

SUHAIL JUTE MILLS LIMITED

BRIEF REVIEW

We are pleased to submit the Condensed Interim Financial Information along with the Auditors Review Report, as at, and for the half-year ended 31 December 2018, to the Members of Suhail Jute Mills Limited.

The Directors are pleased to inform the members that the Merger has finally been completed during the period under Review. To recount, the Merger Petition was filed in February 2013 and the Honorable Lahore High Court issued its order accepting the merger petition and approving the merger in April 2016. However, certain matters ancillary to the merger were finally resolved by virtue of an Order of the Hon Court dated 1 February 2018.

Consequently, all shareholders and specific creditors of the former (Colony) Sarhad Textile Mills Limited allotted shares on 21 December 2017, as per their respective entitlements, deriving from the merger and are now members of Suhail Jute Mills Limited.

During the period under review, the Company also applied to the Central Depository Company to incorporate the revised shareholdings in its capital. This process is ongoing at the date of this Report

Administrative Expenses rose slightly as compared with those incurred in the same period last year but rose by a higher proportion, quarter-on-quarter due to increased inflationary pressures. Financial Costs also rose significantly in the period under review as compared to the same period last year, due to the rise in benchmark rates.

The above results have resulted in a loss per share of RS.4.33 as compared to a loss per share of Rs 4.16 in the comparable period of last year.

There were no adverse observations by the auditors resulting from their review of the Interim Financial Information and the emphasis of matter paragraph reflects factual circumstances and no comment is offered at this time.

Whilst no payout is possible it is hoped that the company's financial restructuring will yield positive results in the future.

We thank all stakeholders for their continued support through these difficult times.

Rawalpindi
25 February 2019


BY ORDER OF THE BOARD
SOHAIL FAROOQ SHAIKH
CHIEF EXECUTIVE

SUHAIL JUTE MILLS LIMITED

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE MEMBERS OF SUHAIL JUTE MILLS LIMITED

Introduction

We have reviewed the accompanying balance sheet of Suhail Jute Mills Limited as of December 31, 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity for the half year then ended and a summary of significant accounting policies and selected notes (Here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and fair presentation of the condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

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 information 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of (or "does not present fairly, in all material respects") the financial position of the entity as at December 31, 2018, and of its financial performance and its cash flows for the Half year period then ended in accordance with approved accounting standards as applicable in Pakistan.

Emphasis of matter paragraph

Management has made an assessment of the Company's ability to continue as a going concern and have concluded that the financial statements as at 31 December, 2018 are to be presented on a realizable net assets' basis instead of on a going concern basis.

Place: Islamabad.

Dated: 25-02-2019

HORWATH HUSSAIN CHAUDHURY & CO.
(CHARTERED ACCOUNTANTS)

SUHAIL JUTE MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2018

	NOTE	31.12.2018	30.06.2018
		Rupees	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
AUTHORIZED CAPITAL			
(5,000,000 ordinary shares of Rs. 10 each)			
		50,000,000	50,000,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
(4,332,819 ordinary shares of Rs. 10 each)	6	43,328,190	43,328,190
Reserves	7	(784,122,287)	(767,268,915)
Merger reserves		196,362,085	196,362,085
Surplus on revaluation of property, plant and equipment	8	1,340,385,754	1,342,300,767
		795,953,743	814,722,127
LIABILITIES			
Staff retirement benefits	9	5,720,034	5,720,034
Trade and others payable		163,984,126	158,503,488
Accrued mark-up		54,086,276	54,086,276
Short term borrowings	10	362,966,208	351,467,670
		586,756,644	569,777,468
CONTINGENCIES AND COMMITMENTS			
		1,382,710,386	1,384,499,596
ASSETS			
Cash and bank balances	11	607,218	227,223
Short term investment		3,638,090	3,523,577
Advances deposits and prepayments	12	5,226,593	5,216,800
Stores and spare parts	13	1,937,657	1,937,657
Stock in trade- Raw material		824,389	824,389
Long term investment		190,000	190,000
Long term security deposit		262,482	262,482
Property, plant and equipment	14	1,370,023,957	1,372,317,468
		1,382,710,386	1,384,499,596
		1,382,710,386	1,384,499,596

The annexed notes 1 to 16 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

SUHAIL JUTE MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED DECEMBER 31, 2018

	Half year ended	Quarter ended
	31.12.2018	31.12.2017
	Rupees	
INCOME		
Sales		
EXPENDITURE		
Administrative expenses	(16,497,951)	(16,429,673)
Financial cost	(3,446,051)	(1,960,903)
Other income	1,175,617	351,268
Loss before taxation	(18,768,385)	(18,039,308)
Taxation		
Loss after taxation	(18,768,385)	(18,039,308)
		(8,590,351)
		(8,057,851)
LOSS PER SHARE	(4.33)	(4.16)
		(2.29)
		(1.86)

The annexed notes 1 to 16 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2018

Particulars	Issued subscribed and paid up Share capital	Revenue reserve					Surplus on revaluation of property, plant and equipment	Merger reserve	Total
		General reserves	Dividend equalization reserve	Fair value reserve	Accumulated Loss	Total			
Balance as at June 30, 2017	37,450,000	3,380,000	7,490,000	1,251,607	(745,251,742)	(733,130,135)	1,315,194,265	202,240,275	821,754,405
Shares issued against merger 1,087,819 shares @ Rs.10 each	10,878,190	-	-	-	-	-	-	-	10,878,190
Shares cancelled 500,000 @ Rs.10 each	(5,000,000)	-	-	-	-	(5,000,000)	-	-	(5,000,000)
Adjustment against merger reserve	-	-	-	-	-	-	-	(5,878,190)	(5,878,190)
Total comprehensive loss for the year	-	-	-	-	(18,039,308)	(18,039,308)	-	-	(18,039,308)
Effect of incremental depreciation	-	-	-	-	2,125,348	2,125,348	(2,125,348)	-	-
Balance as at December 31, 2017	43,328,190	3,380,000	7,490,000	1,251,607	(761,165,702)	(749,044,095)	1,313,068,917	196,362,085	803,715,097
Total comprehensive loss for the year	-	-	-	-	(20,350,167)	(20,350,167)	-	-	(20,350,167)
Revaluation gain	-	-	-	-	-	-	31,357,198	-	31,357,198
Effect of incremental depreciation	-	-	-	-	2,125,348	2,125,348	(2,125,348)	-	-
Balance as at June 30, 2018	43,328,190	3,380,000	7,490,000	1,251,607	(779,390,522)	(767,268,915)	1,342,300,767	196,362,085	814,722,127
Total comprehensive loss for the period	-	-	-	-	(18,768,385)	(18,768,385)	-	-	(18,768,385)
Effect of incremental depreciation	-	-	-	-	1,915,014	1,915,014	(1,915,014)	-	-
Balance as at December 31, 2018	43,328,190	3,380,000	7,490,000	1,251,607	(796,243,894)	(784,122,287)	1,340,385,754	196,362,085	795,953,743

The annexed notes 1 to 16 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

SUHAIL JUTE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2018

	Half year ended		Quarter ended	
	NOTE 31.12.2018	31.12.2017	31.12.2018	31.12.2017
Net loss for the period	(18,768,385)	(18,039,308)	(8,590,351)	(8,057,851)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	(18,768,385)	(18,039,308)	(8,590,351)	(8,057,851)

The annexed notes 1 to 16 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

SUHAIL JUTE MILLS LIMITED

SUHAIL JUTE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOW FOR THE PERIOD ENDED DECEMBER 31, 2018

	Half year ended	
	31.12.2018	31.12.2017
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period	(18,768,385)	(18,039,308)
Adjustment for non cash items		
Depreciation	2,249,127	2,505,505
Gain on sale of motor vehicle	(1,175,617)	(279,268)
Financial charges	3,446,051	1,960,903
	4,519,561	4,187,140
Operating loss before changes in working capital	(14,248,824)	(13,852,168)
Adjustments for Working capital changes:		
(Increase)/decrease in current assets		
Stores and spare parts		2,786
Advances, deposits, prepayments and other receivables	(9,793)	232,116
(Increase)/decrease in current liabilities		
Trade and other payables	5,480,638	5,542,983
Cash generated from/(used in) operations	(8,777,979)	(8,074,283)
Financial charges paid	(3,446,051)	(1,960,903)
Net cash flows from / (used in) operating activities	(12,224,030)	(10,035,186)
CASH FLOW FROM INVESTING ACTIVITIES		
Short term investments	(114,515)	(87,903)
Sale proceeds from disposal of motor vehicle	1,220,000	305,000
Net cash flow from investing activities	1,105,487	217,097
CASH FLOW FROM FINANCING ACTIVITIES		
Loan received from directors	11,498,538	10,193,905
Net cash generated from financing activities	11,498,538	10,193,905
Net decrease in cash and cash equivalents	379,995	375,816
Cash and cash equivalents at the beginning of the half year	227,223	161,525
Cash & cash equivalents at the end of the half year	607,218	537,341

The annexed notes 1 to 16 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

SUHAIL JUTE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED DECEMBER 31, 2018

- LEGAL STATUS AND OPERATIONS**
Suhail Jute Mills Limited (the Company) was incorporated in Pakistan in 1981 as a public limited Company under the Companies Act, 1913 (now Companies Act, 2017). Its shares are quoted on Pakistan stock exchanges in Pakistan. The Company is principally engaged in the business of manufacturing and sale of jute products. The registered office of the Company is situated at 14-B, Civil Lines, Rawalpindi, while the production facilities are situated at Kabul River Railway Station, Mardan Road, Nowshera, Khyber Pakhtunkhwa.
- MERGER OF SUHAIL JUTE MILLS LIMITED AND (COLONY) SARHAD TEXTILE MILLS LIMITED**
The merger of formerly (Colony) Sarhad Textile Mills Limited (CSTM) with and into the Company, was made in pursuance of the court order sanctioning the scheme of arrangement for merger, whereby the entire undertaking of CSTM, including all properties, assets, liabilities, rights and obligations of CSTM as at June 30, 2012 were merged with and vest in the Company in consideration for issue of 150,050 fully paid ordinary shares to the shareholders of CSTM which rank Pari passu with the existing shares of the Company.
- BASIS OF PREPARATION OF FINANCIAL STATEMENTS**
Keeping in view the above factors the management of the Company decided to prepare these financial statements on the basis of estimated realizable / settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in the order of liquidity.
- STATEMENT OF COMPLIANCE**
These condensed interim financial information of the company for the six months period ended 1st July, 2018 to December 31, 2018 have been prepared in accordance with the requirements of the International accounting standards IAS 34-Interim Financial Reporting and provisions and the directives issued under the companies Act, 2017. In case where the requirements differ, the provisions of or directives issued under the Companies Act 2017 has been followed. These condensed financial interim financial information should be read in conjunction with the financial statements for the year ended June 30, 2018 which has been prepared with approved accounting standards as applicable in Pakistan.
- SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**
The accounting policies adopted for the preparation of these financial statements are the same as those applied in preparation of preceding published financial statements of the company for the year ended June 30, 2018 and quarter ended September 30, 2018.

SUHAIL JUTE MILLS LIMITED

SUHAIL JUTE MILLS LIMITED

Note 31.12.2018 30.06.2018
Rupees

	31.12.2018	30.06.2018
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
(3,245,000 ordinary shares of Rs. 10 each)	32,450,000	32,450,000
Cancelled ordinary shares of Rs. 10 each issued for consideration other than cash		5,000,000
Cancelled ordinary shares of Rs. 10 each issued for consideration other than cash	10,878,190	(5,000,000)
Issued against merger	43,328,190	43,328,190

	31.12.2018	30.06.2018
RESERVES		
General reserve	3,380,000	3,380,000
Dividend equalization reserve	7,490,000	7,490,000
Capital reserve	1,251,607	1,251,607
Accumulated loss	(796,243,894)	(779,390,522)
	(784,122,287)	(767,268,915)

	31.12.2018	30.06.2018
SURPLUS OF REVALUATION OF FIXED ASSETS		
Free hold land	1,262,734,609	1,220,734,609
Building	64,357,198	75,000,000
Plant and machinery	123,273,000	123,273,000
	1,450,364,807	1,419,007,609

	31.12.2018	30.06.2018
Surplus / (deficit) on revaluation made during the year		
Free hold land	-	42,000,000
Building	1,450,364,807	(10,642,802)
Plant and machinery	(109,979,053)	(108,064,040)
Depreciation	1,340,385,754	1,342,300,767

	31.12.2018	30.06.2018
TRADE AND OTHER PAYABLES		
Creditors	23,312,401	23,488,209
Accrued expenses	53,043,814	49,557,853
Security deposits	1,600	1,600
Customer's advances	3,400,000	3,400,000
Workers' (profit) participation fund	47,799,143	45,748,891
Workers' welfare fund	269,503	269,503
Unclaimed dividend	384,359	384,359
Other tax payable	220,419	219,246
Taxation	500,000	500,000
Others	2,938,412	2,938,864
Employees retirement benefits	32,109,476	31,994,963
	163,984,126	158,503,488

	31.12.2018	30.06.2018
9.1 Worker's (Profit) Participation fund		
Opening balance	45,748,891	42,013,859
Interest for the year	2,050,252	3,735,032
	47,799,143	45,748,891

	31.12.2018	30.06.2018
SHORT TERM BORROWINGS		
Faysal Bank	128,809,828	128,809,828
Al-Baraka Islamic Bank	30,000,000	30,000,000
Suhail Farooq Sharikh	204,156,380	192,657,842
	362,966,208	351,467,670

	31.12.2018	30.06.2018
CASH AND BANK BALANCES		
Cash in hand	48,433	39,071
Cash at banks	558,785	188,151
	607,218	227,223

	31.12.2018	30.06.2018
ADVANCES AND OTHER RECEIVABLE		
- Employees	279,598	279,598
- Expenses	118,812	17,304
Deposits	501,940	501,940
Prepayments	2,550,000	216,322
Sarhad Development Authority	1,773,669	2,550,000
Advance income tax	2,574	1,646,604
Other receivables - considered good	5,226,593	5,032
	5,226,593	5,216,800

	31.12.2018	30.06.2018
STORES AND SPARES		
Stores	7,619,067	7,619,067
Spares	2,103,331	2,103,331
Prov for obsolete	(7,784,741)	(7,784,741)
	1,937,657	1,937,657

	31.12.2018	30.06.2018
PROPERTY PLANT AND EQUIPMENT		
Opening written down value	1,372,317,468	1,345,997,035
Disposal	(44,383)	(25,732)
Revaluation	1,372,273,085	1,377,328,501
Depreciation for the period / year	(2,249,127)	(5,011,033)
	1,370,023,957	1,372,317,468

15 RELATED PARTY TRANSACTIONS
Related parties comprise of Directors, key management personals and entities over which Directors are able to exercise significant influence and employee funds. Following are related party transactions of the Company for the period.

	31.12.2018	30.06.2018
Gratuity expense charged		638,737
LOAN FROM MANAGING DIRECTOR		
Loan Received	11,498,538	22,391,880

16 DATE OF AUTHORIZATION OF ISSUE
The financial statements are authorized for issue on 25th February, 2019 by the Board of Directors of the Company

CHIEF EXECUTIVE DIRECTOR

DIRECTOR