



**QUARTERLY REPORT  
MARCH 31,  
2019**



**Sargodha Spinning Mills Limited**

# SARGODHA SPINNING MILLS LIMITED

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## CONTENTS

Company Information	<b>2</b>
Directors' Report	<b>3</b>
Directors' Report (Urdu)	<b>4</b>
Statement of Financial Position	<b>5</b>
Statement of Profit and Loss	<b>6</b>
Statement of Comprehensive Income	<b>7</b>
Statement of Changes In Equity	<b>8</b>
Statement of Cash Flows	<b>9</b>
Notes to the Financial Statements	<b>10-14</b>

# SARGODHA SPINNING MILLS LIMITED

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## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	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	<b>Chief Executive Chairman</b>
<b>AUDIT COMMITTEE</b>	Mr. Umair Abid Mian Aamir Naseem Mr. Sajjad Aslam	<b>Chairman Member Member</b>
<b>HUMAN RESOURCES &amp; REMUNERATION COMMITTEE</b>	Mr. Umair Abid Mr. Sajjad Aslam Mr. Ahmad Naseem	<b>Chairman Member Member</b>
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Mazhar Hussain	
<b>COMPANY SECRETARY</b>	Mr. Mazhar Hussain	
<b>AUDITORS</b>	Horwath Hussain Chaudhury & Co Chartered Accountants	
<b>BANKERS</b>	National Bank of Pakistan	
<b>SHARE REGISTRAR</b>	Corptec (Pvt) Limited Wings Arcade, 1-K, Commercial 503-E Johar Town, Lahore. Tel: 042-35170336-37 Fax: 042-35170338	
<b>REGISTERED OFFICE</b>	A-601/B, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore Ph: 042-35788758-59	
<b>WEBSITE ADDRESS</b>	<a href="http://www.sargodhaspinning.com">www.sargodhaspinning.com</a>	
<b>MILLS</b>	8-K.M. Sargodha Road, Faisalabad. Ph: 041-8868132-5	

## SARGODHA SPINNING MILLS LIMITED

### DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present you un-audited financial statements of the Company for the Nine months and quarter ended March 31, 2019.

During the period under review, the Company earned profit of Rs.37.583 million as compared to after tax loss of Rs. 47.130 million of the corresponding period. The financials are as follows

	Nine Months Ended	Quarter Ended
	<b>March 31, 2019</b>	
Sales	-	-
Cost of sales	-	-
Gross Profit	-	-
Administrative expenses	(14,385)	(3,996)
<b>Operating Loss</b>	<b>(14,385)</b>	<b>(3,996)</b>
Other operating expenses	(280)	-
Other income	51,281	47,658
Finance cost	(33)	(10)
<b>Profit before Taxation</b>	<b>37,583</b>	<b>43,652</b>
Taxation	-	-
<b>Net Profit for the Period</b>	<b>37,583</b>	<b>43,652</b>
Profit per Share - Basic and Diluted (Rupees)	1.20	1.40


#### Updating on Sale of Assets

As already informed to the shareholder through annual and half yearly financial statement ended 30 June 2018 and 31 December 2018 respectively, that entire assets have been sold and proceeds have been received subsequently .

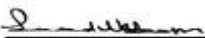
Pakistan Stock Exchange vide their letter NO. PSX/C-791-1220 dated March 19, 2019 has approved the application of voluntary delisting in accordance with the regulation No. 5.13.2 at minimum buy back price of Rs. 40.33/- per share. After the approval of Pakistan Stock Exchange, the Board of Directors and Shareholder in their meetings held on 28.03.19 and 20.04.2019 respectively approved buy back of shares by sponsors at a price of Rs. 40.33/- per share from minority shareholders for delisting of the Company. The Board is expected that process of buy back of shares will be completed by June 2019

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 the behalf of Board

  
(Mian Farrukh Naseem)  
Chief Executive

For and on the behalf of Board

  
(Saad Naseem)  
Director

Lahore: April 25, 2019

## SARGODHA SPINNING MILLS LIMITED

### ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

ہم کمپنی کے غیر آڈٹ شدہ حسابات کے گوشوارے برائے مالی نوامی اور سرمایہ بختمہ 31 مارچ 2019 آپ کی خدمت میں پیش کر رہے ہیں۔  
زیر نظر مدت کمپنی نے ٹیکس ادا کرنے سے بعد 37,583 ملین روپے کا منافع حاصل کیا، جوگزشتہ سال اسی مدت کے لیے 47,130 ملین روپے کا نقصان تھا۔

(روپے چڑاؤں میں)

	31.03.2019 نوامی	31.03.2019 سہ ماہی
فروخت	-	-
فروخت کی لاگت	-	-
<b>مجموعی منافع</b>	-	-
انتظامی اخراجات	(14,385)	(3,996)
<b>آپریٹنگ نقصان</b>	<b>(14,385)</b>	<b>(3,996)</b>
دیگر اخراجات	(280)	-
دیگر آمدنی	51,281	47,658
مالی اخراجات	(33)	(10)
<b>عملیاتی منافع</b>	<b>37,583</b>	<b>43,652</b>
ٹیکس	-	-
<b>بعد از ٹیکس منافع</b>	<b>37,583</b>	<b>43,652</b>
منافع فی شیئر - بنیادی اور کم منافع	1.20	1.40

ڈاٹوں کی فروخت پر اپ ڈیٹ:

جیسا کہ حصص یافتگان کو سالانہ اور نصف سالانہ مالیاتی حسابات اختتام پتہ تاریخ 30 جون 2018 اور 31 دسمبر 2018 کے ذریعے بتایا جا چکا ہے کہ پورے سالے فرسٹ فروخت ہو چکے ہیں اور بعد از فروخت تمام وصولی ہو چکی ہے۔

پاکستان اسٹاک ایکسچینج نے اپنے خط نمبر PSX/C-791 بتاریخ 19 مارچ 2019 کے ذریعے 40.33 روپے فی حصص واپس خریداری برائے ڈی اسٹنگ منظوری دے دی ہے۔ پاکستان اسٹاک ایکسچینج کے بعد بورڈ آف ڈائریکٹرز اور حصص یافتگان نے اپنی میٹنگ بطور تیب 29 مارچ 2019 اور 120 اپریل 2019 کا پاسرز کی تالیقی حصص یافتگان سے 40.33 روپے فی حصص واپس خریداری کی منظوری دے دی ہے برائے ڈی اسٹنگ۔ بورڈ پر عزم ہے کہ ڈی اسٹنگ کا عمل جون 2019 میں مکمل ہو جائے گا۔

کمپنی کے عملیاتی کارکنوں کی انتھک کوششوں کا شکریہ ادا ہے۔

منجانب بورڈ

سید سعید  
(ڈائریکٹر)

منجانب بورڈ

میاں فرخ نسیم  
(چیف ایگزیکٹو)

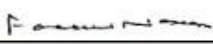
لاہور: 25 اپریل 2019ء

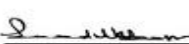
## SARGODHA SPINNING MILLS LIMITED


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

	Note	<b>March 31, 2019</b> (Un-audited) Rs. '000'	<b>June 30, 2018</b> (Audited) Rs. '000'
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
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		1,044,360	1,158,468
Accumulated loss		(493,988)	(645,679)
		872,779	835,196
<b>Current Liabilities</b>			
Trade and other payables - restated		133,397	150,623
Sponsors' advances		1,702	1,702
Unclaimed dividend		1,066	1,066
Provision for taxation		926	926
		137,091	154,317
Liabilities against non current assets classified as held for sale - restated	4	1,471,541	345,029
<b>Contingencies and Commitments</b>	5	-	-
		2,481,411	1,334,542
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	6	478	542
Deffered tax asset	7	-	-
		478	542
<b>Current Assets</b>			
Stores and spare parts		1,214	1,499
Short term deposits		19,099	2,660
Short term investments	8	155,000	-
Other receivables		4,785	8,996
Cash and bank balances		1,200,439	82,792
		1,380,537	95,947
Non current assets classified as held for sale	9	1,100,396	1,238,053
		2,481,411	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

  
(Saad Naseem)  
Director


  
(Mazhar Hussain)  
Chief Financial Officer

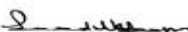
## SARGODHA SPINNING MILLS LIMITED


### CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

	Nine Month Ended March 31,		Quarter Ended March 31,	
	2019	2018	2019	2018
------(Un-audited)-----				
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
Sales	-	148	-	148
Cost of sales	-	(65)	-	(65)
<b>Gross Profit</b>	-	83	-	83
Distribution Cost	-	(260)	-	(260)
Administrative expenses	(14,385)	(15,522)	(3,996)	(5,600)
<b>Operating Loss</b>	(14,385)	(15,699)	(3,996)	(5,777)
Other operating expenses	(280)	(30,808)	-	(4,500)
Other income	52,281	12,540	47,658	(590)
Finance cost	(33)	(7,255)	(10)	(3,865)
<b>Profit / (Loss) before Taxation</b>	37,583	(41,222)	43,652	(14,732)
Taxation	-	(5,908)	-	-
<b>Net profit / (Loss) for the Period</b>	37,583	(47,130)	43,652	(14,732)
<b>Profit / (Loss) per Share - Basic and Diluted (Rupees)</b>	1.20	(1.51)	1.40	(0.47)

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

  
(Mian Farrukh Naseem)  
Chief Executive

  
(Saad Naseem)  
Director


  
(Mazhar Hussain)  
Chief Financial Officer

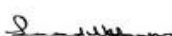
## SARGODHA SPINNING MILLS LIMITED


### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

	Nine Months Ended March 31,		Quarter March 31,	
	2019	2018	2019	2018
	------(Un-audited)-----			
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
<b>Net Profit / ( Loss) for the Period</b>	37,583	(47,130)	43,652	(14,732)
<b>Other Comprehensive Income for the Period</b>				
Items that will not be re-classified subsequently to profit or loss	-	-	-	-
Items that may be re-classified subsequently to profit or loss	-	-	-	-
<b>Total Comprehensive Income / (Loss) for the Period</b>	37,583	(47,130)	43,652	(14,732)

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

  
(Mian Farrukh Naseem)  
Chief Executive

  
(Saad Naseem)  
Director

  
(Mazhar Hussain)  
Chief Financial Officer





## SARGODHA SPINNING MILLS LIMITED


### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

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'
<b>Balance as at June 30, 2017 as previously reported</b>	312,000	10,407	-	(488,175)	(165,768)
Impact of restatement	-	-	1,177,152	-	1,177,152
<b>Balance as at 30 June 2017 - restated</b>	<b>312,000</b>	<b>10,407</b>	<b>1,177,152</b>	<b>(488,175)</b>	<b>1,011,384</b>
Total comprehensive loss for the nine months ended March 31, 2018	-	-	-	(47,130)	(47,130)
Transfer 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)
<b>Balance as at 31 March 2018</b>	<b>312,000</b>	<b>10,407</b>	<b>1,158,327</b>	<b>(530,266)</b>	<b>950,468</b>
Loss for the Period ended June 30, 2019	-	-	-	(115,413)	(115,413)
Reversal of surplus on revaluation of property, plant and equipment- Adjustment due to change of tax rate	-	-	141	-	141
<b>Balance as at June 30, 2018</b>	<b>312,000</b>	<b>10,407</b>	<b>1,158,468</b>	<b>(645,679)</b>	<b>835,196</b>
Total comprehensive income for the nine months ended March 31,2019	-	-	-	37,583	37,583
Transfer of surplus on disposal of property, plant and equipment- net of deferred tax	-	-	(114,108)	114,108	-
<b>Balance as at March 31, 2019</b>	<b>312,000</b>	<b>10,407</b>	<b>1,044,360</b>	<b>(493,988)</b>	<b>872,779</b>

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

  
(Mian Farrukh Naseem)  
Chief Executive

  
(Saad Naseem)  
Director


  
(Mazhar Hussain)  
Chief Financial Officer

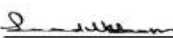
## SARGODHA SPINNING MILLS LIMITED


### CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

	Nine Months Ended March 31,	
	2019	2018
	Rs. '000'	Rs. '000'
	------(Un-audited)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	37,583	(41,222)
Adjustment for:		
- Depreciation	64	119
- Interest expense due to impact of IAS - 39	-	4,245
- Gain on sale of non current assets classified as held for sale	(44,856)	(9,702)
- Impairment loss	-	22,696
- Exchange loss	-	7,793
- Stores written off	-	33
- Finance cost	33	3,010
- Credit balances written off	-	(2,821)
	(44,759)	25,373
<b>Operating Loss before Working Capital Changes</b>	(7,176)	(15,849)
(Increase) / decrease in current assets		
- Stock in trade	-	65
Stores and spare parts	285	9
- Short term deposit and prepayments	(16,439)	(941)
- Other receivables	5,094	(309)
Increase / (decrease) in current liabilities		
- Trade and other payables	(17,226)	(7,826)
	(28,286)	(9,002)
<b>Cash Used in Operations</b>	(35,462)	(24,851)
Finance cost paid	(33)	(2,109)
Income tax paid	(883)	(1,555)
	(916)	(3,664)
<b>Net Cash Used in Operating Activities</b>	(36,378)	(28,515)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of non-current assets classified as held for sale	182,513	73,809
Liabilities against non current assets classified as held for sale	1,126,512	317,062
Short term investment	(155,000)	-
<b>Net Cash Generated from Investing Activities</b>	1,154,025	390,871
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Sponsors' advance - interest free	-	(147,040)
Short term borrowings - net	-	(66,477)
<b>Net Cash Used in Financing Activities</b>	-	(213,517)
<b>Net Increase in Cash and Cash Equivalents</b>	1,117,647	148,839
Cash and cash equivalents at the beginning of the period	82,792	353
<b>Cash and Cash Equivalents at the End of the Period</b>	1,200,439	149,192

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

  
(Mian Farrukh Naseem)  
Chief Executive

  
(Saad Naseem)  
Director

  
(Mazhar Hussain)  
Chief Financial Officer

## SARGODHA SPINNING MILLS LIMITED

### NOTES TO AND THE FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

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 earned profit of Rupees 37.583 million during the nine months ended March 31, 2019. Accumulated losses of the Company as on the reporting date are Rupees 493.988 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 realisable / 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.

## SARGODHA SPINNING MILLS LIMITED

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 condensed interim financial statements for the nine months ended March 31, 2018.
- 2.3** 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.
- 2.4** 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.
- 2.5** 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

	<b>March 31, 2019</b>	<b>June 30, 2018</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	Rs. '000'	Rs. '000'
Advances against:		
- Freehold land	1,427,812	317,063
- Buildings on freehold land	41,029	24,993
- Plant and machinery	2,700	2,973
	<u>1,471,541</u>	<u>345,029</u>

## SARGODHA SPINNING MILLS LIMITED

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	March 31, 2019 (Un-audited) Rs. '000'	June 30, 2018 (Audited) Rs. '000'
Vehicles, Furniture and equipment	6.1	478	542
<b>6.1 Vehicles, Furniture and equipment</b>			
Opening written down value		542	1,189
Impairment loss		-	(489)
		542	700
Depreciation charge for the period / year		(64)	(158)
		478	542

Note 7

### Deferred Tax Asset

	March 31, 2019 (Un-audited) Rs. '000'	June 30, 2018 (Audited) Rs. '000'
The asset for deferred income tax originated due to temporary differences relating to:		
Accelerated tax depreciation	(7,692)	(9,755)
Surplus on revaluation of property, plant and equipment	(4,052)	(4,052)
	(11,744)	(13,807)
Accumulated tax losses	92,790	100,510
Deferred income tax asset - net	81,045	86,703
Less: Deferred income tax asset not recognized	(81,045)	(86,703)
	-	-

- 7.1** The net deferred income tax asset of Rupees 81.045 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.

## SARGODHA SPINNING MILLS LIMITED

Note 8

**Short Term Investments**

	Note	<b>March 31, 2019</b>	<b>June 30, 2018</b>
		<b>(Un-audited)</b>	<b>(Audited)</b>
		Rs. '000'	Rs. '000'
Investment in Term Deposit Receipts - held to maturity	8.1	<u>155,000</u>	<u>-</u>
<b>8.1 Held to maturity</b>			
Term Deposit Receipts (TDR's)			
Meezan Bank Limited	8.1.1	15,000	-
Bank Al Habib Ltd	8.1.2	<u>140,000</u>	<u>-</u>
		<u>155,000</u>	<u>-</u>

8.1.1 This represents Term Deposit Receipts having maturity of one months and carrying interest at the rates ranging from 4% to 7.08% (June 30, 2018: Nil).

8.1.2 This represents Term Deposit Receipts having maturity of three days to one month and carrying interest at the rates ranging from 6.5% to 8.25% (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	<b>March 31, 2019</b>	<b>June 30, 2018</b>
		<b>(Un-audited)</b>	<b>(Audited)</b>
		Rs. '000'	Rs. '000'
Land	9.1	1,047,063	1,162,563
Building on freehold land	9.2	52,500	52,500
Plant and machinery		833	22,990
		<u>1,100,396</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:

## SARGODHA SPINNING MILLS LIMITED

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

				<b>March 31, 2019</b>	<b>March 31, 2018</b>
				<b>(Un-audited)</b>	<b>(Un-audited)</b>
				Rs. '000'	Rs. '000'
<b>Transactions during the period</b>					
<b>Related party</b>	<b>Relationship</b>	<b>% of shareholding</b>	<b>Nature of transaction</b>		
Shadab Textile Mills Limited	Associate	N/A	Raw material	-	148
			Sale of store and spare	1,326	
			Sale of machinery	5,500	247
Provident fund		N/A	Employer's contribution to fund	186	132
<b>Outstanding Balance as on:</b>				<b>March 31, 2019</b>	<b>June 30, 2018</b>
				<b>(Un-audited)</b>	<b>(Un-audited)</b>
				Rs. '000'	Rs. '000'
Shadab Textile Mills Limited				999	-
Provident fund				1,697	1,703

Note 11

### Authorization of Financial Statements

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These condensed interim financial statements (un-audited) were approved and authorized for issuance on April 25, 2019 by the Board of Directors of the Company.

Note 12


### General

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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

  
 (Saad Naseem)  
 Director

  
 (Mazhar Hussain)  
 Chief Financial Officer