



**Jubilee Spinning & Weaving Mills Ltd.**

**BOOK POST**

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**Jubilee Spinning & Weaving Mills Ltd.**  
45-A, Off Zafar Ali Road, Gulberg-V,  
Lahore-Pakistan.

**Half Yearly Accounts December 31,  
2018 (Un-Audited)**



## Company Information

### Board of Directors

Mr. Muhammad Rafi (Chairman)  
Mr. Shams Rafi (Chief Executive)  
Mr. Salman Rafi  
Mr. Usman Shafi  
Mr. Aurangzeb Shafi  
Mr. Umer Shafi  
Mr. Jahanzeb Shafi

### Audit Committee

Mr. Usman Shafi (Chairman)  
Mr. Umer Shafi (Member)  
Mr. Muhammad Rafi (Member)

### Company Secretary

Mr. Muhammad Zeeshan Saleem

### Auditors

Riaz Ahmed & Company  
Chartered Accountants

### Legal Advisor

Amjad H. Bokhari & Associates  
Mr. Anser Mukhtar

### Bankers

Habib Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Habib Metropolitan Bank Limited  
Faysal Bank Limited  
Allied Bank Limited

### Registered Office

45-A, Zafar Ali Road, Gulberg-V  
Lahore, Pakistan

### Mills

B-28, Manghopir Road, S.I.T.E.  
Karachi

**Directors' Report to the share holders****Dear Shareholders,**

The Directors of your Company are pleased to present the results for the Half Year ended December 31, 2018 along with the Auditors' Review.

**Net Profit/(Loss)**

During the period, the company made a net profit of Rs. 8,440,230 after charging costs, expenses and provisions for the year, as compared to previous period's net profit of Rs. 15,520,325.

**Financial Results**

The financial results of the company are summarized below:

Period Ended On	Rupees December 31, 2018	Rupees December 31, 2017
Sales	12,708,131	19,064,520
Cost of Sales	(6,569,501)	(4,968,343)
Gross Profit/(Loss)	6,138,630	14,096,177
Gross Profit/(Loss)%	48.30%	73.93%
Administration and Other Operating Costs	(21,177,706)	(18,989,580)
Other Income	27,964,342	25,980,773
Finance Charges	(41,880)	-
Provision for Tax	(4,443,156)	(5,837,045)
Profit/(Loss) after Tax	8,440,230	15,250,325
Basic Profit/(Loss) Per Share	0.26	0.47

The management is confident that results for the remaining half of the current financial year will show an improvement as compared to the first half.

During the review, observations raised by the auditors are addressed below:

The company is actively pursuing for the recovery of outstanding receivables under the head of trade debt, rent receivable, service charges and other receivable. The company has filed a legal case against the concerned associated party and is confident that the full amount, will be recovered and no write-off will be required.

The company has no outstanding amount payable to SSGC against supply of gas. Bills issued by SSGC also do not reflect any pending receivable from the company against gas supplied.

Despite repeated requests, audited/draft financial statements of Cresox (Pvt.) Limited for the period under review were not made available to incorporate share of profit or loss in our books. The investment in Cresox (Pvt.) Limited has been completely impaired in previous years due to losses. Therefore, any accumulation in losses in Cresox (Pvt.) Limited does not have any negative impact on the profitability of the company.

Accumulated losses of the company have reduced by Rs. 25.83 million during the period under review, from Rs. 401.97 million as on December 31, 2017 to Rs. 376.14 million as on December 31, 2018. This is a continuation of a trend witnessed in the last several years. This trend is expected to continue as the company remains profitable. The management believes its current business model will continue earning profit, resulting in a reduction of accumulated losses. Based on above, the company is confident it will continue as a going concern. The company has and will continue to comply to all laws and regulations of the country.

In closing, I would like to thank all our stakeholders for their continued support.

For and on behalf of the Board of Directors.

Shams Rafi  
Chief Executive Officer

Karachi  
Feb 25, 2019

**حصص یافتگان کے لئے ڈائریکٹران کی رپورٹ**

محترم حصص یافتگان!

آپ کی کمپنی کے ڈائریکٹران ششماہی مدت ختمہ 31 دسمبر 2018 کے ساتھ ڈائریز کا جائزہ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

**خاص منافع/ (خسارہ)**

مدت کے دوران کمپنی کو 8,440,230 روپے کا خاص منافع ہو جو کہ موجودہ سال کی تمام لاگوں، اخراجات اور اختصاص منہا کرنے کے بعد ہے جبکہ گزشتہ سال اسی مدت میں 15,520,325 روپے کا منافع ہوا تھا۔

**مالیاتی نتائج**

کمپنی کے مختصر مالیاتی نتائج درج ذیل ہیں:

مدت ختمہ	31 دسمبر 2018	31 دسمبر 2017
فروخت	12,708,131	19,064,520
لاگت فروخت	(6,569,501)	(4,968,343)
خاص منافع/ (خسارہ)	6,138,630	14,096,177
خاص منافع/ (خسارہ) کی شرح فیصد	48.30%	73.93%
انتظامی اور دیگر کاروباری لاگتیں	(21,177,706)	(18,989,580)
دیگر آمدن	27,964,342	25,980,773
مالیاتی اخراجات	(41,880)	-
تنگیوں کے لئے اختصاص	(4,443,156)	(5,837,045)
منافع/ خسارہ بعد از تنگیوں	8,440,230	15,250,325
بنیادی منافع/ (خسارہ) فی حصص	0.26	0.47

انتظامیہ پر اعتماد ہے کہ پہلی ششماہی کی نسبت موجودہ مالیاتی سال کی بقایا ششماہی کے نتائج میں مزید بہتری آئے گی۔

جائزہ کے دوران، ڈائریز کے اٹھائے گئے مشاہدات کا جواب درج ذیل ہے:

کمپنی تجارتی قرضوں، قابل وصول کرایوں، خدمات کی قابل وصول فیس اور دیگر واجب الوصول رقومات کی بازیابی کے لئے متحرک انداز میں سرگرم عمل ہے۔ کمپنی نے متعلقہ ملحقہ فریق کے خلاف قانونی مقدمہ دائر کر دیا ہے اور پر اعتماد ہے کہ مکمل رقم بازیاب ہو جائے گی اور کسی رقم کو حذف کرنے کی ضرورت نہیں پڑے گی۔

کمپنی کے اوپر SSGC کی کوئی رقم واجب الادا نہیں ہے۔ SSGC کی جانب سے گیس فراہم کرنے کے عوض جاری کردی بلوں سے بھی SSGC کو کسی زبردنی ادائیگی واجب الادا رقم کی عکاسی نہیں ہوتی۔

بار بار گزارش کے باوجود کریڈٹ سٹیٹس کے زیر جائزہ مدت کے آڈٹ شدہ/سودہ مالیاتی گوشوارے ابھی تک دستیاب نہیں ہوئے جس سے منافع یا خسارہ کو اپنی کتابوں میں شامل کیا جا سکا۔ کریڈٹ سٹیٹس (پرائیویٹ) لمیٹڈ میں کی گئی سرمایہ کاری مکمل طور پر گزشتہ سالوں کے خسارہ کی وجہ سے ختم ہو گئی ہے۔ لہذا کریڈٹ سٹیٹس (پرائیویٹ) لمیٹڈ کے مع خسارہ سالوں کی وجہ سے کمپنی کی منافع کاری پر کوئی منفی اثرات مرتب نہیں ہو سکتے۔

جائزہ مدت کے دوران کمپنی کے کٹے شدہ خساروں میں 25.83 ملین روپے کی کمی ہوئی جو کہ 31 دسمبر 2017 میں 401.97 ملین روپے سے کم ہو کر 31 دسمبر 2018 کو 376.14 ملین روپے رہ گیا ہے۔ بیرجھان گزشتہ چند سالوں سے دیکھا جا رہا ہے۔ توقع ہے کہ بیرجھان جاری رہے گا کیونکہ کمپنی منافع میں جاری ہے۔ انتظامیہ کو امید ہے کہ موجودہ کاروباری ماڈل سے مسلسل منافع حاصل ہوگا، جس کے نتیجے میں جمع شدہ خساروں میں کمی ہوگی۔ مندرجہ بالا کی بنیاد پر کمپنی پر اعتماد ہے کہ اس کی چلنے ہوئے ادارے کی حیثیت برقرار رہے گی۔ کمپنی ملکی قواعد و ضوابط کی پاسداری کرتی ہے اور مستقبل میں بھی کرتی رہے گی۔

آخر میں میں اپنے تمام ستیہدان کے مسلسل تعاون کا شکور ہوں۔

برائے دستخط

شمس رفیق  
چیف ایگزیکٹو آفیسر

کراچی

مورخہ: 25 فروری 2019



## INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of Jubilee Spinning & Weaving Mills Limited Report on Review of Condensed Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of JUBILEE SPINNING & WEAVING MILLS LIMITED("the Company") as at 31 December 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended (hereinafter referred to as "condensed interim financial statements"). Management is responsible for the preparation and presentation of the condensed 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 the financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-month period ended 31 December 2018 and 31 December 2017 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the six-month period ended 31 December 2018.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Adverse Conclusion

- (i) Trade debts, loans and advances and other receivables as at 31 December 2018 include Rupees 19.298 million, Rupees 22.574 million and 14.855 million respectively receivable from an associated company. Furthermore, one of the financial institutions, on default by the associated company in preceding years, realized the Company's investments in equity securities pledged against lending to associated company. The Company treated the market price of such securities at the date of realization by the financial institution as disposal value amounting to Rupees 40.963 million and accounted for it as other receivables. In addition, trade debts, loans and advances and other receivables as at 31 December 2018 include aggregate balance of Rupees 5.127 million receivable from other than related parties outstanding for more than one year. The management has not provided us with its assessment of balances doubtful of recovery nor did account for any provision against doubtful receivables in the condensed interim financial statements;
- (ii) Revenue amounting Rupees 12.708 million accounted for in the condensed interim financial statements represents billing to tenants in respect of use of Company's power house equipment. The Company has disposed of its power house equipment in October 2016 and placed alternate power generators. Previously these alternate power house generators, generating the aforesaid revenue had not been recognized in the books of account of the Company nor did any rent being charged in the condensed interim financial statements. However, during the month of October and November 2018, the Company has recorded purchase of two generators replacing the previously unrecorded generators. However, the arrangement of such replacement could not be substantiated due to the lack of information as to the fate of the previously unrecorded generators. Moreover, in the absence of legal opinion to this effect, we remained unable to satisfy ourselves as to whether the aforesaid arrangement with the



tenants is in compliance with all the applicable regulatory provisions including income tax, sales tax and electricity duty on such revenue;

- (iii) Utility bill for the month of December 2018 from Sui Southern Gas Company Limited (SSGC) reflects the outstanding demand of Rupees 58.504 million under litigation in addition to current billing. However, the Company has neither accounted for nor disclosed the contingent liability, if any, in respect of such demand. In the absence of information about the background of demand and the Company's actions there against, we remained unable to satisfy ourselves in respect of understatement of expenses and respective liability in the condensed interim financial statements;
- (iv) The latest audited / unaudited financial statements of Cresox (Private) Limited, an associated company accounted for under equity method of accounting (Note 5.3), were not available with the Company. In the absence of latest financial statements, we remained unable to satisfy ourselves whether share of profit, if any, of the associate be accounted for in the condensed interim financial statements; and
- (v) As on 31 December 2018, accumulated loss of the Company was Rupees 376.144 million and its current liabilities exceeds its current assets by Rupees 3.987 million. This situation may be further deteriorated if the possible effects of matter discussed in paragraphs (i) to (iv) above are accounted for in the condensed interim financial statements. Effective from March 2014, the Company has closed its textile operations and disposed of all of its operating fixed assets except for leasehold land and building on leasehold land in preceding years. The Company initiated the process of alteration of its memorandum of association to add the business of renting of properties through a special resolution passed in annual general meeting of shareholders of the Company held on 31 October 2016. However, confirmation of alteration by the Securities and Exchange Commission of Pakistan is still pending despite a lapse of significant time. These events indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The condensed interim financial statements and notes thereto do not disclose this fact. The management of the Company also did not provide us its assessment of going concern assumption used in preparation of the condensed interim financial statements and the future financial projections indicating the economic viability of the Company. These facts indicate that going concern assumption used in preparation of the condensed interim financial statements is inappropriate.

### Adverse Conclusion

Based on our review, because of the significance of the matters discussed in the basis for adverse conclusion paragraphs, the interim financial statements are 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 review resulting in this independent auditor's review report is Muhammad Waqas.

**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**KARACHI**

**Date: February 25, 2019**



## Condensed Interim Statement of Financial Position - Un Audited

	Note	UNAUDITED 31 DECEMBER 2018 Rupees	AUDITED 30 JUNE 2018 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	73,946,746	63,284,370
Investment property		587,552,160	587,552,160
Long term investments	5	245,265	261,145
Long term loans		843,640	1,534,840
Long term deposits		13,124,474	11,957,004
		<u>675,712,285</u>	<u>664,589,519</u>
<b>CURRENT ASSETS</b>			
Stores and spares		801,630	-
Trade debts		21,435,746	23,353,862
Loans and advances - unsecured, considered good		22,994,562	24,471,714
Other receivables - unsecured, considered good		65,551,300	65,417,822
Advance income tax and refund		437,054	5,981,762
Short term investments	6	8,556,496	8,572,151
Cash and bank balances		2,737,305	5,269,057
		<u>122,514,093</u>	<u>133,066,368</u>
<b>TOTAL ASSETS</b>		<u><b>798,226,378</b></u>	<u><b>797,655,887</b></u>

Shams Rafi  
Chief ExecutiveSalman Rafi  
Director

## As at 31 December 2018

	Note	UNAUDITED 31 DECEMBER 2018 Rupees	AUDITED 30 JUNE 2018 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
34,000,000 (30 June 2018: 34,000,000) ordinary shares of Rupees 10 each			
		<u>340,000,000</u>	<u>340,000,000</u>
<b>Issued, subscribed and paid up share capital</b>			
32,491,205 (30 June 2018: 32,491,205) ordinary shares of Rupees 10 each			
		<u>324,912,050</u>	<u>324,912,050</u>
<b>Revenue reserves</b>			
General			
		51,012,000	51,012,000
Accumulated loss			
		(376,143,615)	(384,583,845)
<b>Capital reserves</b>			
Fair value reserve on 'available for sale' investments			
		6,525,017	6,556,552
Revaluation surplus on property, plant and equipment			
		<u>650,071,435</u>	<u>650,071,435</u>
		<u>656,376,887</u>	<u>647,968,192</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing			
	7	-	-
Deferred income tax			
		11,252,547	11,252,547
Employees' retirement benefits			
		4,096,223	4,287,772
		<u>15,348,770</u>	<u>15,540,319</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables			
		83,132,508	85,245,907
Over due portion of long term financing			
		14,574,680	14,574,680
Provisions			
		9,928,940	9,928,940
Unclaimed dividend			
		577,737	577,737
Provision for taxation			
		18,286,856	23,820,112
		<u>126,500,721</u>	<u>134,147,376</u>
		<u>141,849,491</u>	<u>149,687,695</u>
<b>TOTAL LIABILITIES</b>		<u><b>141,849,491</b></u>	<u><b>149,687,695</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>798,226,378</b></u>	<u><b>797,655,887</b></u>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

Shams Rafi  
Chief Financial Officer



**Condensed Interim Profit & Loss Account**  
For the Half Year Ended December 31, 2018 (Un-audited)

	Note	Half Year Ended		Quarter Ended	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
		Rupees			
Revenue	9	12,708,131	19,064,520	4,910,697	9,538,386
Cost of revenue	10	(6,569,501)	(4,968,343)	(3,971,270)	(3,141,501)
Gross profit		6,138,630	14,096,177	939,427	6,396,885
Administrative expenses		(21,177,706)	(18,989,580)	(9,484,343)	(9,650,562)
		(15,039,076)	(4,893,403)	(8,544,916)	(3,253,677)
Other income		27,964,342	25,980,773	13,880,858	12,934,310
Profit from operations		12,925,266	21,087,370	5,335,942	9,680,633
Finance cost		(41,880)	-	(41,280)	-
Profit before taxation		12,883,386	21,087,370	5,294,662	9,680,633
Taxation		(4,443,156)	(5,837,045)	(2,368,681)	(3,843,843)
Profit after taxation		8,440,230	15,250,325	2,925,981	5,836,790
Earnings per share - basic and diluted (Rupees)	11	0.26	0.47	0.09	0.18

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



**Condensed Interim Statement of Comprehensive Income**  
For The Half Year Ended 31 December 2018 (Un-audited)

	Half Year Ended		Quarter Ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	Rupees			
PROFIT AFTER TAXATION	8,440,230	15,250,325	2,925,981	5,836,790
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss				
- Fair value reserve reclassified on disposal of available for sale investments	-	(27,234)	-	(27,234)
- Fair value adjustment on available for sale investments	(31,535)	(3,554,159)	891,303	(4,863,685)
	(31,535)	(3,581,393)	891,303	(4,890,919)
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	8,408,695	11,668,932	3,817,284	945,871

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

Shams Rafi  
Chief Executive

Salman Rafi  
Director

Shams Rafi  
Chief Financial Officer

Shams Rafi  
Chief Executive

Salman Rafi  
Director

Shams Rafi  
Chief Financial Officer



## Condensed Interim Statement of Changes In Equity

For the Half Year ended December 31, 2018 (Un-audited)

	RESERVES							TOTAL EQUITY	
	CAPITAL			REVENUE			TOTAL		
	Fair value reserve on 'available for sale' investments	Surplus on revaluation of property plant and equipment	Sub-Total	General reserve	Accumulated loss	Sub total			
Rupees									
Balance as at 30 June 2017	324,912,050	10,278,178	647,988,389	658,266,567	51,012,000	(417,226,318)	(366,214,318)	292,052,249	616,964,299
Profit for the period	-	-	-	-	-	15,250,325	15,250,325	15,250,325	15,250,325
Other comprehensive loss for the period	-	(3,581,393)	-	(3,581,393)	-	-	-	(3,581,393)	(3,581,393)
Total comprehensive income for the half year ended 31 December 2017	-	(3,581,393)	-	(3,581,393)	-	15,250,325	15,250,325	11,668,932	11,668,932
Balance as at 31 December 2017	324,912,050	6,696,785	647,988,389	654,685,174	51,012,000	(401,975,993)	(350,963,993)	303,721,181	628,633,231
Profit for the period	-	-	-	-	-	17,613,406	17,613,406	17,613,406	17,613,406
Other comprehensive loss for the period	-	(140,233)	2,083,046	1,942,813	-	(221,258)	(221,258)	1,721,555	1,721,555
Total comprehensive income for the half year ended 30 June 2018	-	(140,233)	2,083,046	1,942,813	-	17,392,148	17,392,148	19,334,961	19,334,961
Balance as at 30 June 2018	324,912,050	6,556,552	650,071,435	656,627,987	51,012,000	(384,583,845)	(333,571,845)	323,056,142	647,968,192
Profit for the period	-	-	-	-	-	8,440,230	8,440,230	8,440,230	8,440,230
Other comprehensive loss for the period	-	(31,535)	-	(31,535)	-	-	-	(31,535)	(31,535)
Total comprehensive income for the half year ended 31 December 2018	-	(31,535)	-	(31,535)	-	8,440,230	8,440,230	8,408,695	8,408,695
Balance as at 31 December 2018	324,912,050	6,525,017	650,071,435	656,596,452	51,012,000	(376,143,615)	(325,131,615)	331,464,837	656,376,887

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



## Condensed Interim Cash Flow Statement

For the Half Year Ended December 31, 2018 (Un-audited)

	Note	31 December 2018 Rupees	31 December 2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations after working capital changes	12	(11,677,182)	(15,479,165)
Finance cost paid		(41,880)	-
Income tax paid		(4,431,706)	(2,798,361)
Gratuity paid		(2,417,926)	(749,406)
<b>Net cash used in operating activities</b>		<b>(18,568,694)</b>	<b>(19,026,932)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received		110	413
Purchase of fixed assets		(10,998,874)	-
Proceeds on disposal of fixed assets		500,000	-
Proceeds on disposal of investment		-	133,048
Rental income		27,011,976	25,725,684
Long term deposits paid		(1,167,470)	(2,314,923)
Long term loans disbursed		(100,250)	-
Long term loans recovered		791,450	25,500
<b>Net cash flow from investing activities</b>		<b>16,036,942</b>	<b>23,569,722</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(2,531,752)</b>	<b>4,542,790</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>5,269,057</b>	<b>2,283,087</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>2,737,305</b>	<b>6,825,877</b>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

**Shams Rafi**  
Chief Executive

**Salman Rafi**  
Director

**Shams Rafi**  
Chief Financial Officer

**Shams Rafi**  
Chief Executive

**Salman Rafi**  
Director

**Shams Rafi**  
Chief Financial Officer



## Selected Notes To The Condensed Interim Financial Information

### For the Half Year ended December 31, 2018 (Un-audited)

#### 1. THE COMPANY AND ITS OPERATIONS

1.1 Jubilee Spinning & Weaving Mills Limited ("the Company") was incorporated in Pakistan as a public limited company on 12 December 1973 under the Companies Act, 1913 (Now Companies Act, 2017). The Company obtained certificate of commencement of business in January 1974. Shares of the Company are listed on Pakistan Stock Exchange Limited. The principal objective of the Company is to engage in the business of manufacturing and selling of yarn, buying, selling and otherwise dealing in yarn and raw cotton. The Company also operates electric power generation facilities which generate electricity for use within the production site.

1.2 Geographical location and addresses of all business units are as follows:

Sr. No.	Manufacturing unit and office	Address
1.	Manufacturing unit	Plot No. B-28, Manghopir Road, S.I.T.E, Karachi.
2.	Registered office	45-A, Off: Zafar Ali Khan Road, Gulberg V, Lahore.

1.3 Due to intermittent availability of raw materials owing to shortage of working capital and continuous losses, the Company's has closed its core operations since 2014. The Company has rented out its premises to earn rental income and service revenue from use of power generation equipment by the tenants.

1.4 The Company passed a special resolution in its annual general meeting held on 31 October 2016 to specifically add the business of renting out the buildings and / or open area of the Company's premises to institutions, corporations, companies, other entities and individuals to its Memorandum of Association (MOA). Subsequently, the Company has filed the petition with the Securities and Exchange Commission of Pakistan (SECP) seeking approval to the amended MOA, the response to which is pending till the reporting date.

1.5 Subsequent to the period end, Pakistan Stock Exchange Limited (PSX) issued a notice to the Company vide its Notice No. PSX/N-122 dated 06 February 2019 and placed the Company in Defaulters' Segment on 07 February 2019 in violation of PSX regulation Nos. 5.11.1(b) and 5.11.1(i).

#### 2. BASIS OF PREPARATION

##### 2.1 Statement of Compliance

2.1.1 These condensed interim financial statements of the Fund for the six-month period ended 31 December 2018 has 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);
- 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.

2.1.2 This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended 30 June 2018.

2.1.3 These condensed interim financial statements are un-audited, however, have been subjected to limited

scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Section 237 of the Companies Act, 2017.

2.1.4 The comparatives in the condensed interim statement of financial position presented in the condensed interim financial information as at 31 December 2018 have been extracted from the annual audited financial statements for the year ended 30 June 2018, where as the comparative in 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 are extracted from unaudited condensed interim financial information for the period ended 31 December 2017.

#### 3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2018 except for the adoption of new and amended standards as set out below:

##### 3.1 Standards, amendments and interpretations to International Financial Reporting Standards ('IFRS') that are effective in the current period

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on 01 July 2018, but are considered not to be relevant or to have any significant effect on the company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial statements except for IFRS - 15 'Revenue from Contracts with Customers'. The impact of the adoption of this standard and new accounting policy is disclosed in Note 3.5.1 below.

##### 3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The Securities and Exchange Commission of Pakistan (SECP) through SRO 1007(I)/2017 dated 04 October 2017 had notified that IFRS 9, 'Financial Instruments' would be applicable for annual periods beginning on or after 01 July 2018, however, subsequent to reporting date, SECP through SRO 229(I)/2019 dated 14 February 2019 has notified the deferment of this standard to reporting period/year ending on or after 30 June 2019 (earlier application is permitted). Consequently, the Company has not adopted this standard in the preparation of these condensed interim financial statements for the six-month period ended 31 December 2018.

This standard replaces the guidance in IAS 39, 'Financial Instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes and expected credit losses model that replaces the current incurred loss impairment model. As allowed above, the Company will apply this standard in the preparation of its financial statements for the year ending on 30 June 2019 and it is yet to assess the full impact of this standard.

Further, the following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting period beginning on 01 July 2019 and the Company has not early adopted them:

	Effective date (accounting periods beginning on or after)
IFRS 16, 'Leases'	01 January 2019
IFRIC 23, 'Uncertainty over income tax treatments'	01 January 2019

The Company will apply these standards / interpretations from their respective effective date and has yet to assess their impact on its financial statements.

**3.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

**3.4 CHANGES IN ACCOUNTING POLICIES**

The following change in accounting policy has taken place effective from 01 July 2018:

**3.4.1 IFRS 15 'Revenue from Contracts with Customers'**

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in a Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfill a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results.

**i) Key changes in accounting policies resulting from application of IFRS 15**

The Company recognises revenue as follows:

**Revenue from contracts with customers**

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

**a) Sale of goods**

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Otherwise, control is transferred over time and



revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

**b) Rendering of services**

Revenue from a contract to provide services is recognised over time as the services are rendered.

**c) Interest**

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**d) Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

**Impact of adoption of IFRS 15 on these unconsolidated condensed interim financial statements:**

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any significant impact on the revenue recognition of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is nil.

	Note	Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	<u>73,946,746</u>	<u>63,284,370</u>
<b>4.1 Operating fixed assets</b>			
Opening book value		63,284,370	61,501,605
Add: Purchased during the period		10,998,874	-
Add: Surplus on revaluation during the period / year		-	1,790,793
		<u>74,283,244</u>	<u>63,292,398</u>
Transferred to disposal			
Cost		176,470	-
Accumulated depreciation		(822)	-
Disposal - net		175,648	-
Less: Depreciation charged during the period / year		<u>(160,850)</u>	<u>(8,028)</u>
		<u>73,946,746</u>	<u>63,284,370</u>



## 4.2 Depreciation charge for the six-month and three-month period ended 31 December 2018 has been allocated as follows:

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	Rupees	Rupees	Rupees	Rupees
<b>Owned</b>				
Cost of sales	137,845	-	137,845	-
Administrative expenses	23,005	4,014	23,005	-
	<u>160,850</u>	<u>4,014</u>	<u>160,850</u>	<u>-</u>

## 5. LONG TERM INVESTMENTS

## Associated company (without significant influence)

## Available for sale:

	Note	Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
Texmac Services (Private) Limited - unquoted		116,360	116,360
Premier Insurance Limited - quoted	5.1	128,905	144,785
Crescent Industrial Chemical Limited - unquoted	5.2	-	-
		<u>245,265</u>	<u>261,145</u>
Associated company (with significant influence)			
Under equity method:			
Cresox (Private) Limited - unquoted	5.3	-	-
		<u>245,265</u>	<u>261,145</u>

5.1 Premier Insurance Limited (PIL) is an associate under provisions of the Companies Act, 2017 due to common directorship. However, the Company has no significant influence over PIL. Therefore, the investment has been carried at fair value. The movement in carrying value during the year is as under:

	Note	Un-audited December 31, 2018 Rupees	Audited June 30, 2018 Rupees
5.1.1 Opening carrying value		144,785	246,268
Fair value loss		(15,880)	(101,483)
		<u>128,905</u>	<u>144,785</u>

5.2 This represents investment of 184,000 shares in Crescent Industrial Chemical Limited which was fully impaired in previous years represented as under:

Cost	1,840,000	1,840,000
Less: Accumulated impairment	(1,840,000)	(1,840,000)
	<u>-</u>	<u>-</u>

5.3 The Company holds 24.93% holding in Cresox (Private) Limited, an associated company with significant influence being accounted for under equity method of accounting in this condensed interim financial information. The investment in Cresox (Private) Limited has been fully impaired in preceding years due to share of loss accounted for under equity method of accounting.



	Note	Un-audited December 31, 2018	Audited June 30, 2018
<b>6. SHORT TERM INVESTMENTS</b>			
Available for sale	6.1	<u>8,556,496</u>	<u>8,572,151</u>
<b>6.1 Investments available for sale</b>			
<b>Quoted</b>			
Crescent Jute Products Limited 1,709,683 (30 June 2018: 1,709,683) fully paid ordinary shares of Rupees 10 each		13,676,075	13,676,075
Shakarganj Mills Limited 39,138 (30 June 2018: 39,138) fully paid ordinary shares of Rupees 10 each		228,175	228,175
<b>Unquoted</b>			
Crescent Spinning Mills Limited 290,000 (30 June 2018: 290,000) fully paid ordinary shares of Rupees 10 each		<u>362,500</u>	<u>362,500</u>
		<u>14,266,750</u>	<u>14,266,750</u>
Opening impairment loss		(12,398,355)	(12,447,634)
Impairment loss on investment disposed of during the period / year		-	49,279
Closing balance of impairment loss		<u>(12,398,355)</u>	<u>(12,398,355)</u>
Carrying cost net of impairment loss		<u>1,868,395</u>	<u>1,868,395</u>
Opening balance of fair value reserve		6,703,756	10,323,899
Fair value adjustment for the period / year		(15,655)	(3,592,909)
Fair value reserve transferred to profit and loss account on disposal of investment		-	(27,234)
		<u>6,688,101</u>	<u>6,703,756</u>
		<u>8,556,496</u>	<u>8,572,151</u>
<b>7. LONG TERM FINANCING</b>			
<b>From sponsor shareholders of the Company:</b>			
Opening balance as at 01 July		14,574,680	14,574,680
Add: Fair value adjustment	7.1	-	-
Closing balance		<u>14,574,680</u>	<u>14,574,680</u>
Less: Current portion		-	-
Less: Over due portion		(14,574,680)	(14,574,680)
		<u>(14,574,680)</u>	<u>(14,574,680)</u>
		<u>-</u>	<u>-</u>



7.1 These represent balance of unsecured interest free loans obtained from the sponsor directors of the Company and are due on 30 June 2017. These had been recognized at amortized cost using discount rate ranging from 9.47% to 11.90% per annum. The resulting difference was transferred to equity and has been amortized over the term of the loan.

Note	Un-audited December 31, 2018	Audited June 30, 2018
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## 8. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 8.1 Bank Guarantee from:  
Standard Chartered Bank (Pakistan) Limited 8.1.1 793,800 793,800  
Habib Bank Limited 8.1.2 2,000,000 2,000,000  
2,793,800 2,793,800
- 8.1.1 This represents a guarantee issued by Standard Chartered Bank (Pakistan) Limited to the Honorable High Court, Sindh on account of cotton soft waste (carded and combed) fully paid.
- 8.1.2 This represents a guarantee issued by Habib Bank Limited in favor of Sui Southern Gas Company Limited on behalf of the Company for payment of gas bills. The guarantee is secured against bank balance of Rupees 721,655 as at 30 June 2018, hypothecation charge over stocks and receivables, first pari passu equitable mortgage over the land and building, hypothecation charge over stocks bill receivables and proceeds of goods, stock of raw cotton, legal mortgage charge.
- 8.2 During the year 2015, the Company had filed a suit to Honorable High Court of Sindh against National Electric Power Regulatory Authority (NEPRA) and Oil and Gas Regulatory Authority (OGRA), Sui Southern Gas Company Limited and Private Power and Infrastructure Board (PPIB) through Federation of Pakistan against rate of taxation imposed on the Company and for clarification of categories known as Captive Power (CP), Independent Power Producer (IPP) as accordingly to the consumption category of the Company falls under IPP / Industrial Consumer and not as CP category. The Honorable High Court has granted interim status quo in favor of the Company.
- 8.3 During the previous year, the Company filed suit against Cresox (Private) Limited and Mr. Tariq Shafi seeking payment of Rupees 56.776 million pertaining to trade and other receivables and restraining Mr. Tariq Shafi from interfering in the affairs of the Company. Mr. Tariq Shafi filed a counter suit against the Company seeking outstanding dues, repossession of generators and masne profits alleging the three generators owned by him has been leased to the Company which has defaulted the payment of rent and refused to transfer possession. The Honorable Court has dismissed the suit filed by Mr. Tariq Shafi and restrained Mr. Tariq Shafi from taking any coercive action against the Company in respect of generators. The Company's suit is pending for adjudication.
- 8.4 During the previous years, the Company has filed suits to the Honorable Civil Court against its three ex-employees for cancellation of cheques aggregate amounting to Rupees 2.812 million and for permanent injunction. The Company filed statement with the Court of 2nd Senior Civil Judge to withdraw suits against two ex-employees as the matters has been settled between them, and Court dismissed the two cases under order XXIII Rule 1 C.P.C on the basis of settlement. However, one suit is still pending for cancellation of cheques aggregate amounting to Rupees 1.837 million and for permanent injunction and the same is pending for hearing of order.
- 8.5 During the year 2015, the Company had filed a suit to Honorable High Court against Sui Southern Gas Company Limited through Federation of Pakistan in respect of issuance of Sui Gas bill for the month of October 2015 in which an amount of Rs. 56.378 million including an amount of Rupees 18.749 million which was shown an adjustment debit towards past general sales tax for the period prior to June 2014. That amount of Rupees 18.749 million was challenged through this suit being unjustified and without any clarification. The Honorable Court vide order dated 09 December 2015 granted interim relief on the stay application. During the pendency of the present suit, various other suits on similar issues were also filed by various other companies thereafter matter was taken up before the Supreme Court of Pakistan by the Federation. The Supreme Court of Pakistan vide order dated 27 June 2018



directed the Companies to deposit 50% of the challenged amount only thereafter the suits shall be proceeded, otherwise the same shall be dismissed. Under the direction of the Honorable Supreme Court of Pakistan, the High Court ordered to deposit the 50% amount to the authorities. However, the Company could not deposit the 50% of the disputed amount any amount. Accordingly, the High Court has dismissed the suit not maintainable. Subsequent to year end, the Company has applied to Chief Commissioner Inland Revenue for grant of zero rating facility on gas consumption during May 2009 to August 2014 in terms of SRO 1125(I)/2011 dated 31 December 2011 which is pending.

## 8.6 Commitments

There were no capital or other commitments as at 31 December 2018 (30 June 2018: Nil).

## 9. REVENUE

This represents service income earned from tenants against use of Company's power house equipment.

Note	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	Rupees	Rupees	Rupees	Rupees
10. COST OF REVENUE				
Repair and maintenance	2,125,478	3,011,628	998,250	2,269,649
Salaries	1,613,527	927,785	821,627	497,285
Stores consumed	1,718,215	-	1,718,215	-
Fuel and power	888,700	939,528	251,500	326,828
Other factory overheads	85,736	89,402	43,833	47,739
Depreciation 4.2	137,845	-	137,845	-
	<u>6,569,501</u>	<u>4,968,343</u>	<u>3,971,270</u>	<u>3,141,501</u>

## 11. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company which is based on

Profit attributable to ordinary shares (Rupees)	<u>8,440,230</u>	<u>15,250,325</u>	<u>2,925,981</u>	<u>5,836,790</u>
Weighted average number of ordinary shares (Numbers)	<u>32,491,205</u>	<u>32,491,205</u>	<u>32,491,205</u>	<u>32,491,205</u>
Earnings per share (Rupees)	<u>0.26</u>	<u>0.47</u>	<u>0.09</u>	<u>0.18</u>

## 12. CASH USED IN OPERATIONS

### Profit before taxation

12,883,386 21,087,370

### Adjustments for non-cash charges and other items:

Depreciation	4.2	160,850	4,014
Provision for gratuity		90,965	90,355
Dividend income		(110)	(413)
Rental income		(27,011,976)	(25,725,684)
Gain on disposal of investments		-	(153,859)
Gain on disposal of property and equipment		(324,352)	-
Finance cost		41,880	-
		<u>(27,042,743)</u>	<u>(25,785,587)</u>
Net cash used in operating activities before working capital changes		<u>(14,159,357)</u>	<u>(4,698,217)</u>





Total Company	
(Un-audited)	
31 December 2018	31 December 2017
12,708,131	19,064,520
(6,569,501)	(4,968,343)
6,138,630	14,096,177
(21,177,706)	(8,998,500)
27,964,342	25,900,773
(41,880)	-
(4,443,156)	(5,837,045)
8,440,239	15,250,325

Power Generation	
(Un-audited)	
31 December 2018	31 December 2017
12,708,131	19,064,520
(6,569,501)	(4,968,343)
6,138,630	14,096,177

Spinning	
(Un-audited)	
31 December 2018	31 December 2017
-	-
-	-
-	-

Total Company	
Audited	
31 December 2018	30 June 2018
13,853,950	14,604,596
784,372,428	783,051,291
798,226,378	797,655,887
7,865,316	7,833,356
133,984,175	141,852,339
141,849,491	149,687,695

Power Generation	
Audited	
31 December 2018	30 June 2018
13,853,950	14,604,596
7,865,316	7,833,356

Spinning	
Audited	
31 December 2018	30 June 2018
-	-
-	-
-	-

## 15.1.1 Segment Results

Revenue	Unallocated income and expenses:
Cost of revenue	Administrative and general expenses
Gross profit	Other income
	Finance cost
	Taxation
	Profit after taxation

## 15.1.2 All the reported segments operate in same geographical location.

## 15.2 Segment assets

Segment assets	
Unallocated assets	
Segment liabilities	
Unallocated liabilities	

## 16. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

## (i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in this unconsolidated condensed interim financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

## Recurring fair value measurements At 31 December 2018

	Level 1	Level 2	Level 3	Total
Rupees				
<b>Financial assets</b>				
Available for sale investments	8,685,401	-	116,360	8,801,761
<b>Total financial assets</b>	<b>8,685,401</b>	<b>-</b>	<b>116,360</b>	<b>8,801,761</b>

## Recurring fair value measurements At 30 June 2018

	Level 1	Level 2	Level 3	Total
Rupees				
<b>Financial assets</b>				
Available for sale investments	8,716,936	-	116,360	8,833,296
<b>Total financial assets</b>	<b>8,716,936</b>	<b>-</b>	<b>116,360</b>	<b>8,833,296</b>

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the half year ended 31 December 2018. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**(ii) Valuation techniques used to determine fair values**

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments and the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

**17. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS****(i) Fair value hierarchy**

Judgments and estimates are made for non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

At 31 December 2018	Level 1	Level 2	Level 3	Total
	Rupees			
Operating fixed assets	-	63,252,260	-	63,252,260
Investment property	-	587,552,160	-	587,552,160
	-	<b>650,804,420</b>	-	<b>650,804,420</b>
<b>At 31 June 2018</b>				
Operating fixed assets	-	63,252,260	-	63,252,260
Investment property	-	587,552,160	-	587,552,160
	-	<b>650,804,420</b>	-	<b>650,804,420</b>

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

**(ii) Valuation techniques used to determine level 2 fair values**

The Company obtains independent valuation for its freehold land after 2-3 years. At the end of each reporting period, the management updates the assessment of the fair value of freehold land, taking into account the most recent independent valuation. The management determines freehold land's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties.

**(iii) Valuation processes**

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land after every 2-3 years.

**18. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

**19. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information has been approved and authorized for issue in the meeting

of the Board of Directors of the Management Company held on February 25, 2019.

**20. GENERAL**

- Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made, except for the following:

From	To	Rupees
<b>Cost of revenue</b>	<b>Administrative expenses</b>	
Repairs and maintenance - building	Repairs and maintenance - building	<u>316,310</u>

- The corresponding figures have been re-arranged wherever necessary.

**Shams Rafi**  
Chief Executive

**Salman Rafi**  
Director

**Shams Rafi**  
Chief Financial Officer