Sargodha Spinning Mills Limited

Manufacturer, Importer & Exporter

Registered Office: A-601/B, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore.
Ph: (042) 35788758-59 Fax: (042) 35788718 E-mail: shadslm@brain.net.pk NTN.: 0657821-7

SSM/PSX/17
February 24, 2017

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: **FINANCIAL RESULTS FOR THE HALF YEAR ENDED DECEBER 31, 2016**

Dear Sir,

We have to inform you that the Board of Directors of our company in their Meeting held on February 24, 2017 at 11:30 a.m. at Registered Office A-601/B, City Towers 6-K Main Boulevard Gulberg-II, Lahore recommended the **Nil** Cash Dividend, Bonus Shares, Right Shares, Any Other Entitlement/Corporate Action And Any Other Price-Sensitive Information.

The financial results of the Company are as follows:

(RUPEES IN THOUSAND)

	Half year ended		Quarter ended	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
SALES	31,810	139,644	19,239	1,385
COST OF SALES	(50,458)	(184,835)	(28,839)	(13,142)
GROSS LOSS	(18,648)	(45,191)	(9,600)	(11,757)
DISTRIBUTION COST	(181)	(906)	(144)	(13)
ADMINISTRATIVE EXPENSES	(10,534)	(17,836)	(6,337)	(6,408)
OTHER EXPENSES	(992)	(4,652)	482	(3,494)
	(11,707)	(23,394)	(5,999)	(9,915)
	(30,355)	(68,585)	(15,599)	(21,672)
OTHER INCOME	24,269	8	22,289	8
PROFIT/(LOSS)FROM OPERATIONS	(6,086)	(68,577)	6,690	(21,664)
FINANCE COST	(5,142)	(16,379)	(2,565)	(9,030)
PROFIT/(LOSS)BEFORE TAXATION	(11,228)	(84,956)	4,125	(30,694)
TAXATION	(30,065)	(1)	(29,939)	1,382
LOSS AFTER TAXATION	(41,293)	(84,957)	(25,814)	(29,312)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	(1.32)	(2.72)	(0.83)	(0.94)

Auditors' observation is as under:

As more fully explained in the note 1.2 to this condensed interim financial information, the company has incurred net loss of Rupees 41.293 million during the half year ended 31 December 2016. Equity of the company stands at a negative balance of Rupees 134.774 million due to accumulated losses of Rupees 457.181 million as on 31 December 2016. At the balance sheet date, the company's current liabilities exceeded its current assets by Rupees 369.739 million. The company is facing problems in timely repayment of financing. Manufacturing activities of the company have been closed due to shortage of working capital and heavy losses.

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The management's plans to deal with the current events and conditions to continue as going concern as explained in the aforesaid note involve high level of uncertainty and are mostly dependent on external factors, therefore, appropriateness of going concern assumption used in preparation of this condensed interim financial information is not justifiable. 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. This condensed interim financial information has been prepared on the going concern basis.

Our review indicates that, because management's use of the going concern assumption in this condensed interim financial information is inappropriate as described in the Basis for Adverse Conclusion paragraph, this condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

We will be sending you 200 copies of printed accounts for distribution amongst the TRE Certificate Holders of the Exchange.

Yours faithfully,
for SARGODHA SPINNING MILLS LIMITED

(Mazhar Hussain)
Company Secretary

MILLS: 8-k.m, Sargodha Road Faisalabad.
Ph. No. 0092-41-8868132-35, Fax: 0092-41-8868139 E-mail: sargo@fsd.paknet.com.pk

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SSM/PSX/17
February 24, 2017

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: **FINANCIAL RESULTS FOR THE HALF YEAR ENDED DECEBER 31, 2015**

Dear Sir,

This is to inform you that these financial results were not earlier communicated due to litigation between the majority shareholders. Now the matter has been resolved and the financial results are being communicated to comply with PSX regulations.

We have to inform you that the Board of Directors of our company in their Meeting held on February 24, 2017 at 11:30 a.m. at Registered Office A-601/B, City Towers 6-K Main Boulevard Gulberg-II, Lahore recommended the **Nil** Cash Dividend, Bonus Shares, Right Shares, Any Other Entitlement/Corporate Action And Any Other Price-Sensitive Information.

The financial results of the Company are as follows:

(RUPEES IN THOUSAND)

	Half year ended		Quarter ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
SALES	139,644	1,068,079	1,385	546,408
COST OF SALES	(184,835)	(1,076,388)	(13,142)	(548,734)
GROSS PROFIT/(LOSS)	(45,191)	(8,309)	(11,757)	(2,326)
DISTRIBUTION COST	(906)	(17,734)	(13)	(10,564)
ADMINISTRATIVE EXPENSES	(17,836)	(20,133)	(6,408)	(9,656)
OTHER EXPENSES	(4,652)	(3,652)	(3,494)	(435)
	(23,394)	(41,519)	(9,915)	(20,655)
	(68,585)	(49,828)	(21,672)	(22,981)
OTHER INCOME	8	11,356	8	11,356
LOSS FROM OPERATIONS	(68,577)	(38,472)	(21,664)	(11,625)
FINANCE COST	(16,379)	(26,898)	(9,030)	(18,230)
LOSS BEFORE TAXATION	(84,956)	(65,370)	(30,694)	(29,855)
TAXATION	(1)	(10,216)	1,382	(4,967)
LOSS AFTER TAXATION	(84,957)	(75,586)	(29,312)	(34,822)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)	(2.72)	(2.42)	(0.94)	(1.12)

Auditors' observation is as under:

As more fully explained in the note 1.2 to this condensed interim financial information, the company has incurred net loss of Rupees 84.957 million during the half year ended 31 December 2015. Equity of the company stands at a negative balance of Rupees 141.229 million due to accumulated losses of Rupees 467.930 million as on 31 December 2015. At the balance sheet date, the company's current liabilities exceeded its current assets by Rupees 442.017 million. The company is facing problems in timely repayment of financing. Manufacturing activities of the company have been closed due to shortage of working capital and heavy losses.

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Our review indicates that, because management's use of the going concern assumption in this condensed interim financial information is inappropriate as described in the Basis for Adverse Conclusion paragraph, this condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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