business carries out transactions with various related parties. There was no transaction with the related parties carried out during the period except as follows:			
		..... Un-Audited	
		for the half year ended	
		December 31, 2018	December 31, 2017
		..... Rupees	
Remuneration paid to Chief Executive		<u>2,061,000</u>	<u>2,061,000</u>
16 GENERAL			
- Figures have been rounded off to the nearest Rupees.			
17 DATE OF AUTHORIZATION FOR ISSUE			
This condensed interim financial statements have been authorized for issue on March 01, 2019 by the Board of Directors of the Company.			

(KHALID INAM)
Chief Executive

(MUHAMMAD YASIN)
Chief Financial Officer

(INAMUR REHMAN)
Chairman/Director