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Sargodha Spinning Mills Limited

COMPANY INFORMATION

Board of Directors:

Mian Farrukh Naseem
Mian Aamir Naseem
Mian Shahzad Aslam
Mrs. Hina Farrukh
Syed Arif Hussain
Mr. Irfan Qamar
Mr. Shahid Mahmud

Chairman/Chief Executive Officer

Audit Committee:

Mian Aamir Naseem
Mian Shahzad Aslam
Syed Arif Hussain

(Chairman)
(Member)
(Member)

Chief Financial Officer:

Mr. Mazhar Hussain

Company Secretary:

Mr. Mazhar Hussain

Auditors:

Riaz Ahmad & Company
Chartered Accountants

Bankers:

National Bank of Pakistan
NIB Bank Limited
Habib Bank Limited
Bank Alfalah Limited

Registrar:

Corplink (Pvt) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore.
Ph: 042-35839182, 35887262, 35916719
Fax:042-35869037

Registered Office:

A-601/B, City Towers,
6-K Main Boulevard,
Gulberg-II, Lahore
Ph:(042) 35788758-59

Mills

8-K.M. Sargodha Road, Faisalabad.
Ph: (041) 8868132-5



Sargodha Spinning Mills Limited

DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present the un-audited condensed interim financial information of the company for the Half Year ended December 31, 2009 reviewed by the auditors of the company.

During the period under review, the company earned a net profit of Rs. 4.777 million as compared to net loss of Rs.52.470 million in comparative period. Sales were made amounting to Rs. 849.530 million representing an increase of 12% against previous period sales. Almost 100% production of Unit No. II has been exported valuing Rs. 672.799 million. The position of Textile Sector for the last six months has improved mainly due to favourable domestic as well as international yarn markets inspite of unprecedented increase in prices of cotton & fiber and all inputs, devaluation in Pak Currency, increase in electricity tariff, power disruption due to shut down of gas during winter and intermittent supply of electricity by Wapda.

The auditors expressed their modified opinion regarding going concern of the company because of accumulated loss of Rs.339.281 million and increase of current liabilities over current assets by Rs.316.518 million.

The management is very much confident to pull the company out of these transitory crises by dint of its prudent planning. We have procured quality cotton at reasonable rates to meet the requirement upto the end of current financial year and expects better profit margin provided that the yarn markets remains favourable. The production of Unit No. I has also been started which was temporarily closed during the year ended June 30, 2009. The rescheduling / restructuring proposal of financial facilities is under approval with the banks.

The management expects that due to the above stated factors, the operating cycle will be better and their impact will increase the profitability resulting the company will overcome its financial constraints which will provide quite relief to the company's financial liquidity and carrying out its operation smoothly and would help us to recoup its accumulated losses.

The board avails the opportunity to appreciate the devoted work done by the executives, officers, staff and workers of the company.

For and on behalf of the Board

MIAN FARRUKH NASEEM
(Chairman / Chief Executive Officer)

LAHORE: February 25, 2010



Sargodha Spinning Mills Limited

Auditors' Report to the Members on Review of Condensed Interim financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of SARGODHA SPINNING MILLS LIMITED as at 31 December 2009 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (herein after referred to as "condensed interim financial information"), for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2009 and 31 December 2008 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 half year ended 31 December 2009.

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 condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 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.

Other Matter

Without qualifying our conclusion, we draw attention to note 1.2 to the condensed interim financial information, which indicates that the Company has accumulated loss of Rupees 339.281 million which has turned the equity into negative balance of Rupees 27.281 million. At balance sheet date, the Company's current liabilities exceeded its current assets by Rupees 316.518 million. The Company is facing problems in repayments of financing. The negotiations with the lending institutions to reschedule the long term financing have not yet finalized. These conditions, alongwith other matters as set forth in the note 1.2, indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. This condensed interim financial information has however been prepared on a going concern basis subject to the assumptions of continued support from lending institutions and sponsors.

LAHORE: February 25, 2010

Riaz Ahmad & Company
Chartered Accountants



Sargodha Spinning Mills Limited

CONDENSED INTERIM BALANCE SHEET AS

	NOTE	(RUPEES IN THOUSAND)	
		31 Dec. 2009 Un-Audited	30 June 2009 Audited
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 42,000,000 (30 June 2009 : 42,000,000) ordinary shares of Rupees 10 each		<u>420,000</u>	<u>420,000</u>
Issued, subscribed and paid up share capital 31,200,000 (30 June 2009 : 31,200,000) ordinary shares of Rupees 10 each		312,000	312,000
Reserves		<u>(339,281)</u>	<u>(347,668)</u>
Total Equity		(27,281)	(35,668)
Surplus on revaluation of property, plant and equipment		583,110	586,720
NON-CURRENT LIABILITIES			
Sponsors' advances - interest free		30,644	30,644
Long term financing - secured	5	118,691	139,368
Liabilities against assets subject to finance lease	6	2,717	9,353
		152,052	179,365
CURRENT LIABILITIES			
Trade and other payables		244,672	180,762
Accrued mark-up		53,966	43,856
Short term borrowings - secured		442,073	148,079
Current portion of non-current liabilities		130,310	114,101
Provision for taxation		7,285	5,083
		<u>878,306</u>	<u>491,881</u>
TOTAL LIABILITIES		1,030,358	671,246
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		<u>1,586,187</u>	<u>1,222,298</u>

The annexed notes form an integral part of this condensed interim financial information.

(Mian Farrukh Naseem)
CHIEF EXECUTIVE OFFICER



Sargodha Spinning Mills Limited

AT 31 DECEMBER 2009

	NOTE	(RUPEES IN THOUSAND)	
		31 Dec. 2009 Un-Audited	30 June 2009 Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,018,402	1,042,697
Long term investment		190	190
Long term security deposits		5,807	5,807
Deferred tax asset	9	-	-
		<u>1,024,399</u>	<u>1,048,694</u>
CURRENT ASSETS			
Stores and spare parts		19,353	21,472
Stock in trade		444,794	107,324
Trade debts		62,226	15,453
Loans and advances		1,457	148
Trade deposits and short term prepayments		7,070	1,579
Other receivables		25,117	25,139
Cash and bank balances		1,771	2,489
		561,788	173,604
TOTAL ASSETS		<u>1,586,187</u>	<u>1,222,298</u>

(Mian Aamir Naseem)
DIRECTOR



Sargodha Spinning Mills Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 31 DECEMBER 2009 (UN-AUDITED)

(RUPEES IN THOUSAND)

	HALF YEAR ENDED		QUARTER ENDED	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
SALES	849,530	760,630	472,205	321,539
COST OF SALES	(753,979)	(746,415)	(420,410)	(338,803)
GROSS PROFIT / (LOSS)	95,551	14,215	51,795	(17,264)
DISTRIBUTION COST	(34,839)	(11,327)	(18,088)	(5,724)
ADMINISTRATIVE EXPENSES	(11,795)	(13,173)	(6,367)	(6,397)
OTHER OPERATING EXPENSES	(885)	(6,471)	(617)	(4,882)
	<u>(47,519)</u>	<u>(30,971)</u>	<u>(25,072)</u>	<u>(17,003)</u>
	48,032	(16,756)	26,723	(34,267)
OTHER OPERATING INCOME	16	-	16	-
PROFIT / (LOSS) FROM OPERATIONS	48,048	(16,756)	26,739	(34,267)
FINANCE COST	(36,112)	(34,875)	(19,891)	(18,892)
PROFIT / (LOSS) BEFORE TAXATION	11,936	(51,631)	6,848	(53,159)
PROVISION FOR TAXATION	(7,159)	(839)	(3,605)	(506)
PROFIT / (LOSS) AFTER TAXATION	<u>4,777</u>	<u>(52,470)</u>	<u>3,243</u>	<u>(53,665)</u>
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	<u>0.15</u>	<u>(1.68)</u>	<u>0.10</u>	<u>(1.72)</u>

The annexed notes form an integral part of this condensed interim financial information.

(Mian Farrukh Naseem)
CHIEF EXECUTIVE OFFICER

(Mian Aamir Naseem)
DIRECTOR



Sargodha Spinning Mills Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2009 (UN-AUDITED)

(RUPEES IN THOUSAND)

	HALF YEAR ENDED		QUARTER ENDED	
	31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008
PROFIT / (LOSS) AFTER TAXATION	4,777	(52,470)	3,243	(53,665)
OTHER COMPREHENSIVE INCOME				
Surplus / (deficit) on measurement of available for sale investment	-	(176)	-	345
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u>4,777</u>	<u>(52,646)</u>	<u>3,243</u>	<u>(53,320)</u>

The annexed notes form an integral part of this condensed interim financial information.

(Mian Farrukh Naseem)
CHIEF EXECUTIVE OFFICER

(Mian Aamir Naseem)
DIRECTOR



Sargodha Spinning Mills Limited

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2009 (UN-AUDITED)

(RUPEES IN THOUSAND)

	31 Dec. 2009	31 Dec. 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	11,936	(51,631)
Adjustments for non-cash charges and other items:		
Depreciation	24,090	26,640
Interest expense due to impact of IAS - 39	2,954	3,184
Gain on disposal of property plant and equipment	(16)	-
Exchange loss	-	4,882
Finance cost	33,158	31,691
Cash flows from operating activities before adjustment of working capital changes	72,122	14,766
(Increase) / decrease in current assets		
Stores and spare parts	2,119	(3,128)
Stock in trade	(337,470)	(33,645)
Trade debts	(46,773)	13,543
Loans and advances	(1,309)	(2,438)
Trade deposits and short term prepayments	(5,491)	142
Other receivables	1,698	307
Increase in current liabilities	(387,226)	(25,219)
Trade and other payables	63,910	10,940
Cash generated from / (utilized in) operations	(251,194)	487
Finance cost paid	(23,049)	(22,097)
Income tax paid	(6,632)	(1,914)
Net cash utilized in operating activities	(280,875)	(23,524)



Sargodha Spinning Mills Limited

(RUPEES IN THOUSAND)

	31 Dec. 2009	31 Dec. 2008
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(29)	(1,204)
Proceeds from the sale of vehicle	250	-
Net cash from / (used in) investing activities	221	(1,204)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing-secured	(9,950)	(7,786)
Short term borrowings - net	293,994	34,662
Repayment of liabilities against assets subject to finance lease	(4,108)	(1,927)
Net cash from financing activities	279,936	24,949
Net increase / (decrease) in cash and cash equivalents	(718)	221
Cash and cash equivalents at the beginning of the period	2,489	1,695
Cash and cash equivalents at the end of the period	1,771	1,916

The annexed notes form an integral part of this condensed interim financial information.

(Mian Farrukh Naseem)
CHIEF EXECUTIVE OFFICER

(Mian Aamir Naseem)
DIRECTOR



Sargodha Spinning Mills Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2009 (UN-AUDITED)

(RUPEES IN THOUSAND)

SHARE CAPITAL	R E S E R V E S			TOTAL EQUITY	
	Capital	Revenue	Total		
	Fair Value	Accumu- lated Loss			
Balance as at 30 June 2008 - (Audited)	312,000	(2,925)	(227,020)	(229,945)	82,055
Transferred from surplus on revaluation of operating fixed assets -net of deferred tax	-	-	3,981	3,981	3,981
Total comprehensive loss for the half year ended on 31 December 2008	-	(176)	(52,470)	(52,646)	(52,646)
Balance as at 31 December 2008 - (Un-audited)	312,000	(3,101)	(275,509)	(278,610)	33,390
Transferred from surplus on revaluation of operating fixed assets -net of deferred tax	-	-	3,980	3,980	3,980
Total comprehensive income / (loss) for the half year ended on 30 June 2009	-	3,101	(76,139)	(73,038)	(73,038)
Balance as at 30 June 2009 - (Audited)	312,000	-	(347,668)	(347,668)	(35,668)
Transferred from surplus on revaluation of operating fixed assets -net of deferred tax	-	-	3,610	3,610	3,610
Total comprehensive income for the half year ended on 31 December 2009	-	-	4,777	4,777	4,777
Balance as at 31 December 2009 - (Un-audited)	312,000	-	(339,281)	(339,281)	(27,281)

The annexed notes form an integral part of this condensed interim financial information.

(Mian Farrukh Naseem)
CHIEF EXECUTIVE OFFICER

(Mian Aamir Naseem)
DIRECTOR



Sargodha Spinning Mills Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2009

1. THE COMPANY AND ITS OPERATIONS

1.1 Sargodha Spinning Mills Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on Karachi and Lahore Stock Exchanges. Its registered office is situated at A-601/B, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore. The company is principally engaged in the manufacturing and trading of yarn made from raw cotton and synthetic fibre and fabric of all types and to generate electricity for internal use.

1.2 As on balance sheet date, the Company has negative equity of Rupees 27.281 million due to accumulated loss of Rupees 339.281 million as of that date. Current liabilities of the Company are in excess from current assets by Rupees 316.518 million. The Company is currently facing problem to repay its debts. These factors raise doubt that the Company will not be able to continue as going concern. The management is negotiating with financial institutions to reschedule the long term financing on soft terms which is in process. During the half year ended 31 December 2009, the Company has earned net profit of Rupees 4.777 million as compared to the net loss of Rupees 52.470 million in the comparative period. Production of Spinning unit 1 has been started which was temporarily shut down during the year ended 30 June 2009 due to heavy load shedding. Position of textile sector for the last six months has improved, total sales of the Company including export sales during the current period are Rupees 849.530 million as compared to the sales of Rupees 760.630 million in the comparative period. The management has procured the quality cotton at a reasonable rate to meet the requirement upto the end of current financial year which will contribute towards better profit margin provided that the yarn market remains favourable. The current ratio of the Company has improved from 0.35 (as at 30 June 2009) to 0.64 (as at 31 December 2009). The management expects that rescheduling / restructuring of financing, reduction in the rate of mark up and continued support from sponsors would provide relief to the company's financial liquidity and would help in carrying out operations smoothly and in servicing its debts well in time. Therefore, this condensed interim financial information has been prepared on going concern basis and do not include any adjustments that may be necessary if the company is unable to continue as a going concern.



Sargodha Spinning Mills Limited

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This condensed interim financial information should be read in conjunction with the audited annual published financial statements for the year ended 30 June 2009.

3. ACCOUNTING POLICIES

The accounting policies and method of computations adopted for the preparation of this condensed interim financial information 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 2009.

The following amendment to published approved accounting standard relevant to the company has been adopted in the current period:

IAS 1 (Revised) 'Presentation of Financial Statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income). The company has preferred to present two statements, a profit and loss account and a statement of comprehensive income. In this condensed interim financial information, comparative information has been re-presented in conformity with the revised standard. Since this change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.



Sargodha Spinning Mills Limited

In addition to above, there are other new standards and amendments to published approved accounting standards which are mandatory for financial statements for annual periods beginning on or after 01 January 2009 and are also relevant to the company. However, the adoption of these new standards and amendments to standards did not have any significant impact on this condensed interim financial information of the company, therefore, are not analyzed in detail.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgements 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 this condensed interim financial information, the significant judgements 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 2009.

		(RUPEES IN THOUSAND)	
		31 Dec. 2009	30 June 2009
		Un-Audited	Audited
5.	LONG TERM FINANCING-SECURED		
	Opening balance	242,435	243,700
	Add: Adjustment of IAS-39 during the period / year	<u>2,954</u>	<u>8,520</u>
		245,389	252,220
	Less: Repaid during the period / year	<u>9,950</u>	<u>9,785</u>
	Closing balance	235,439	242,435
	Less: Current portion shown under current liabilities	<u>116,748</u>	<u>103,067</u>
		<u>118,691</u>	<u>139,368</u>
6.	LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
	Minimum lease payments	18,249	23,888
	Less: Un-amortized finance charges	<u>1,970</u>	<u>3,501</u>
	Present value of minimum lease payments	16,279	20,387
	Less: Current portion shown under current liabilities	<u>13,562</u>	<u>11,034</u>
		<u>2,717</u>	<u>9,353</u>



Sargodha Spinning Mills Limited

7. CONTINGENCIES AND COMMITMENTS

Contingencies

i) The company is contingently liable for Rupees 4.161 million (2009: Rupees 4.161 million) on account of custom duty on humidification plant and excise duty on yarn.

ii) The company has issued counter-guarantees of Rupees 13.299 million (2009: Rupees 14.129 million) in favour of the bank for issuing letters of guarantee favouring Sui Northern Gas Pipelines Limited for gas connection.

iii) Sales tax recoverable includes an amount of Rupees 2.290 million (2009: Rupees 3.090 million) deferred by sales tax department against which company has filed appeals to the Sales Tax Collectorate, Faisalabad and Appellate Tribunal, Lahore.

Commitments

Letters of credit for other than capital expenditure are Rupees 3.965 million (2009: Rupees 0.535 million).

(RUPEES IN THOUSAND)

	31 Dec. 2009 Un-Audited	30 June 2009 Audited
8. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets:		
Owned assets (Note 8.1)	999,648	1,022,956
Assets subject to finance lease (Note 8.2)	18,754	19,741
	<u>1,018,402</u>	<u>1,042,697</u>
8.1 OWNED ASSETS		
Opening book value	1,022,956	1,072,560
Add: Cost of additions during the period / year (Note 8.1.1)	29	1,525
	<u>1,022,985</u>	<u>1,074,085</u>
Less: Book value of deletion during the period / year (Note 8.1.2)	234	-
	<u>1,022,751</u>	<u>1,074,085</u>
Less: Depreciation charged during the period / year	23,103	51,129
	<u>999,648</u>	<u>1,022,956</u>
8.1.1 Cost of additions		
Plant and machinery	-	1,504
Office equipment	29	-
Furniture and Fixture	-	21
	<u>29</u>	<u>1,525</u>



Sargodha Spinning Mills Limited

	(RUPEES IN THOUSAND)	
	31 Dec. 2009	30 June 2009
	Un-Audited	Audited
8.1.2 Book value of deletion		
Cost of vehicle disposed of	478	-
Less: Accumulated depreciation	<u>244</u>	<u>-</u>
Book value of deletion during the period / year	<u>234</u>	<u>-</u>
8.2 ASSETS SUBJECT TO FINANCE LEASE		
Opening book value	19,741	21,934
Less: Depreciation charged during the period / year	<u>987</u>	<u>2,193</u>
Closing book value	<u>18,754</u>	<u>19,741</u>
8.3 Property, plant and equipment of the company were revalued as at 30 September 1995, 31 March 2004 and 31 December 2007 by independent valuers. The latest revaluation as at 31 December 2007 was carried out only for freehold land by Messer's Masud Associates, the approved valuers. Had there been no revaluation, the value of the assets would have been lower by Rupees 625.531 million (2009: Rupees 631.084 million).		
9 DEFERRED TAX ASSET		
The (liability) / asset for deferred taxation originated due to temporary differences relating to:		
Deferred tax liability:		
Accelerated tax depreciation	(17,115)	(54,557)
Surplus on revaluation of property, plant and equipment	(42,422)	(44,275)
Finance lease	<u>(186)</u>	<u>-</u>
	(59,723)	(98,832)
Deferred tax asset:		
Finance lease	-	150
Accumulated tax losses	177,627	179,459
Minimum tax available for carry forward	<u>15,573</u>	<u>19,503</u>
	133,477	100,280
Less: Deferred tax asset not recognized	<u>133,477</u>	<u>100,280</u>
	<u>-</u>	<u>-</u>



Sargodha Spinning Mills Limited

- 9.1 The net deferred income tax asset of Rupees 133.477 million (2009: Rupees 100.280 million) has not been recognized in this condensed interim financial information as the temporary differences are not expected to reverse in foreseeable future because taxable profits will not be probably available against which the temporary differences can be utilized.

10. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies, key management personnel and provident fund trust. The company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties is as follows:

(RUPEES IN THOUSAND)
(Un-Audited)

HALF YEAR ENDED		QUARTER ENDED	
31 Dec. 2009	31 Dec. 2008	31 Dec. 2009	31 Dec. 2008

Associated companies

Purchases of goods and services	2,058	-	570	-
Sales of goods and services	4,631	-	4,631	-

Other related parties

Company's Contribution to employees' provident fund trust	1,009	1,343	530	648
Remuneration paid to Chief Executive, Directors and Executives	1,697	1,260	880	600

11. 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 2009.



Sargodha Spinning Mills Limited

12. AUTHORIZED FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on February 25, 2010.

13. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison. However, no major rearrangement / regrouping has been made.

14. GENERAL

Figures have been rounded off to nearest thousand of Rupees.

(Mian Farrukh Naseem)
CHIEF EXECUTIVE OFFICER

(Mian Aamir Naseem)
DIRECTOR