

**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED
SEPTEMBER 30, 2018
(UN-AUDITED)**

SFL LIMITED

SFL LIMITED

CONTENTS

| | |
|--|-----------|
| COMPANY PROFILE | 03 |
| DIRECTORS' REPORT | 04 |
| DIRECTORS' REPORT (Urdu) | 05 |
| BALANCE SHEET | 06 |
| PROFIT & LOSS ACCOUNT | 07 |
| STATEMENT OF COMPREHENSIVE INCOME | 08 |
| CASH FLOW STATEMENT | 09 |
| STATEMENT OF CHANGES IN EQUITY | 10 |
| NOTES TO THE FINANCIAL STATEMENTS | 11 |

COMPANY PROFILE

Board Of Directors

| | | |
|--|---|--|
| Chairman | : | Mr. Yousuf Abdullah |
| Chief Executive | : | Mr. Amer Abdullah |
| Director | : | Mr. Nadeem Abdullah Mr. Shahid Abdullah Mrs. Ambareen Amer Mr. Mohammad Yamin |
| Independent Director | : | Mr. Mazhar Saleem |
| Audit Committee | | |
| Chairman | : | Mr. Mazhar Saleem |
| Member | : | Mr. Shahid Abdullah |
| Member | : | Mr. Nadeem Abdullah |
| Human Resource & Remuneration Committee | | |
| Chairman | : | Mr. Mazhar Saleem |
| Member | : | Mr. Shahid Abdullah |
| Member | : | Mr. Mohammad Yamin |
| Chief Financial Officer | : | Mr. Jawwad Faisal |
| Secretary | : | Mr. Shaukat Mahmud |
| Auditors | : | Shinewing Hameed Chaudhri & Co Chartered Accountants |
| Tax Consultants | : | Deloitte Yousuf Adil Chartered Accountants |
| Legal Advisor | : | Mr. Saleem Ikram, Advocate |
| Bankers | : | Habib Bank Limited |
| Share Registrars | : | Thk Associates (Pvt) Ltd, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi. |
| Registered Office | : | 316, Cotton Exchange Building, I.I.Chundrigar Road, Karachi. |

Directors' Report to the Shareholders

The Board of Directors of SFL Limited have pleasure in presenting their report together with un-audited financial statements of the company for the first quarter ended 30th September, 2018.

REVIEW OF OPERATIONS

During the period under review company has earned a dividend of Rs. 35,000. Company incurred a loss on change in fair value of investments of Rs. (1,123,740). After charging administrative expenses of Rs. 452,742 and provision for taxation of Rs. 5,250, net loss after tax stands at Rs. 1,546,732 for the first quarter ended 30th September, 2018.

EARNINGS PER SHARE

The company's loss per share for the quarter ended 30th September, 2018 is Rs. (0.08) as compared to loss per share Rs. (0.16) of correspondence period of last year.

FUTURE PROSPECTS

The operating assets of the company comprises of, investments in the shares of associated companies and other listed companies. Profitability of the company depends during the next quarter on the return on investments.

On behalf of the Board

Karachi
Dated: October 29, 2018

AMER ABDULLAH
CHIEF EXECUTIVE

YOUSUF ABDULLAH
DIRECTOR

ڈائریکٹرز رپورٹ برائے حصص یافتگان

کمپنی کے ڈائریکٹران آپ کے سامنے نہایت مسرت کے ساتھ 30 ستمبر، 2018 کو اختتام پذیر ہونے والی پہلی سہ ماہی کی غیر آڈٹ شدہ مالیاتی تفصیلات پیش کر رہے ہیں۔

کاروباری کارکردگی

رواں مالی سال کی پہلی سہ ماہی میں کمپنی کو ڈیویڈنڈ کی مد میں 35,000 روپے آمدنی حاصل ہوئی۔ کمپنی کو سرمایہ کاری کی مناسب قدر میں تبدیلی کے نتیجے میں 1,123,740 روپے کا نقصان ہوا۔ اس سہ ماہی کے دوران 452,742 روپے کے تمام انتظامی اخراجات اور 5,250 روپے ٹیکس کی کٹوتی کے بعد کمپنی کا بعد از ٹیکس نقصان (1,546,732) روپے رہا۔

آمدنی فی حصص

فی حصص کمپنی کی آمدنی (0.08) روپے رہی، گذشتہ سال اسی مدت کیلئے آمدنی (0.16) روپے فی حصص تھی۔

مستقبل کا منظر نامہ

کمپنی کے آپریٹنگ اثاثے، منسلک کمپنیوں کے حصص میں سرمایہ کاری، دیگر لسٹڈ کمپنیوں کے حصص میں سرمایہ کاری اور فنڈز میں سرمایہ کاری پر مشتمل ہیں۔ اگلی سہ ماہی میں کمپنی کے منافع کا دارومدار سرمایہ کاری کے منافع پر منحصر ہے۔

بورڈ کی جانب سے

عامر عبداللہ
چیف ایگزیکٹو

یوسف عبداللہ
ڈائریکٹر

کراچی۔
تاریخ: 29 اکتوبر 2018ء

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-Audited)
AS AT SEPTEMBER 30, 2018**

| | Note | Un-Audited September 30, 2018 Rupees | Audited June 30, 2018 Rupees |
|---|------|---|---------------------------------------|
| ASSETS | | | |
| Non current assets | | | |
| Long term investments | 5 | 405,816,351 | 405,816,351 |
| Long term deposit | | 37,500 | 37,500 |
| | | 405,853,851 | 405,853,851 |
| Current assets | | | |
| Short term investments | 6 | 33,619,185 | 34,742,925 |
| Trade deposits & Short Term Prepayments | | 708,704 | - |
| Taxation - net | | 954 | 954 |
| Bank balances - current accounts | | 1,314,564 | 76,974,797 |
| | | 35,643,407 | 111,718,676 |
| Total assets | | 441,497,258 | 517,572,527 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Share capital | | 200,914,500 | 200,914,500 |
| Reserve arisen upon de-merger | | 165,340,500 | 165,340,500 |
| Unappropriated profit | | 73,391,578 | 74,938,310 |
| Total equity | | 439,646,578 | 441,193,310 |
| Current liabilities | | | |
| Accrued and other liabilities | | 583,060 | 549,497 |
| Unclaimed dividend | | 486,782 | 486,782 |
| Unpaid dividend | | 780,838 | 75,342,938 |
| Contingencies and commitments | 7 | 1,850,680 | 76,379,217 |
| Total equity and liabilities | | 441,497,258 | 517,572,527 |

The annexed notes 1 to 10 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

**CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (Un-Audited)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

| | Un-Audited September 30, 2018 Rupees | Un-Audited September 30, 2017 Rupees |
|--|---|---|
| Revenue | | |
| Dividend income | 35,000 | 122,500 |
| Gain/(Loss) on sale of investments | - | (286,085) |
| Change in fair value of investments at fair value through profit or (loss) | (1,123,740) | (2,764,945) |
| | (1,088,740) | (2,928,530) |
| Administrative expenses | 452,742 | 355,059 |
| | (1,541,482) | (3,283,589) |
| Profit/(Loss) before taxation | | |
| Taxation | 5,250 | 18,375 |
| | (1,546,732) | (3,301,964) |
| Earnings per share - basic and diluted | (0.08) | (0.16) |

The annexed notes 1 to 10 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

| | Un-Audited September 30, 2018 Rupees | Un-Audited September 30, 2017 Rupees |
|--|---|---|
| Profit after taxation | (1,546,732) | (3,301,964) |
| Other comprehensive income | - | - |
| Total comprehensive income/(Loss) | <u>(1,546,732)</u> | <u>(3,301,964)</u> |

The annexed notes 1 to 10 form an integral part of these financial statements.

Chief Executive**Director****Chief Financial Officer**

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

| | Un-Audited September 30, 2018 Rupees | Un-Audited September 30, 2017 Rupees |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before taxation | (1,541,482) | (3,283,589) |
| Adjustments for non-cash items: | | |
| Dividend income | (35,000) | (122,500) |
| Gain/(Loss) on sale of investments | - | 286,085 |
| Change in fair value of investments at fair value through profit or loss | 1,123,740 | 2,764,945 |
| | 1,088,740 | 2,928,530 |
| Operating loss before working capital changes | (452,742) | (355,059) |
| Working capital changes | | |
| Trade deposits & Short Term Prepayments | (708,704) | |
| Accrued and other liabilities | 33,563 | (20,717) |
| Cash used in operations | (1,127,883) | (375,776) |
| Taxes paid | (5,250) | (18,375) |
| Net cash used in operating activities | (1,133,133) | (394,151) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Short term investments acquired | - | (2,000,000) |
| Short term investments redeemed | - | 3,957,589 |
| Dividend received | 35,000 | 122,500 |
| Net cash generated from investing activities | 35,000 | 2,080,089 |
| CASH USED IN FINANCING ACTIVITIES | | |
| Dividend paid | (74,562,101) | - |
| Net increase / (decrease) in cash and cash equivalents | (75,660,234) | 1,685,938 |
| Cash and cash equivalents at beginning of the year | 76,974,797 | 11,556,785 |
| Cash and cash equivalents at end of the year | 1,314,564 | 13,242,723 |

The annexed notes 1 to 10 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY(UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

| | Share capital | Reserve arisen upon de-merger | Unappro- priated profit | Total |
|---|---------------------------|-------------------------------------|-------------------------------|---------------------------|
| ----- Rupees ----- | | | | |
| Balance as at July 1, 2017 (Audited) | 200,914,500 | 165,340,500 | 164,436,654 | 530,691,654 |
| Total comprehensive income for the Quarter ended September 30, 2017 (Un-Audited) | | | | |
| Profit/(Loss) after taxation | - | - | (3,301,964) | (3,301,964) |
| Other comprehensive income | - | - | - | - |
| | - | - | (3,301,964) | (3,301,964) |
| Balance as at September 30, 2017 (Un-Audited) | <u>200,914,500</u> | <u>165,340,500</u> | <u>161,134,690</u> | <u>527,389,690</u> |
| Balance as at July 01, 2018 (Audited) | 200,914,500 | 165,340,500 | 74,938,310 | 441,193,310 |
| Total comprehensive income for the Quarter Ended September 30, 2018 (Un-Audited) | | | | |
| Profit/(Loss) after taxation | - | - | (1,546,732) | (1,546,732) |
| Other comprehensive income | - | - | - | - |
| | - | - | (1,546,732) | (1,546,732) |
| Balance as at September 30, 2018 (Un-Audited) | <u>200,914,500</u> | <u>165,340,500</u> | <u>73,391,578</u> | <u>439,646,578</u> |

The annexed notes 1 to 10 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (Un-Audited)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018****1. THE COMPANY AND ITS OPERATIONS**

SFL Limited (the Company) was incorporated as public limited company on April 26, 2010 and its shares has been listed on Pakistan Stock Exchange Limited. The registered office of the Company is located at 316 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi. The main business of the Company is to invest in the shares of Associated Companies and other business as per the Memorandum of Association of the Company.

2. BASIS OF PREPARATION**2.1 Statement of compliance**

This condensed interim financial information of the company for the first quarter ended Sept 30, 2018 is Un-Audited and has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information is being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange and section 237 of the Act.

2.2 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees, which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest Rupee except stated otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2018.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

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

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

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

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (Un-Audited)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

| | | | | |
|-----------|--|-------------------------|---|---|
| 5. | LONG TERM INVESTMENTS | | Un-audited September 30, 2018 Rupees | Audited June 30, 2018 Rupees |
| | | Note | | |
| | Subsidiary Company- at cost | | | |
| | SFL Corporation (Private) Limited 21,000 (2018: 21,000) ordinary shares of Rs.100 each - cost Equity held: 100% (2018: 100%) | | 2,100,000 | 2,100,000 |
| | Associated Companies- at cost | | 403,716,351 | 403,716,351 |
| | | | 405,816,351 | 405,816,351 |
| 6. | SHORT TERM INVESTMENTS - at fair value through profit or loss | | | |
| | September 30, 2018 | June 30, 2018 | | |
| | - (Number of shares) - | | | |
| | | Listed companies | | |
| | 240,000 | 240,000 | Aisha Steel Mills Limited 3,081,600 | 3,784,800 |
| | 61,500 | 61,500 | Bank Islami Pakistan Limited 792,735 | 734,925 |
| | 30,000 | 30,000 | Engro Corporation Limited 9,348,900 | 9,415,800 |
| | 200,000 | 200,000 | Engro Fertilizers Limited 15,098,000 | 14,982,000 |
| | 35,000 | 35,000 | Habib Bank Limited 5,297,950 | 5,825,400 |
| | | | 33,619,185 | 34,742,925 |

7. CONTINGENCIES AND COMMITMENTS

There was no known contingency and commitment as at September 30, 2018 and June 30, 2018.

8. FINANCIAL RISK MANAGEMENT

8.1 Financial risk factors

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk; - Liquidity risk; and - Market risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management framework.

The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (Un-Audited)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

(a) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. Credit risk mainly arises from long term deposit, short term investments and deposits with banks.

The credit risk on liquid funds maintained with banks and investments in mutual fund and listed companies securities is limited as such banks, funds and companies enjoy reasonably high credit rating. Accordingly, management does not expect any counter party to fail in meeting their obligations.

The maximum exposure to credit risk at the end of the reporting period is as follows:

| | Un-audited September 30, 2018 Rupees | Audited June 30, 2018 Rupees |
|------------------------|---|---|
| Long term deposit | 37,500 | 37,500 |
| Short term investments | 33,619,185 | 34,742,925 |
| Bank balances | 1,314,564 | 76,974,797 |
| | <u>34,971,249</u> | <u>111,755,222</u> |

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as all obligations of the Company are short term in nature and are restricted to the extent of available liquidity. As at reporting date, accrued and other liabilities are the only financial liability of the Company that are due within next twelve months.

(c) Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Foreign exchange risk

Foreign exchange risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to foreign exchange risk as it does not have any foreign currency receivables or payables.

Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

As the Company has no significant interest bearing assets and liabilities the Company's income and operating cash flows are substantially independent of changes in market interest rates.

**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS (Un-Audited)
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market.

The Company's investments in mutual fund and listed securities amounting to Rs. 33,619,185- (2018: Rs.34,742,925-) are exposed to price risk due to changes in fair value of such funds and listed companies.

A change of 1% in fair value of mutual funds and market value of shares at the reporting date would have increased / (decreased) profit before taxation for the year and investments by the amounts shown below.

| | Un-audited September 30, 2018 Rupees | Audited June 30, 2018 Rupees |
|----------------------------------|---|---|
| Effect on profit before taxation | <u>336,192</u> | <u>347,429</u> |
| Effect on investments | <u>336,192</u> | <u>347,429</u> |

9. TRANSACTIONS WITH RELATED PARTIES

There are no significant transactions with related parties during the current period.

10. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on October 29, 2018 by the Board of Directors of the Company.

Chief Executive

Director

Chief Financial Officer

SFL LIMITED

Consolidated Accounts

CONTENTS

| | |
|--|-----------|
| DIRECTOR'S REPORT | 16 |
| DIRECTOR'S REPORT (URDU) | 17 |
| BALANCE SHEET | 18 |
| PROFIT & LOSS ACCOUNT | 19 |
| STATEMENT OF COMPREHENSIVE INCOME | 20 |
| CASH FLOW STATEMENT | 21 |
| STATEMENT OF CHANGES IN EQUITY | 22 |
| NOTES TO THE FINANCIAL STATEMENTS | 23 |

Directors' Report to the Shareholders

On behalf of Board of Directors of Holding Company of **SFL Corporation (Private) Limited**, I am pleased to place before you the Directors' report together with the un-audited Consolidated Financial Statements of SFL Limited and its subsidiary for the quarter ended September 30, 2018.

SFL Corporation (Private) Limited

The Company was incorporated for the purpose given in the object clause of the Memorandum of Association which includes purchase and holding shares in other company having objects altogether or in part similar to those of this company. The company has started its operations and is looking forward for profitable avenues for the future growth of the company.

On behalf of the Board

Karachi
Dated: October 29, 2018

| | |
|----------------------|------------------------|
| AMER ABDULLAH | YOUSUF ABDULLAH |
| CHIEF EXECUTIVE | DIRECTOR |

ڈائریکٹرز رپورٹ برائے حصص یافتگان

ایس ایف ایل کارپوریشن (پرائیویٹ) لمیٹڈ کی ہولڈنگ کمپنی کے ڈائریکٹران نہایت مسرت کے ساتھ ایس ایف ایل لمیٹڈ اور اس کے ماتحت ادارے ایس ایف ایل کارپوریشن (پرائیویٹ) لمیٹڈ کی 30 ستمبر 2018 کو اختتام پذیر ہونے والی پہلی سہ ماہی کی غیر آڈٹ شدہ یکجا مالیاتی تفصیلات آپ کے سامنے پیش کر رہے ہیں۔

ایس ایف ایل کارپوریشن (پرائیویٹ) لمیٹڈ کا وجود اس مقصد کے تحت ہوا ہے جو اس کی ایسوی ایشن کی یادداشت میں دیئے گئے ہیں جن میں شامل ہے ان کمپنیوں کے حصص کا حصول اور خریداری جن کا مقصد کم و بیش اسی کمپنی جیسا ہے۔ کمپنی نے اپنی سرگرمیاں انجام دینا شروع کر دی ہیں اور مستقبل کی ترقی کے لئے منافع بخش راستے نکال رہے ہیں۔

بورڈ کی جانب سے

عامر عبداللہ
چیف ایگزیکٹو

یوسف عبداللہ
ڈائریکٹر

کراچی۔
تاریخ: 29 اکتوبر 2018ء

**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER 30, 2018**

| | Note | Un-Audited September 30, 2018 Rupees | Audited June 30 , 2018 Rupees |
|---|------|---|--|
| ASSETS | | | |
| Non current assets | | | |
| Long term investments | 5 | 2,912,948,615 | 2,882,864,951 |
| Long term deposit | | 37,500 | 37,500 |
| | | <u>2,912,986,115</u> | <u>2,882,902,451</u> |
| Current assets | | | |
| Short term investments | 6 | 33,619,185 | 34,742,925 |
| Trade deposits and short term prepayments | | 708,704 | |
| Dividend receivable | | - | - |
| Taxation - Net | | 954 | 954 |
| Bank balances - current accounts | | 3,404,308 | 79,064,541 |
| | | <u>37,733,151</u> | <u>113,808,420</u> |
| Total assets | | <u>2,950,719,266</u> | <u>2,996,710,871</u> |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorized Capital 20,200,000 (June 30, 2018 :20,200,000) ordinary shares of Rs.10 each | | <u>202,000,000</u> | <u>202,000,000</u> |
| Issued, subscribed and paid-up capital 20,091,450 (June 30, 2018 :20,091,450) ordinary shares of Rs.10 each | | 200,914,500 | 200,914,500 |
| Reserves | | 16,636,583 | 47,944,813 |
| Unappropriated profit | | 2,715,923,511 | 2,657,249,704 |
| Total equity | | <u>2,933,474,594</u> | <u>2,906,109,017</u> |
| Liabilities | | | |
| Non current liabilities | | | |
| Deferred taxation | | 15,243,711 | 14,078,607 |
| Current liabilities | | | |
| Accrued and other liabilities | | 733,340 | 693,527 |
| Unclaimed dividend | | 486,782 | 486,782 |
| Unpaid dividend | | 780,839 | 75,342,938 |
| Total liabilities | | <u>17,244,672</u> | <u>90,601,854</u> |
| Contingencies and commitments | 7 | | |
| Total equity and liabilities | | <u>2,950,719,266</u> | <u>2,996,710,871</u> |

The annexed notes 1 to 10 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

Chief Financial Officer

Quarterly Accounts September 30, 2018

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

| | September 30, 2018 | September 30, 2017 |
|--|-----------------------|-----------------------|
| | Rupees | Rupees |
| Revenue | | |
| Dividend income | 35,000 | 122,500 |
| Gain/ (Loss) on sale of investments | - | (286,085) |
| Change in fair value of investments at fair value through profit or loss | (1,123,740) | (2,764,945) |
| | (1,088,740) | (2,928,530) |
| Administrative expenses | 458,992 | 372,599 |
| Profit /(Loss) from operations | (1,547,732) | (3,301,129) |
| Share of Profit/(Loss) of Associated Companies | 58,120,541 | 29,168,229 |
| Profit/ (Loss) before taxation | 56,572,809 | 25,867,100 |
| Taxation | | |
| - Current Year | 5,250 | 18,375 |
| - Deferred | 1,165,104 | 2,042,175 |
| Taxation | 1,170,354 | 2,060,550 |
| Profit/ (Loss) after taxation | 55,402,455 | 23,806,550 |
| Earnings/ (Loss) per share - basic and diluted | 2.76 | 1.18 |

The annexed notes 1 to 10 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

Chief Financial Officer

Quarterly Accounts September 30, 2018

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

| | September 30, 2018 Rupees | September 30, 2017 Rupees |
|--|---------------------------------|---------------------------------|
| Profit/ (Loss) after taxation | 55,402,455 | 23,806,550 |
| Other comprehensive income: | | |
| Share of unrealized gain/(loss) on available for sale investments of Associated Companies | (31,296,456) | (173,259,525) |
| Share of unrealized (loss) / gain on hedging instruments of Associated Companies | (11,774) | 842 |
| | (31,308,230) | (173,258,683) |
| Total comprehensive income/ (Loss) | 24,094,225 | (149,452,133) |

The annexed notes 1 to 10 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

Chief Financial Officer

Quarterly Accounts September 30, 2018

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

| | September 30, 2018 | September 30, 2017 |
|--|-----------------------|-----------------------|
| | Rupees | Rupees |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before taxation | 56,572,809 | 25,867,100 |
| Adjustments for non-cash items: | | |
| Dividend Income | (35,000) | (122,500) |
| Gain/ (Loss) on sale of investments | - | 286,085 |
| Change in fair value of investments at fair value through profit or loss | 1,123,740 | 2,764,945 |
| Share of Profit/ (loss) of Associates | (58,120,541) | (29,168,229) |
| | (57,031,801) | (26,239,699) |
| Operating loss before working capital changes | (458,992) | (372,599) |
| Changes in working capital | (668,891) | (23,697) |
| Cash used in operations | (1,127,883) | (396,296) |
| Taxes paid | (5,250) | (18,376) |
| Net cash used in operating activities | (1,133,133) | (414,672) |
| CASH INFLOW FROM INVESTING ACTIVITIES | | |
| Dividend received | 35,000 | 122,500 |
| Short term investment redeemed | - | 3,957,589 |
| CASH USED IN FINANCING ACTIVITIES | | |
| Dividend paid | (74,562,100) | - |
| Net increase/ (decrease) in cash and cash equivalents | (75,660,233) | 3,665,417 |
| Cash and cash equivalents- at beginning of the Period | 79,064,541 | 11,620,215 |
| Cash and cash equivalents- at end of the period | 3,404,308 | 15,285,632 |

The annexed notes 1 to 10 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

Chief Financial Officer

Quarterly Accounts September 30, 2018

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

| | Reserves | | | | Sub-total | Unappropriated profit | Total |
|--|--------------------|-------------------------------|--|--|-------------------|-----------------------|----------------------|
| | Share capital | Reserve arisen upon de-merger | Share of unrealised gain on available for sale investments of Associated Companies | Share of unrealised gain / (loss) on hedging instruments of Associated Companies | | | |
| ----- Rupees ----- | | | | | | | |
| Balance as at July 1, 2017 (Audited) | 200,914,500 | 165,340,500 | 64,894,461 | 1,023,819 | 231,258,780 | 2,498,866,918 | 2,931,040,198 |
| Total comprehensive Income for the Quarter ended September 30, 2017 | | | | | | | |
| Profit after taxation | - | - | - | - | - | 23,806,550 | 23,806,550 |
| Other comprehensive income / (loss) | - | - | (173,259,525) | 842 | (173,258,683) | - | (173,258,683) |
| | - | - | (173,259,525) | 842 | (173,258,683) | 23,806,550 | (149,452,133) |
| Effect of items directly recorded in equity of Associated Companies | - | - | - | - | - | 3,023,659 | 3,023,659 |
| Balance as at September 30, 2017 (Un-audited) | 200,914,500 | 165,340,500 | (108,365,064) | 1,024,661 | 58,000,097 | 2,525,697,127 | 2,784,611,724 |
| Balance as at July 1, 2018 (Audited) | 200,914,500 | 165,340,500 | (117,805,059) | 409,372 | 47,944,813 | 2,657,249,703 | 2,906,109,016 |
| Total comprehensive Income for the Quarter ended September 30, 2018 | | | | | | | |
| Profit after taxation | - | - | - | - | - | 55,402,455 | 55,402,455 |
| Other comprehensive income / (loss) | - | - | (31,296,456) | (11,774) | (31,308,230) | - | (31,308,230) |
| | - | - | (31,296,456) | (11,774) | (31,308,230) | 55,402,455 | 24,094,225 |
| Effect of items directly recorded in equity of Associated Companies | - | - | - | - | - | 3,271,353 | 3,271,353 |
| Balance as at September 30, 2018 (Un-audited) | 200,914,500 | 165,340,500 | (149,101,515) | 397,598 | 16,636,583 | 2,715,923,511 | 2,933,474,594 |

The annexed notes 1 to 10 form an integral part of this condensed interim consolidated financial information.

Chief Executive

Director

Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018****1. THE GROUP AND ITS OPERATIONS**

- 1.1** The Group consists of SFL Limited (the Parent Company) and its wholly owned Subsidiary Company - SFL Corporation (Private) Limited.
- 1.2** SFL Limited (the Parent Company) was incorporated as public limited company on April 26, 2010 and its shares has been listed on Pakistan Stock Exchange Limited with effect from January 7, 2013. The registered office of the Parent Company is located at 316 - Cotton Exchange Building, I.I. Chundrigar Road, Karachi. The main business of the Parent Company is to invest in the shares of Associated Companies and other business as per the Memorandum of Association of the Parent Company.
- 1.3** SFL Corporation (Private) Limited (the Subsidiary Company) was incorporated in Pakistan on October 4, 2011 as private limited company. The registered office of the Subsidiary Company is located at 307 - Cotton Exchange Building, I. I. Chundrigar Road, Karachi. The Main business of the Subsidiary Company is to invest in the shares and other business activities as per Memorandum of Association of the Subsidiary Company.

2. BASIS OF PREPARATION

This condensed interim consolidated financial information is un-audited and is being submitted to the members in accordance with section 237 of the Companies Act, 2017. It 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 requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

This condensed interim consolidated financial information of the Group does not include all the information required for annual consolidated financial statements and therefore, should be read in conjunction with the audited annual consolidated financial statements of the Group as at and for the year ended June 30, 2018.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of preceding audited annual published financial statements of the Group for the year ended June 30, 2018.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim consolidated financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

During the preparation of this condensed interim consolidated financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the audited annual consolidated financial statements of the Group for the year ended June 30, 2018.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

5. LONG TERM INVESTMENTS

| | Note | Un-audited September 30, 2018 Rupees | Audited June 30, 2018 Rupees |
|---|------|---|---------------------------------------|
| Associated Companies -Equity method | | | |
| Unquoted | | | |
| Sapphire Finishing Mills Limited (SFML) | | | |
| 25,809,000 (June 2018: 25,809,000) ordinary shares of Rs.10 each - cost | | 258,090,000 | 258,090,000 |
| Equity held: 28.05% (June 30,2018: 28.05%) | | | |
| Share of post acquisition profit | | 1,042,802,627 | 1,010,522,974 |
| Dividend received during the period / year | | - | - |
| | | 1,300,892,627 | 1,268,612,974 |
| Sapphire Dairies (Private) Limited (SDL) | | | |
| 7,000,000 (June 2018: 7,000,000) ordinary shares of Rs.10 each - cost | | 70,000,000 | 70,000,000 |
| Equity held: 6.36% (June 30 ,2018: 6.36%) | | | |
| Share of post acquisition losses | | 1,713,796 | 2,960,543 |
| Dividend received during the period / year | | - | - |
| | | 71,713,796 | 72,960,543 |
| Diamond Fabrics Limited (DFL) | | | |
| 4,569,000 (June 2018:4,569,000) ordinary shares of Rs.10 each - cost | | 33,368,238 | 33,368,238 |
| Equity held: 30.69% (June 30, 2018: 30.69%) | | | |
| Share of post acquisition profit | | 1,109,574,882 | 1,122,365,782 |
| Dividend received during the period / year | | - | - |
| | | 1,142,943,120 | 1,155,734,020 |
| Amer Cotton Mills (Private) Limited (ACML) | | | |
| 336,000 (June 30, 2018: 336,000) ordinary shares of Rs.10 each - cost | | 549,305 | 549,305 |
| Equity held: 8.40% (June 30, 2018: 8.40%) | | | |
| Share of post acquisition profit | | 118,025,071 | 115,710,304 |
| Dividend received during the period / year | | - | - |
| | | 118,574,376 | 116,259,609 |
| Amer Tex (Private) Limited (ATL) | | | |
| 790,428 (June 2018: 790,428) ordinary shares of Rs.10 each - cost | | 63,774,203 | 63,774,203 |
| Equity held: 14.41% (June 30, 2018: 14.41%) | | | |
| Share of post acquisition profit | | 75,864,403 | 74,104,869 |
| Dividend received during the period / year | | - | - |
| | | 139,638,606 | 137,879,072 |
| Quoted | | | |
| Reliance Cotton Spinning Mills Limited (RCSML) | | | |
| 557,621 (2018: 557,621) ordinary shares of Rs.10 each - cost | | 37,561,351 | 37,561,351 |
| Equity held: 5.42% (June 30, 2018: 5.42%) | | | |
| Share of post acquisition profit | | 101,624,739 | 94,693,813 |
| Dividend received during the period / year | | - | (836,431) |
| | | 139,186,090 | 131,418,733 |
| | | 2,912,948,615 | 2,882,864,951 |

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

6. SHORT TERM INVESTMENTS

- At fair value through profit or loss

| | | | Un-Audited September 30, 2018 | Audited June 30 , 2018 |
|---------------------------------------|-----------|-----------------------------|--|------------------------------|
| 30-Sep-18 | 30-Jun-18 | | | |
| - (Number of units / shares) - | | | | |
| | | Listed companies | | |
| 30,000 | 30,000 | Engro Corporation Limited | 9,348,900 | 9,415,800 |
| 200,000 | 200,000 | Engro Fertilizer Limited | 15,098,000 | 14,982,000 |
| 61,500 | 61,500 | Bankislami Pakistan Limited | 792,735 | 734,925 |
| 240,000 | 240,000 | Aisha Steel Limited | 3,081,600 | 3,784,800 |
| 35,000 | 35,000 | Habib Bank Limited | 5,297,950 | 5,825,400 |
| | | | 33,619,185 | 34,742,925 |

7. CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies as reported in note 10 to the audited annual consolidated financial statements of the Group for the year ended June 30, 2018.

There was no capital commitment as at September 30, 2018 and June 30, 2018.

8. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

This condensed interim consolidated financial information does not include all financial risk management information and disclosures required in the audited annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statement for the year ended June 30, 2018.

There have been no changes in the risk management policies since the year end.

9. TRANSACTIONS WITH RELATED PARTIES

Equity Investment in 100% Subsidiary -

| | | |
|-------------------------------|---|-----------|
| SFL Corporation (Pvt) Limited | - | 2,000,000 |
|-------------------------------|---|-----------|

10. GENERAL

10.1 Figures have been rounded off to the nearest rupee except stated otherwise.

10.2 This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of the Parent Company on October 29, 2018.

Chief Executive

Director

Chief Financial Officer

BOOK POST

Under Postal Certificate

SFL LIMITED

316, Cotton Exchange Building,
I. I. Chundrigar Road,
Karachi.