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 2020, to the Members of Suhail Jute Mills Limited.

Administrative Expenses as compared with those incurred in the same 6 Month period last year rose due to increased inflationary pressures. There was no 'other operative income' for the period and the above results have resulted in a loss per share of Rs.5.28 [redacted] as compared to a loss per share Rs.5.11 [redacted] in the comparable period of last year.

In the absence of any revenue, all expenditure was met by funds received from the Chief Executive, who is also the principal shareholder of the Company.

There were no adverse observations by the auditors resulting from their review of the Interim Financial Information. The emphasis of matter paragraph reflects factual circumstances as the Company continues to present its accounts on a realizable net assets basis in the absence of revival of commercial production.

Efforts are continuing to dispose off assets to raise working capital and pay off debts but have not materialized as yet. It is not possible to provide any forecast of company operations till working capital becomes available after the sale of assets.

In view of the non-operational status of the Company no payout to shareholders is possible at this time

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

BY ORDER OF THE BOARD

SOHAIL FAROOQ SHAIKH
CHIEF EXECUTIVE

Rawalpindi
24 February 2021

SUHAIL JUTE MILLS LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF SUHAIL JUTE MILLS LIMITED

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Suhail Jute Mills Limited as at 31 December, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of 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.

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 Auditors 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.

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 December 31, 2020 are to be presented on a realizable net assets' basis instead of on a going concern basis.

Conclusion

Based on our review, 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.

The engagement partner on the audit resulting in this independent auditor's review report is Mr. Chaudhury Ahmed Habib (FCA).

Place: Islamabad
Dated: 23 February 2021

Crowe Hussain Chaudhury & Co.
Chartered Accountants

SUHAIL JUTE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2020

	Note	Un-Audited 31-Dec-20	Audited 30-Jun-20
		---- Pak Rupees ----	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share 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)	4	43,328,190	43,328,190
Reserves	5	(866,889,237)	(845,820,788)
Merger reserve		196,362,085	196,362,085
Surplus on revaluation of property, plant and equipment	6	1,332,966,050	1,334,761,894
		705,767,088	728,631,381
CURRENT LIABILITIES			
Staff retirement benefits	7	7,178,018	7,178,018
Trade and other payables	8	187,493,929	181,469,883
Accrued mark-up		54,086,276	54,086,276
Unclaimed dividend		384,359	384,359
Loan from directors		222,862,742	209,270,558
Short term borrowings - secured	9	194,155,979	192,836,639
Provision for taxation	10	-	-
		666,161,302	645,225,732
		1,371,928,390	1,373,857,113
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,361,351,550	1,363,440,743
Long term investment	12	190,000	190,000
		1,361,541,550	1,363,630,743
CURRENT ASSETS			
Cash and bank balances	13	1,484,258	1,542,788
Advances, deposits, prepayments and other receivables	14	5,894,839	5,675,840
Stores and spare parts	15	1,920,872	1,920,872
Stock in trade	16	824,389	824,389
Long term security deposits	17	262,482	262,482
		10,386,840	10,226,370
		1,371,928,390	1,373,857,113
CONTINGENCIES AND COMMITMENTS	18		

AUDITORS' REPORT ANNEXED:

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE | CHIEF FINANCE OFFICER | DIRECTOR

SUHAIL JUTE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR HALF YEAR ENDED DECEMBER 31, 2020

	Note	Six Months ended 31-Dec-20	Six Months ended 31-Dec-19	Three months ended 31-Dec-20	Three months ended 31-Dec-19
		---- Pak Rupees ----		---- Pak Rupees ----	
Sales		-	-	-	-
Cost of sales		-	-	-	-
Gross profit / (loss)		-	-	-	-
Administrative expenses	19	(19,034,130)	(18,522,468)	(9,309,854)	(9,084,940)
Finance cost	20	(3,840,163)	(3,628,840)	(1,915,458)	(1,813,153)
Other operative income	21	10,000	-	-	-
Loss before taxation		(22,864,293)	(22,151,308)	(11,225,312)	(10,898,093)
Income tax expense	10	-	-	-	-
Loss after taxation		(22,864,293)	(22,151,308)	(11,225,312)	(10,898,093)
Loss per share - basic and diluted	22	(5.28)	(5.11)	(2.59)	(2.52)

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE | CHIEF FINANCE OFFICER | DIRECTOR

SUHAIL JUTE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR HALF YEAR ENDED DECEMBER 31, 2020

	Six months ended		Three months ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	---- Pak Rupees ----		---- Pak Rupees ----	
Loss after taxation	(22,864,293)	(22,151,308)	(11,225,312)	(10,898,093)
Other comprehensive income for the year				
Actuarial gain on re-measurement of staff retirement benefit	-	-	-	-
Total comprehensive loss for the year	(22,864,293)	(22,151,308)	(11,225,312)	(10,898,093)

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE | CHIEF FINANCE OFFICER | DIRECTOR

SUHAIL JUTE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR HALF YEAR ENDED DECEMBER 31, 2020

	Note	31-Dec-20	31-Dec-19
		---- Pak Rupees ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(22,864,293)	(22,151,308)
Adjustments for:			
Financial charges	20	3,840,163	3,628,840
Depreciation	11	2,089,193	2,167,044
		(16,934,937)	(16,355,424)
Working capital changes:			
(Increase) / decrease in current assets			
Advances, deposits, prepayments and other receivables	14	(219,000)	8,024
Increase / (decrease) in current liabilities			
Trade and other payables	10	6,024,046	4,300,839
		5,805,046	4,308,863
Cash used in operations		(11,129,891)	(12,046,561)
Financial charges paid		(3,840,163)	(3,628,840)
Net cash used in operating activities		(14,970,054)	(15,675,401)
CASH FLOWS FROM INVESTING ACTIVITIES			
Short term investment		-	3,752,309
Net cash flows generated from investing activities		-	3,752,309
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings	11	1,319,340	-
Loan from directors		13,592,184	13,557,617
Net cash generated from financing activities		14,911,524	13,557,617
Net (decrease)/ increase in cash and cash equivalents during the year		(58,530)	1,634,525
Cash and cash equivalents at the beginning of the period		1,542,788	279,980
Cash and cash equivalents at the end of the period	13	1,484,258	1,914,504

The annexed notes from 1 to 28 form an integral part of these financial statements.

CHIEF EXECUTIVE | CHIEF FINANCE OFFICER | DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Issued, subscribed and paid-up share capital	Revenue reserves: General reserve	Revenue reserves: Dividend equalization reserve	Revenue reserves: Fair value reserve	Revenue reserves: Accumulated loss	Revenue reserves: Total	Surplus on revaluation of Fixed assets	Merger reserve	Total
	Pak Rupees								
BALANCE AS AT JULY 01, 2019	43,328,190	3,380,000	7,490,000	1,251,607	(816,364,183)	(804,242,576)	1,338,470,743	196,362,085	773,918,442
Total comprehensive loss for half year	-	-	-	-	(22,151,308)	(22,151,308)	-	-	(22,151,308)
Effect of incremental depreciation	-	-	-	-	1,854,425	1,854,425	(1,854,425)	-	-
BALANCE AS AT DECEMBER 31, 2019	43,328,190	3,380,000	7,490,000	1,251,607	(836,661,066)	(824,539,459)	1,336,616,318	196,362,085	751,767,134
BALANCE AS AT JULY 01, 2020	43,328,190	3,380,000	7,490,000	1,251,607	(857,942,396)	(845,820,788)	1,334,761,893	196,362,085	728,631,380
Total comprehensive loss for half year	-	-	-	-	(22,864,293)	(22,864,293)	-	-	(22,864,293)
Effect of incremental depreciation	-	-	-	-	1,795,844	1,795,844	(1,795,844)	-	-
BALANCE AS AT DECEMBER 31, 2020	43,328,190	3,380,000	7,490,000	1,251,607	(879,010,845)	(866,889,237)	1,332,966,049	196,362,085	705,767,088

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE | CHIEF FINANCE OFFICER | DIRECTOR

SUHAIL JUTE MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR HALF YEAR ENDED DECEMBER 31, 2020

1. 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.

The production facilities are situated at Kabul River Railway Station, Mardan Road, Nowshera, Khyber Pakhtunkhwa and GT road, Nowshera, Khyber Pakhtunkhwa consisting of 872 Kanals 3 Marlas and 744 kanals 2 Marlas piece of land respectively.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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.

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

The disclosures in the condensed interim financial statements do not include the information reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended 30 June 2020. Comparative statement of financial position is extracted from audited annual financial statements as of 30 June 2020 whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are stated from un-audited condensed interim financial statements for the six months period ended 31 December 2019.

These condensed interim financial statements are un-audited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of Pakistan Stock Exchange.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim financial statements and financial risk management policy are the same as those applied in preparation of audited annual financial statements for the year ended 30 June 2020.

4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

There is no change in authorized and issued, subscribed and paid up share capital of the Company from 30 June, 2020.

	Note	Un-Audited 31-Dec-20	Audited 30-Jun-20
		Pak Rupees	
5 RESERVES			
General reserve	5.1	3,380,000	3,380,000
Dividend equalization reserve	5.2	7,490,000	7,490,000
Fair value reserve		1,251,607	1,251,607
Accumulated loss		(879,010,845)	(857,942,396)
		(866,889,237)	(845,820,788)

5.1 This represents amount transferred to the general reserve from Reserve for Participation Term Certificates (PTC) for contingencies created in year 1992.

5.2 This represents the reserve for the purpose of cash and stock dividend at 20 percent of the issued share capital proposed in 1992, but not approved by the shareholders.

6 SURPLUS ON REVALUATION OF FIXED ASSETS

This represents the surplus arising from the revaluation of assets which is amortized over the useful lives of corresponding assets.

	Note	Un-Audited 31-Dec-20	Audited 30-Jun-20
		Pak Rupees	
Opening balance			
Free hold land		1,262,734,609	1,262,734,609
Building		64,357,198	64,357,198
Plant and machinery		123,273,000	123,273,000
		1,450,364,807	1,450,364,807
Surplus /(deficit) on revaluation made during the year			
Free hold land		-	-
Building		-	-
Plant and machinery		-	-
		-	-
Accumulated depreciation		(117,398,757)	(115,602,913)
		1,332,966,050	1,334,761,894

Revaluation of free hold land, building on free hold land and plant and machinery of the Company was carried out on January 26, 2017 by an independent valuer, BFA (Private) Limited, under the market value basis. Previously, the revaluation of free hold land, and plant and machinery of the Company was carried out on June 30, 2011 prior to that the free hold land of the Company was revalued in 1992 and 2008, whereas the buildings on free hold land and plant and machinery were revalued in 1995 and 2008.

	Note	Un-Audited 31-Dec-20	Audited 30-Jun-20
7 STAFF RETIREMENT BENEFITS		Pak Rupees	
Staff retirement benefit	-7.1	5,875,177	5,875,177
Deferred liabilities - staff gratuity		1,302,841	1,302,841
		7,178,018	7,178,018
8 TRADE AND OTHER PAYABLES			
Creditors		22,408,191	22,896,772
Accrued expenses	8.1	71,311,468	67,268,580
Security deposits		1,600	1,600
Advances from customers		3,400,000	3,400,000
Workers' profit participation fund	8.2	56,684,707	54,250,707
Workers welfare fund		269,503	269,503
Other taxes payable		1,007,130	969,606
Others		2,689,516	2,691,301
Payable to employees retirement benefits	8.3	29,721,814	29,721,814
		187,493,929	181,469,883

SUHAIL JUTE MILLS LIMITED

8.1 This includes an amount payable to director of the company on account of remuneration of Rs. 63,144,965 and godown rent of Rs. 2,981,800.

	Note	Un-Audited 31-Dec-20	Audited 30-Jun-20
		Pak Rupees	
8.2 Worker's (Profit) Participation fund			
Opening balance		54,250,707	49,815,967
Interest on funds utilized by the Company	8.2.1	2,434,000	4,434,740
		56,684,707	54,250,707

8.2.1 Interest on funds utilized by the Company is charged at KIBOR + 2.5%.

	Note	Un-Audited 31-Dec-20	Audited 30-Jun-20
8.3 Payable to employees retirement benefits			
Gratuity payable	8.3.1	28,471,386	28,471,386
Provident fund payable	8.3.2	1,250,428	1,250,428
		29,721,814	29,721,814

8.3.1 This represent gratuity payable to 301 employees who left after the floods in July, 2010.

8.3.2 This represents balance of the amount payable to employees that has arisen as result of the discontinuation of the provident fund of the company.

	Note	Un-Audited 31-Dec-20	Audited 30-Jun-20
9 SHORT TERM BORROWINGS		Pak Rupees	
From banking companies- Secured			
Faisal Bank Limited	9.1	128,809,828	128,809,828
AL Baraka Islamic Bank Limited	9.2	30,000,000	30,000,000
Bridge Finance facility		35,346,151	34,026,811
		194,155,979	192,836,639
9.1 Faisal Bank Ltd			
Running finance facility	9.1.1	127,885,528	127,885,528
Finance against imported merchandise	9.1.2	924,300	924,300
		128,809,828	128,809,828

9.1.1 Running finance facility of Rs. 128.55 million was sanctioned in June, 2011 and is payable on demand. The facility had been obtained to meet working capital requirements. The rate of mark up is 3 months KIBOR plus 2.91 percent per annum.

The facility is secured against first exclusive hypothecation charge for Rupees 100 million on all present and future current assets of the Company and pari passu charge for Rs. 280 million on fixed assets of Company including land, building and plant and machinery.

9.1.2 Finance against imports facility of Rs. 20 million had been obtained to finance import of raw material, and is payable on demand. The rate of mark up is 3 months KIBOR plus 2.91 percent per annum.

The facility is secured against pledge of imported goods in factory godown amounting to Rs. 1,027,000 with built in margin under custody of bank's appointed Maccadum and lien over shipping documents.

9.2 **AL Baraka Islamic Bank**

The Company has drawn down Rs. 30 million out of total facility of Rs. 30 million sanctioned in October, 2011. It carries mark up at the rate 6 months KIBOR plus 2.5 percent per annum (if paid within 180 days) and 3 months KIBOR plus 3 percent per annum (if paid within 90 days). This facility has expired in June, 2012.

This facility is also secured against First Pari Passu charge over entire present and future fixed assets of the Company including free hold land and building on free hold land.

The court on petition filed by the Bank ordered a decree in favor of the bank.

10 PROVISION FOR TAXATION

No provision for current taxation has been made due to the reason that the Company has no taxable income. Turnover tax under section 113 of Income Tax Ordinance, 2001 does not apply as the Company has no turnover during the year.

Deferred tax asset is not recognized in the financial statements because the Company has sufficient tax losses available and it is probable that the Company will not be able to utilize deductible temporary differences in near future.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR HALF YEAR ENDED DECEMBER 31, 2020

11 PROPERTY, PLANT AND EQUIPMENT

Particulars	Free hold land	Building on freehold land	Plant and machinery	Furniture and fixtures	Office equipment	Motor vehicles	Library books	Total
	---	---	---	Pak Rupees	---	---	---	---
Year ended June 30, 2020								
Opening net book value	1,232,316,197	75,784,274	57,753,205	456,268	1,254,681	210,125	80	1,367,774,830
Cost	1,232,316,197	100,981,054	89,325,730	4,521,885	12,189,978	4,386,865	60,723	1,443,782,432
Accumulated depreciation	-	(25,196,780)	(31,572,525)	(4,065,617)	(10,935,297)	(4,176,740)	(60,643)	(76,007,602)
For the year:								
Additions	-	-	-	-	-	-	-	-
Surplus on revaluation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Depreciation charge	-	(2,273,528)	(1,847,415)	(45,627)	(125,468)	(42,025)	(24)	(4,334,087)
As at June 30, 2020								
Cost	1,232,316,197	100,981,054	89,325,730	4,521,885	12,189,978	4,386,865	60,723	1,443,782,432
Accumulated depreciation	-	(27,470,308)	(33,419,940)	(4,111,244)	(11,060,765)	(4,218,765)	(60,667)	(80,341,689)
Net book value -June 2020	1,232,316,197	73,510,746	55,905,790	410,641	1,129,213	168,100	56	1,363,440,743
Half Year ended June 30, 2020								
Opening net book value	1,232,316,197	73,510,746	55,905,790	410,641	1,129,213	168,100	56	1,363,440,743
Cost	1,232,316,197	100,981,054	89,325,730	4,521,885	12,189,978	4,386,865	60,723	1,443,782,432
Accumulated depreciation	-	(27,470,308)	(33,419,940)	(4,111,244)	(11,060,765)	(4,218,765)	(60,667)	(80,341,689)
For the year:								
Additions	-	-	-	-	-	-	-	-
Surplus on revaluation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Cost	1,232,316,197	100,981,054	89,325,730	4,521,885	12,189,978	4,386,865	60,723	1,443,782,432
Accumulated depreciation	-	(27,470,308)	(33,419,940)	(4,111,244)	(11,060,765)	(4,218,765)	(60,667)	(80,341,689)
Depreciation charge	-	(1,102,661)	(892,721)	(20,532)	(56,461)	(16,810)	(8)	(2,089,193)
As at December 31, 2020								
Cost	1,232,316,197	100,981,054	89,325,730	4,521,885	12,189,978	4,386,865	60,723	1,443,782,432
Accumulated depreciation	-	(28,572,969)	(34,312,661)	(4,131,776)	(11,117,226)	(4,235,575)	(60,675)	(82,430,882)
Net book value -December 2020	1,232,316,197	72,408,085	55,013,069	390,109	1,072,752	151,290	48	1,361,351,550
Depreciation rate	-	1.5% - 3%	3% - 15%	10%	10%	20%	30%	

		Note	Un-Audited 31-Dec-20	Audited 30-Jun-20
			Pak Rupees	Pak Rupees
12	**LONG TERM INVESTMENTS**			
	Available for sale investment - Unquoted			
	Farooq Energy Company Private Limited			
	190 shares (2020: 190) of Rs 1,000 each		190,000	190,000
13	**CASH AND BANK BALANCES**			
	Cash in hand		28,103	24,473
	Cash at banks:			
	- in current accounts		1,456,155	1,518,315
			1,484,258	1,542,788
14	**ADVANCES DEPOSITS PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances - considered good			
	- Employees		279,598	279,598
	- Expenses		273,135	14,784
	Deposits		501,940	501,940
	Prepayments		-	176,487
	Sarhad Development Authority		2,550,000	2,550,000
	Income tax withheld (Refundable)		2,287,274	2,148,275
	Other receivables - considered good		2,892	4,756
			5,894,839	5,675,840
15	**STORES AND SPARES**			
	Stores		7,606,317	7,606,317
	Spares		2,099,296	2,099,296
			9,705,613	9,705,613
	less: Provision for obsolescence		(7,784,741)	(7,784,741)
			1,920,872	1,920,872
16	**STOCKS IN TRADE**			
	Raw materials		824,389	824,389
17	**LONG TERM SERCURITY DEPOSITS**			
	Sui Northern Gas Pipeline Limited		30,000	30,000
	Office building security		232,482	232,482
			262,482	262,482

18 **CONTINGENCIES AND COMMITMENTS**

18.1 The Sarhad Development Authority has filed an appeal in Peshawar High Court against the decision made in the civil suit (No. 180/1) on May 26, 2011 in favor of Suhail Jute Mills Limited for the recovery of an amount of Rs. 2,550,000 against surrender of land measuring six acres situated at Gadoon Industrial Estate, Khyber Pakhtunkhwa. The Sarhad Development Authority had acknowledged the surrender of land and made a payment of Rs. 1,667,343 after deducting charges of Rs. 882,657 which was returned by the Company with the plea that total amount should be refunded. The Company has also filed an appeal before the District Judge, Peshawar against other pleas related to this issue dismissed in the above decision.

18.2 Income tax demand of Rs. 8,771,178 for the tax year 2010 was raised against the Company under section 161/205 of the Income Tax Ordinance, 2001 which has been remanded back by Commissioner Inland Revenue (appeals) to the Deputy Commissioner Inland Revenue for redetermination of the liability, if any. The proceedings before Deputy Commissioner Inland Revenue has not yet finalized. The management and the tax advisor of the Company do not expect any unfavorable outcome or serious loss to the Company in this case.

18.3 The Company has secured running finance from Faysal Bank and Al Baraka Bank as disclosed in note to the financial statements. These Banks have filed suits for recovery of all outstanding over due principal and markup amount. In case of Faysal Bank the proceedings are pending with Lahore High Court and there are remote chances of decision in favor of the Company. In case of Al Baraka Bank the Banking Court, Rawalpindi has already issued decree in favor of Bank, which is not yet executed in view of charge on assets of Faysal Bank, as well and the Company is not pursuing the matter further. Accordingly as Company is already in legal proceedings with both Banks markup on outstanding borrowing amount has not been serviced and charged in these financial statements from July 01, 2014 in case of Faysal Bank and from July 01, 2012 in case of Al Baraka Bank. The management and legal advisor are of the opinion that markup freezes upon decree by the court / initiation of recovery proceedings.

18.4 The company is contingently liable in respect of guarantees of Rs. 463,100 issued by the bank in normal course of business.

18.5 The Company is in litigation with sales tax authorities circle 1, Rawalpindi for refund of sales tax amounting to Rs. 2.452 million (2020 Rs. 2.452 million). The case is pending with the Honorable Lahore High Court, Lahore.

18.6 The Company is in litigation with various parties for which cases have been filed by / against the Company in different courts of law as normal business events.

	Note	Un-Audited 31-Dec-20	Audited 30-Jun-20
		---------- Pak Rupees ----------	
19 ADMINISTRATIVE EXPENSES	19.1		
Salaries, wages and benefits	19.2	4,599,960	10,371,899
Directors' meeting fee		5,000	10,500
Travelling		125,140	419,020
Motor vehicle running expenses		516,035	1,052,393
Entertainment		235,865	505,330
Printing and stationery		205,892	336,496
Communication		278,945	517,901
News paper and periodicals		20,029	49,422
Rent, rates and taxes		750,709	1,100,648
Utilities		3,463,229	6,152,954
Fees and subscription		204,869	868,664
Professional charges		393,840	679,857
Auditor's remuneration	19.3	52,500	261,000
Directors' Remuneration	19.4	5,545,064	10,609,878
Depreciation		2,089,193	4,334,087
Repairs and maintenance		372,275	798,093
Miscellaneous		175,585	161,396
		19,034,130	38,229,538

19.1 Factory operating expenses for the year have been classified as administrative expenses as the factory remained un-operational and the expenses incurred were of administrative nature.

19.2 This include retirement benefit of Rs: NIL (2020: Rs. 994,778)

19.3 **Auditor's remuneration**

Statutory audit	-	203,000
Semi annual review fee	52,500	58,000
	52,500	261,000

19.4 **REMUNERATION OF DIRECTORS, EXECUTIVES AND MANAGING DIRECTOR**

The aggregate amounts charged in theses financial statements in respect of remuneration including benefits applicable to the managing director, directors and executives of the Company are given below

	31-Dec-20 ---- Pak Rupees ----			30-Jun-20 ---- Pak Rupees ----		
	Director	Executive	Managing Director	Director	Executive	Managing Director
Fee	5,000	-	-	10,500	-	-
Managerial Remuneration	-	-	3,333,600	-	-	6,364,200
Rented accommodation	-	-	1,497,600	-	-	2,859,000
Travelling and Conveyance	-	-	24,000	-	-	190,020
Communication	-	-	15,620	-	-	28,294
Utilities	-	-	674,244	-	-	1,168,364
	5,000	-	5,545,064	10,500	-	10,609,878
Numbers	7	-	1	7	-	1

The Managing Director has also been provided with a Company maintained car, utilities and telephone at his residence.

	Un-Audited 31-Dec-20	Audited 30-Jun-20
	---------- Pak Rupees ----------	
20 FINANCE COST		
Mark-up on bridge finance	2,434,000	4,434,740
Interest on workers' profit participation fund	1,319,340	2,620,774
Bank charges	86,823	142,680
	3,840,163	7,198,194
21 OTHER OPERATING INCOME		
Income from assets other than financial assets		
Gain on sale of property, plant and equipment	10,000	
	10,000	

SUHAIL JUTE MILLS LIMITED

22 LOSS PER SHARE

Loss for the year after taxation	(22,864,293)	(45,427,732)
Weighted average number of ordinary shares	4,332,819	4,332,819
Loss per share	(5.28)	(10.48)

There are no dilutive potential ordinary shares outstanding as at reporting date.

23 CASH AND CASH EQUIVALENTS

Cash, cash equivalents and short-term borrowings (used for cash management purposes) include the following for the purposes of the cash flow statement

	Un-Audited 31-Dec-20	Audited 30-Jun-20
	---------- Pak Rupees ----------	
Cash and bank balances	1,484,258	1,542,788
Short term running finance	-	-
	1,484,258	1,542,788

24. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value is the amount that wouldbe received on sale of an asset or paid on transfer of a liability in an orderly transaction betweenmarket participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

25 RELATED PARTY TRANSACTIONS

The related parties comprise of key management personnel, entities over which the Company are able to exercise influence and employers funds. All transactions with related parties are carried out at arms length prices determined in accordance with comparable uncontrolled price method. The remuneration of managing director and other executives is given in note 19.4 to the financial statements. Balances outstanding and transaction made with related parties at the year end are as follows:

Related party	Basis of relationship	Percentage of shareholding %
Surriya Farooq Charitable Foundation	Associated company	0.50%
Ismail Farooq Industries Private Limited	Associated company	0.01%
Mian Sohail Farooq Sheikh	Key Management personnel	51.92%
Staff retirement benefits fund	Provident fund trust	Nil

26 NUMBER OF EMPLOYEES

	31-Dec-20	30-Jun-20
	---------- Number ----------	
Total number of employees as at year end	69	69
Average number of employees during the year	69	69

27 DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements were authorized for issue on 24 February 2021 by the Board of Directors of the Company.

28 GENERAL

In these financial statements figures have been rounded off to the nearest rupee and those of the previous year have been re-arranged and re-grouped wherever necessary to facilitate comparison.

CHIEF EXECUTIVE | CHIEF FINANCE OFFICER | DIRECTOR

24.1. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

On-balance sheet financial instruments	Carrying amount			Fair value			
	Amortized Cost	FVTPL	Total	Level 1	Level 2	Level 3	Total
			------------- Pak Rupees -------------				
31 December 2020							
Financial assets as per Statement Of Financial Position							
Long term investment	190,000	-	190,000	-	-	-	-
Advances, deposits and prepayments	-	5,894,839	5,894,839	5,894,839	-	-	5,894,839
Long term security deposits	-	262,482	262,482	262,482	-	-	262,482
Cash and bank balances	1,484,258	-	1,542,788	-	-	-	-
	1,674,258	6,157,321	7,890,109	6,157,321	-	-	6,157,321
Trade and other payables	187,493,929	-	187,493,929	-	-	-	-
Accrued mark-up	54,086,276	-	54,086,276	-	-	-	-
Unclaimed dividend	384,359	-	384,359	-	-	-	-
Loan from directors	222,862,742	-	222,862,742	-	-	-	-
Short term borrowings - secured	194,155,979	-	194,155,979	-	-	-	-
	638,047,714	-	638,047,714	-	-	-	-
30 June 2020							
Financial assets as per Statement Of Financial Position							
Long term investment	190,000	-	190,000	-	-	-	-
Short term investment	-	-	-	-	-	-	-
Advances, deposits and prepayments	-	5,675,840	5,675,840	5,675,840	-	-	5,675,840
Long term security deposits	-	262,482	262,482	262,482	-	-	262,482
Cash and bank balances	1,542,788	-	1,542,788	-	-	-	-
	1,732,788	5,938,322	7,671,109	5,938,322	-	-	5,938,322
Trade and other payables	181,469,883	-	181,469,883	-	-	-	-
Accrued mark-up	54,086,276	-	54,086,276	-	-	-	-
Unclaimed dividend	384,359	-	384,359	-	-	-	-
Loan from directors	209,270,558	-	209,270,558	-	-	-	-
Short term borrowings - secured	192,836,639	-	192,836,639	-	-	-	-
	638,047,714	-	638,047,714	-	-	-	-