

**Quarterly  
Accounts  
(UN-AUDITED)  
As at 31<sup>st</sup> March, 2018  
(3<sup>rd</sup> Quarter)**

**SANA Industries Limited**

33-D-2, Block 6, P.E.C.H.S., Shahrāh-e-Faisal, Karachi-75400  
Phone: 021-34322556-9 Email: [info@sana-industries.com](mailto:info@sana-industries.com)

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## COMPANY INFORMATION

### Board of Directors

Mr.Mohammed Younus Nawab	- Chairman
Mr.Ibrahim Younus	- Director
Mr.Ismail Younus	- Director
Mr.Mohammed Faizanullah	- Director
Mr.Ilyas Abdul Sattar	- Director
Mr.Mohammed Khalid Yousuf	- Director
Hafiz Mohammed Irfan Nawab	- Chief Executive

### Audit Committee

Mr.Mohammed Khalid Yousuf	- Chairman
Mr.Ilyas Abdul Sattar	- Member
Mr.Abdul Hameed	- Member
Mr.Mohammed Faizanullah	- Member and Secretary

### Registered Office

33-D-2, Block 6, P.E.C.H.S  
P.O.Box No.10651,  
Karachi - 75700  
Phone : 32561728 - 29  
Fax : 32570833  
E-mail : [info@sanaindustries.com](mailto:info@sanaindustries.com)

### Auditors

Muniff Ziauddin & Co.  
Chartered Accountants  
F/17/3, Business Executive Centre  
Block 8, Clifton,  
Karachi.  
Phone : 35375127 - 28  
Fax : 35820325

### Bankers

Habib Metropolitan Bank Limited  
Islamic Banking Branch,  
Jodia Bazar,  
Karachi.  
Phone : 32432528 - 30  
Fax : 32432527

### H.R. & Remuneration Committee

Mr.Mohammed Khalid Yousuf	- Chairman
Mr.Ilyas Abdul Sattar	- Member
Mr.Ibrahim Younus	- Member

### C.F.O./Company Secretary

Mr.Abdul Hussain Antaria

### Mills

B-186, Hub Industrial Trading Estate,  
Hub Chowki, District Lasbela,  
Balochistan.  
Phone : 0853-363443 - 44  
Fax : 0853-363422

### Legal Advisors

Zaki & Co.,  
Advocates  
21-A, Wahab Arcade,  
M.A.Jinnah Road,  
Karachi.  
Phone : 32628998 / 32628999

### Share Registrars

Central Depository Co. of Pakistan Ltd.  
Share Registrar Department  
CDC House, 99-B, Block B, S.M.C.H.S.,  
Karachi.  
Phone : 111-111-500  
Fax : 34326027

Website for financial data - <http://www.sana-industries.com/>



## **"DIRECTORS' REPORT**

The Directors take pleasure in submitting the un-audited accounts, for the Three Quarters ended 31st March, 2018, as required by the Securities and Exchange Commission of Pakistan, vide Circular No.2(52)SE/2001 dated 5/11/2001.

Alhamdo Lillah, the results of the Third quarter have shown improvement as compared to the last two quarters, due to prevailing market conditions and the consolidated Net Loss, after tax, of Rs.7.15 million for the two quarters has been converted to a net profit, after tax of Rs.1.73 million. During the period under review:-

- (a) the 'consolidated' Net Profit, after tax, has been converted from a loss of Rs.25.12 million, in the previous quarter, to a profit of Rs.1.73 million, in the current quarter.
- (b) the 'consolidated' Net Loss, before tax, during the corresponding nine months period of last year, amounting to Rs.33.73 million has been reduced to a loss of Rs.2.80 million.

In order to facilitate our Shareholders, following comparisons of operating and financial data are annexed:

- |  |         |
|--|---------|
| (a) Comparison with previous quarter                       | Annex-A |
| (b) Comparison with corresponding quarter of last year     | Annex-B |
| (c) Comparison with corresponding nine months period       | Annex-C |
| (d) Comparison of Balance Sheet of the last three quarters | Annex-D |
| (e) Comparison of P&L Account of the last three quarters   | Annex-E |

### **FUTURE PROSPECTS**

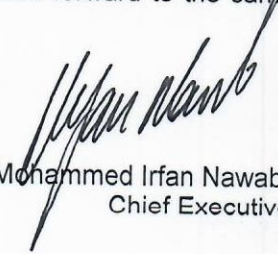
The Management has a neutral view of the future profitability of the Company, but the market conditions seem to be improving.

### **DIVIDEND**

The Directors have decided to skip payment of any interim dividend for consolidation with the final dividend.

### **PERSONNEL**

I would like to place on record my sincere appreciation for the devotion and loyalty of the staff and workers without whose efforts this success could not have been achieved. I look forward to the same devotion and cooperation in the years to come.

  
(Mohammed Irfan Nawab)  
Chief Executive

27<sup>th</sup> April, 2018.

## ڈائریکٹر رپورٹ

سیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر ۲ (۵۲) سی ای / ۲۰۰۱ بتاریخ 05/11/2017 کے مطابق ۳۱ مارچ ۲۰۱۸ کو ختم ہونے والی تیسری سہ ماہی کے لئے ڈائریکٹر ریویو شدہ اکاؤنٹس جمع کرنے میں خوشی رکھتے ہیں۔

الحمد للہ، تیسری سہ ماہی کے نتائج گذشتہ ششماہی کے مقابلے میں موجودہ مارکیٹ کے حالات کی وجہ سے بہتری ہوئی ہے اور گزشتہ ششماہی میں جمع شدہ خالص نقصان بعد از ٹیکس 7.15 ملین روپے کے مقابلے میں اس سہ ماہی میں جمع شدہ خالص منافع 1.73 ملین روپے ہوا ہے۔

(۱) اس سال کے دوسری سہ ماہی کے دوران جمع شدہ خالص نقصان بعد از ٹیکس 25.12 ملین سے کم ہو کر اس سہ ماہی میں 1.73 ملین روپے جمع شدہ خالص منافع ہوا ہے۔  
(۲) گزشتہ سال کے نو مہینے میں جمع شدہ خالص نقصان قبل از ٹیکس 33.73 ملین روپے سے کم ہو کر 2.80 ملین روپے ہوا ہے۔

ہمارے حصص داران کی سہولت کے لئے مندرجہ ذیل آپریٹنگ اور فنانشیل ڈیٹا ساتھ منسلک ہے۔

Annex - A	(۱) گزشتہ سہ ماہی سے موازنہ
Annex - B	(ب) گزشتہ سال کی اسی سہ ماہی سے موازنہ
Annex - C	(پ) گزشتہ سال کی اسی نو مہینے سے موازنہ
Annex - D	(ت) بیلنس شیٹ کا بہ لحاظ سہ ماہی موازنہ
Annex - E	(ث) نفع و نقصان کھاتہ جات کا بہ لحاظ سہ ماہی موازنہ

### مستقبل کے امکان

کمپنی کے مستقبل کے منافع کے بارے میں کچھ یقین سے نہیں کہا جاسکتا لیکن موجودہ مارکیٹ کے حالات اچھے ہوتے نظر آ رہے ہیں۔

ڈیویڈنڈ:

ڈائریکٹرز نے فیصلہ کیا ہے کہ حتمی فیصلہ تک کسی بھی طرح کے عبوری ڈیویڈنڈ کی ادائیگی نہیں کی جائے۔

اظہار تشکر

میں اپنے تمام اسٹاف واراکیمن کا ان کی لگن اور وفاداری پر شکریہ ادا کرتا ہوں۔ کمپنی کی کامیابی اس کے ورکرز کی کوششوں کے بغیر ممکن نہیں ہے، میں امید رکھتا ہوں کہ آپ آئندہ آئے والے سالوں میں بھی اسی لگن و جذبے کا مظاہرہ کریں گے

(محمد عرفان نواب)  
چیف ایگزیکٹو  
کراچی: ۲۷ اپریل ۲۰۱۸



## Comparison with previous quarter

## Annexure A

Covering period FROM TO	01-Jan-2018 31-Mar-2018	01-Oct-2017 31-Dec-2017	VARIATION	
			Amount	Percentage
Turnover - net	490.61	536.95	(46.34)	-8.63%
Cost of Sales	460.26	502.06	(41.80)	-8.33%
Gross Profit	30.35	34.89	(4.54)	-13.01%
G.P.Rate to Sales	6.19%	6.50%		-0.31%
Administrative, Selling, Financial & Other expenses	30.77	30.87	(0.10)	-0.32%
Other income	0.05	0.09	(0.04)	-44.44%
Net (Loss) / Profit before taxation	(0.37)	4.11	(4.48)	-109.00%
Net (Loss) / Profit Rate to Sales	-0.08%	0.77%		
Provision for Taxation	(2.10)	29.23	(31.33)	-107.18%
Profit / (Loss) after Taxation	1.73	(25.12)	26.85	-106.89%
Earning per share (before tax)	(0.04)	0.48	(0.52)	-108.33%
Earning per share (after tax)	0.20	(2.92)	3.12	-106.85%

## Comparison with corresponding quarter of last year

## Annexure B

Covering period FROM TO	01-Jan-2018 31-Mar-2018	01-Jan-2017 31-Mar-2017	VARIATION	
			Amount	Percentage
Turnover - net	490.61	384.96	105.65	27.44%
Cost of Sales	460.26	352.51	107.75	30.57%
Gross Profit	30.35	32.45	(2.10)	-6.46%
G.P.Rate to Sales	6.19%	8.43%		
Administrative, Selling, Financial & Other expenses	30.77	24.74	6.03	24.39%
Other income	0.05	0.22	(0.17)	-77.63%
Net (Loss) / Profit before taxation	(0.37)	7.94	(8.30)	-104.65%
Net (Loss) / Profit Rate to Sales	-0.08%	2.06%		
Provision for Taxation	(2.10)	1.43	(3.53)	-246.83%
Profit after Taxation	1.73	9.37	(7.63)	-81.52%
Earning per share (before tax)	(0.04)	0.92	(0.96)	-104.35%
Earning per share (after tax)	0.20	1.09	(0.89)	-81.65%

## Comparison with corresponding nine months of last year

## Annexure C

Covering period FROM TO	01-Jul-2017 31-Mar-2018	01-Jul-2016 31-Mar-2017	VARIATION	
			Amount	Percentage
Turnover - net	1,504.42	1,327.62	176.80	13.32%
Cost of Sales	1,414.77	1,280.07	134.70	10.52%
Gross Profit	89.65	47.55	42.10	88.54%
G.P.Rate to Sales	5.96%	3.58%		
Administrative, Selling, Financial & Other expenses	93.10	80.96	12.14	15.00%
Other Profit / Loss income	0.65	(0.33)	0.98	296.97%
Net Loss before taxation	(2.80)	(33.74)	30.94	91.70%
N.L.Rate to Sales	-0.19%	-2.54%		
Provision for Taxation	2.62	0.74	1.88	254.05%
Loss after Taxation	(5.42)	(34.47)	29.05	-84.28%
Earning per share (before tax)	(0.33)	(3.93)	3.60	-91.60%
Earning per share (after tax)	(0.63)	(4.01)	3.38	-84.29%

## COMPARISON OF BALANCE SHEET OF THREE QUARTERS

	1ST QUARTER 30-Sep-2017 Rupees	2ND QUARTER 31-Dec-2017 Rupees	3RD QUARTER 31-Mar-2018 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant and equipments	611,669,532	641,180,640	629,912,961
Long-term deposits	3,125,751	3,125,751	4,940,751
	614,795,283	644,306,391	634,853,712
<b>CURRENT ASSETS</b>			
Stock-in-trade	192,333,425	135,916,664	161,060,459
Trade debts- unsecured, considered good	232,803,477	279,076,764	300,351,974
Advances	34,846,583	27,505,596	18,686,366
Deposits and pre-payments	6,562,178	7,274,848	4,109,472
Other receivables	27,069,416	33,477,665	36,191,603
Taxation - net	53,858,776	55,112,065	57,966,499
Cash and bank balances	27,299,589	22,616,229	9,016,282
	574,773,444	560,979,831	587,382,655
<b>TOTAL ASSETS</b>	<b>1,189,568,727</b>	<b>1,205,286,222</b>	<b>1,222,236,366</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share Capital	85,937,500	85,937,500	85,937,500
Reserves	214,746,712	183,817,866	181,458,341
Attributable to equity holders of the parent	300,684,212	269,755,366	267,395,841
Non-controlling interest	16,170,823	21,981,760	26,072,326
	316,855,035	291,737,126	293,468,167
<b>NON CURRENT LIABILITIES</b>			
Diminishing Mushareqa	120,973,483	115,228,372	81,797,075
Liabilities against assets subject to finance lease	-	38,452,353	30,051,872
Deferred Liabilities	10,565,429	30,256,553	21,817,300
	131,538,912	183,937,278	133,666,247
<b>CURRENT LIABILITIES</b>			
Trade and other payables	198,898,842	195,473,575	235,053,934
Finance cost Payable	9,116,172	8,803,917	8,008,348
Borrowings from Directors and related parties	59,840,000	63,360,000	59,160,000
Current portion of diminishing mushreqa arrangements	58,123,687	47,842,106	63,343,602
Liabilities against assets subject to finance lease	-	6,066,840	12,564,982
Morabaha Arrangements	415,196,079	408,065,380	416,971,086
Taxation - net	-	-	-
	741,174,780	729,611,818	795,101,952
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,189,568,727</b>	<b>1,205,286,222</b>	<b>1,222,236,366</b>
Debt Equity Ratio	29.34%	38.67%	31.29%
Current Ratio	0.78	0.77	0.74



## COMPARISON OF PROFIT &amp; LOSS ACCOUNT OF THREE QUARTERS.

	1ST QUARTER 30-Sep-2017 Rupees	2ND QUARTER 31-Dec-2017 Rupees	3RD QUARTER 31-Mar-2018 Rupees	Y.T.D. 31-Mar-2018 Rupees
Net turnover	476,863,876	536,950,191	490,606,922	1,504,420,989
Cost of sales	(452,449,403)	(502,062,192)	(460,256,235)	(1,414,767,830)
Gross profit	24,414,473	34,887,999	30,350,687	89,653,159
G.P.Rate	5.12%	6.50%	6.19%	5.96%
Selling and distribution expenses	(4,352,604)	(4,600,827)	(4,656,653)	(13,610,084)
General and administration expenses	(13,746,808)	(13,709,118)	(14,062,409)	(41,518,335)
Other operating expenses	(263,170)	23,410	(658,374)	(898,134)
Other operating income / (loss)	503,743	92,745	50,360	646,848
Operating profit	6,555,634	16,694,209	11,023,611	34,273,454
Finance cost	(13,087,994)	(12,582,326)	(11,398,441)	(37,068,761)
Loss / Profit for the period before taxation	(6,532,360)	4,111,883	(374,829)	(2,795,306)
Provision for taxation - current	(6,764,849)	(7,461,059)	(6,225,662)	(20,451,570)
- prior year	-	(2,031,048)	-	(2,031,048)
- deferred (current)	31,268,002	(19,737,685)	8,331,532	19,861,849
	24,503,153	(29,229,792)	2,105,870	(2,620,769)
Profit / Loss after taxation	17,970,793	(25,117,909)	1,731,041	(5,416,075)
Earning per share before taxation - restated	(0.76)	0.48	(0.04)	(0.33)
Earning per share after taxation - restated	2.09	(2.92)	0.20	(0.63)



**SANA INDUSTRIES LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT 31 MARCH 2018 (UN-AUDITED)**

	NOTE	March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
		----- (Rupees) -----	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property , plant and equipment	5	464,590,507	505,354,011
Investment property		86,007,125	91,101,015
Investments	6	35,000,000	4,900,000
Long-term deposits		1,333,251	1,373,251
		586,930,883	602,728,277
<b>CURRENT ASSETS</b>			
Stock-in-trade	7	161,060,459	233,838,716
Trade debts- unsecured, considered good		221,846,743	141,585,443
Loans and advances		13,597,993	32,090,488
Trade deposits and short-term pre-payments		4,109,472	863,302
Other receivables		37,760,818	83,767,054
Taxation - net	8	45,651,933	50,279,109
Cash and bank balances		7,867,437	8,283,975
		491,894,855	550,708,087
<b>TOTAL ASSETS</b>		1,078,825,738	1,153,436,365
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
10,000,000 Ordinary shares of Rs. 10/- each		100,000,000	100,000,000
<b>Issued, subscribed and paid-up capital</b>			
8,593,750 (June 30, 2017: 8,593,750) Ordinary shares of Rs. 10/- each		85,937,500	85,937,500
<b>Reserves</b>		159,446,610	206,625,533
<b>Shareholder's equity</b>		245,384,110	292,563,033
<b>NON CURRENT LIABILITIES</b>			
Diminishing Mushareka	9	81,797,075	136,897,260
Deferred taxation	10	38,802,190	40,487,147
		120,599,265	177,384,406
<b>CURRENT LIABILITIES</b>			
Trade and other payables		202,259,327	144,445,042
Accrued profit		8,008,348	9,421,753
Borrowings from Directors		22,260,000	67,590,000
Current portion of diminishing mushareka	9	63,343,602	64,258,253
Morabaha Arrangements	11	416,971,086	397,773,877
Taxation - net	8	-	-
		712,842,363	683,488,926
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		1,078,825,738	1,153,436,365

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

(Mohammed Younus Nawab)  
Chairman

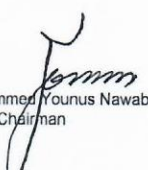
(Mohammed Irfan Nawab)  
Chief Executive

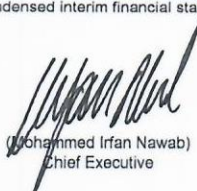
(Abdul Hussain Antaria)  
Chief Financial Officer

**SANA INDUSTRIES LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE THREE QUARTERS ENDED MARCH 31, 2018**

		THREE QUARTERS ENDED		QUARTER ENDED	
		March 31,	March 31,	March 31,	March 31,
		2018	2017	2018	2017
		----- Rupees -----		----- Rupees -----	
Turnover - net		1,273,630,560	1,327,615,444	407,895,233	384,959,195
Cost of sales	13	(1,248,893,402)	(1,280,065,507)	(399,538,064)	(352,511,048)
Gross profit		24,737,158	47,549,937	8,357,169	32,448,147
Selling and distribution expenses		(9,555,017)	(10,522,313)	(3,358,222)	(3,253,343)
Administrative expenses		(37,824,051)	(36,593,249)	(12,871,906)	(10,908,020)
Other operating expenses		(347,760)	(484,000)	(108,000)	(164,700)
Other operating income		29,665,871	(337,662)	9,580,140	212,408
Operating profit		6,676,201	(387,287)	1,599,181	18,334,492
Finance costs		(37,064,239)	(33,325,352)	(11,395,614)	(10,382,744)
Profit before taxation		(30,388,038)	(33,712,639)	(9,796,433)	7,951,748
Provision for taxation - current		(17,870,465)	588,587	(5,098,690)	-
Deferred taxation		1,079,580	(1,325,305)	959,796	1,430,220
		(16,790,885)	(736,718)	(4,138,894)	1,430,220
Profit after taxation		(47,178,923)	(34,449,357)	(13,935,327)	9,381,968
		=====	=====	=====	=====
Earning per share - Basic and Diluted	14	(5.49)	(4.01)	(1.62)	1.09
		=====	=====	=====	=====

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
(Mohammed Younus Nawab)  
Chairman

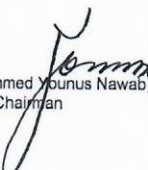
  
(Mohammed Irfan Nawab)  
Chief Executive

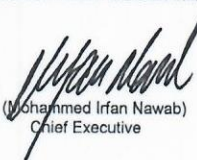
  
(Abdul Hussain Antaria)  
Chief Financial Officer

**SANA INDUSTRIES LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE THREE QUARTERS ENDED MARCH 31, 2018**

	THIRD QUARTER ENDED		Quarter ended	
	March 31,	March 31,	March 31,	March 31,
	2018	2017	2018	2017
	----- Rupees -----		----- Rupees -----	
Profit for the period	(47,178,923)	(34,449,357)	(13,935,327)	9,381,968
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	(47,178,923)	(34,449,357)	(13,935,327)	9,381,968
	=====	=====	=====	=====

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
(Mohammed Yunus Nawab)  
Chairman

  
(Mohammed Irfan Nawab)  
Chief Executive

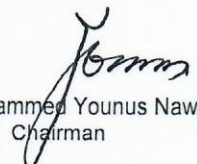
  
(Abdul Hussain Antaria)  
Chief Financial Officer



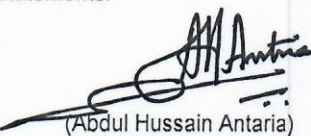
**SANA INDUSTRIES LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE THREE QUARTERS ENDED MARCH 31, 2018**

Note	March 31, 2018	March 31, 2017
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before taxation	(30,388,038)	(33,712,639)
Adjustments for:		
Depreciation	59,765,575	52,771,057
Gain on sale of fixed assets	(495,563)	627,444
Profit on PLS saving accounts	(88,133)	(289,782)
Finance costs	37,064,239	33,325,352
Cash generated by operating activities before working capital changes	65,858,080	52,721,432
(Increase) / decrease in current assets	53,769,518	(63,342,643)
(Decrease) / Increase in current liabilities	58,131,428	51,839,926
	177,759,026	41,218,715
Finance costs	(38,477,644)	(32,144,133)
Staff benefits paid	(505,377)	(713,073)
Income taxes paid	(13,230,464)	(25,094,952)
Net cash inflow from operating activities	125,545,541	(16,733,443)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(14,020,852)	(118,820,910)
Profit received from PLS saving accounts	88,133	289,782
Investments	(30,100,000)	-
Deposits	40,000	(160,000)
Proceeds from sale of property, plant and equipment	495,410	43,613,506
Net cash used in investing activities	(43,497,309)	(75,077,622)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts / (Repayments) under short term morabaha	19,197,209	2,929,763
Receipts / (Repayments) under long term musharaka	(56,014,836)	92,673,117
Borrowings from related party	(45,330,000)	(3,940,000)
Dividends paid	(317,143)	(29,965,909)
Net cash inflow from/(used in) financing activities	(82,464,770)	61,696,971
Net (decrease) / increase in cash and cash equivalents	(416,538)	(30,114,094)
Cash and cash equivalents at beginning of the period	8,283,975	40,059,805
Cash and cash equivalents at the end of the period	7,867,437	9,945,711
	=====	=====

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
(Mohammed Younus Nawab)  
Chairman

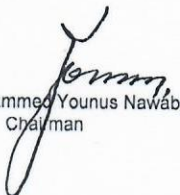
  
(Mohammed Irfan Nawab)  
Chief Executive

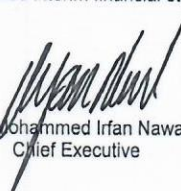
  
(Abdul Hussain Antaria)  
Chief Financial Officer

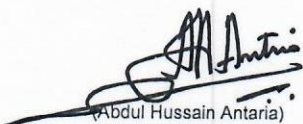
**SANA INDUSTRIES LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2018**

	Issued, subscribed and paid-up capital	REVENUE RESERVES			Total
		General reserves	Un- appropriated profit	Sub Total	
Balance as at July 01, 2016	85,937,500	132,500,000	139,538,023	272,038,023	357,975,523
Final dividend for the year ended June 30, 2016	-	-	(30,078,125)	(30,078,125)	(30,078,125)
Total comprehensive income for the period	-	-	(34,449,357)	(34,449,357)	(34,449,357)
Balance as at March 31, 2017	85,937,500	132,500,000	75,010,541	207,510,541	293,448,041
Balance as at July 01, 2017	85,937,500	132,500,000	74,125,533	206,625,533	292,563,033
Final dividend for the year ended June 30, 2017	-	-	-	-	-
Total comprehensive income for the period	-	-	(47,178,923)	(47,178,923)	(47,178,923)
Balance as at March 31, 2018	85,937,500	132,500,000	26,946,610	159,446,610	245,384,110

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
(Mohammed Younus Nawab)  
Chairman

  
(Mohammed Irfan Nawab)  
Chief Executive

  
(Abdul Hussain Antaria)  
Chief Financial Officer



**SANA INDUSTRIES LIMITED**  
**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE QUARTERS ENDED MARCH 31, 2018**

**1. NATURE OF BUSINESS**

Sana Industries Limited (the Company) was incorporated in Pakistan as a public limited Company under the Companies Ordinance, 1984. The shares of the Company are quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The Company is engaged in the following activities:

- i) manufacturing and sale of man-made blended yarn;
- ii) providing services in respect of cold storage through "compartmentalized cold store project";
- iii) commercial trading of food products and other allied items.

The registered office of the Company is located at 33-D-2, BLOCK 6, P.E.C.H.S., Karachi, Pakistan.

**2. STATEMENT OF COMPLIANCE**

This Condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting) and has been reviewed by the external auditors as required by the Code of Corporate Governance.

This condensed interim financial information does not include all the information required for preparation of full financial information and should be read in conjunction with the preceding published annual financial statements for the year ended June 30, 2017.

The comparative balance sheet presented in this condensed interim consolidated financial information as at March 31, 2018 has been extracted from audited financial statements of the holding company for the year ended June 30, 2017, whereas the comparative profit and loss account, statements of changes in equity and cash flow statements for the third quarter ended extracted from March 31, 2017 financial statements.

**3. ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding published annual financial statements of the company for the year ended June 30, 2017.

**4. ESTIMATES AND JUDGMENTS**

The significant judgment, estimates and assumptions used by the management in preparation of this condensed interim financial information are the same as those applied to the preceding published annual financial statements of the company for the year ended June 30, 2017.

**5. PROPERTY, PLANT AND EQUIPMENT**

Net book value (NBV) at the beginning of the period

Add: Additions to tangible fixed assets

Less: Disposals during the period (NBV)

Depreciation charged during the period

Net book value (NBV) at the closing of the period

Capital work-in-progress

March 31,  
2018  
(Un-audited)  
----- (Rupees) -----  
June 30,  
2017  
(Audited)

505,015,757 495,181,253

10,900,852 295,517,303

112,672 217,002,804

51,551,685 68,679,996

51,664,357 285,682,799

464,252,253 505,015,757

338,254 338,254

464,590,507 505,354,011

=====



	March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
	(Rupees)	
<b>5.1 ADDITIONS</b>		
Land and Building on leasehold land	1,129,500	32,700,517
Office premises - SF/96	-	-
Plant and machinery	9,074,353	239,753,059
Electrification - Factory building	140,000	2,445,951
Handling equipments	-	16,895,870
Furniture, fixtures and office equipments	502,588	639,862
Vehicles	54,411	2,853,746
Computers	-	228,298
Plastic Crates	-	-
	<u>10,900,852</u>	<u>295,517,303</u>
	=====	=====
<b>6. INVESTMENTS</b>		
Equity investments	35,000,000	4,900,000
	<u>35,000,000</u>	<u>4,900,000</u>
	=====	=====
Represents equity investment in Sana Logistics Pvt Ltd ( Formerly Sana Greens Pvt Ltd). As of the balance sheet date, Sana Industries Ltd. owns 70 percent shares in Sana Logistics Pvt. Limited.( June 30, 2017 49 percent shares).		
<b>7. STOCK-IN-TRADE</b>		
Raw and packing material		
- in hand	53,530,862	48,244,279
- in transit	-	-
	<u>53,530,862</u>	<u>48,244,279</u>
	=====	=====
Work-in-process	24,545,528	16,506,109
Finished goods	82,490,379	168,420,018
Waste stock	493,690	668,310
	<u>161,060,459</u>	<u>233,838,716</u>
	=====	=====
<b>8. TAXATION - NET</b>		
Refundable Income Tax	48,329,026	17,971,089
Advance income tax	13,243,289	32,308,020
Provision for taxation	(15,920,382)	-
	<u>29,731,551</u>	<u>50,279,109</u>
	=====	=====
<b>9. DIMINISHING MUSHAREKA - Secured</b>		
Diminishing Mushareka from a commercial bank	145,140,677	201,155,513
Less: Current portion	(63,343,602)	(64,258,253)
	<u>81,797,075</u>	<u>136,897,260</u>
	=====	=====

**DIMINSHING MUSHARAKA DISCLOSURE**

Date of Disbursement	Nature of Asset	Amount Disbursed	Profit Rate	Floor	Ceiling	Principal Outstanding as at March 31, 2018	Ending Date
<b>HABIB METROPOLITAN BANK:</b>							
12-Sep-15	Generator WAUKESHA	30,295,680	6M KIBOR + 2%	10%	17%	4,207,735	12-Jul-18
28-Oct-16	Generator WAUKESHA Model VHP5904LTD	30,715,842	6M KIBOR + 2%	7.5%	14%	24,051,531	02-Feb-22
16-Feb-17	4 SETS DRAWFRAMES RIETER	21,293,440	6M KIBOR + 2%	7.5%	14%	21,293,440	20-Mar-22
02-Feb-17	14 sets complete ring spinning frames	55,442,587	6M KIBOR + 2%	7.5%	14%	46,202,157	09-Apr-22
07-Apr-17	Generator WAUKESHA Model VHP5904LTD	8,660,544	6M KIBOR + 2%	7.5%	14%	7,361,466	22-May-22
						<b>103,126,329</b>	
<b>STANDARD CHARTERED BANK:</b>							
22-Apr-16	Steel Building for AZ	12,445,000	1M KIBOR + 1.75%	-	-	5,807,672	22-Apr-19
22-Apr-16	Civil work for AZ	18,000,000	1M KIBOR + 1.75%	-	-	8,400,000	23-Apr-19
23-Apr-16	Steel Building for AZ	10,900,000	1M KIBOR + 1.75%	-	-	5,086,672	24-Apr-19
	D G Set of 320 KVA, Wooden pallets, Cool chain machinery and equipment, Local						
11-May-16	purchases and Steel building for AZ	27,000,000	1M KIBOR + 1.75%	-	-	12,600,000	11-May-19
23-Aug-16	Reach Truck R20S	8,740,000	1M KIBOR + 1.75%	-	-	4,369,996	23-Aug-19
08-Sep-16	Racking	11,500,000	1M KIBOR + 1.75%	-	-	5,750,008	08-Sep-19
						<b>42,014,348</b>	

9.4 Securities for the above diminishing musharaka facilities include exclusive charge over the assets financed by the respective banks and personal guarantees of the directors.

**10. DEFERRED LIABILITIES**

Provision for compensated absences	6.1	1,086,550	1,591,927
Deferred taxation	6.2	14,600,813	15,680,393
Staff retirement benefits	6.3	23,114,827	23,214,827
		<b>38,802,190</b>	<b>40,487,147</b>
		=====	=====
Provision for compensated absences			
Balance at beginning of the year		1,591,927	1,386,068
Charge for the year		-	918,932
Benefits paid during the year		(505,377)	(713,073)
		<b>1,086,550</b>	<b>1,591,927</b>
		=====	=====
Deferred taxation			
Deferred tax (asset) / liability on account of:			
- accelerated depreciation		48,461,353	49,540,933
-unused tax losses and credits		(29,034,853)	(29,034,853)
Remeasurement of defined benefit plans - O.C.I component		(4,825,687)	(4,825,687)
		<b>14,600,813</b>	<b>15,680,393</b>
		=====	=====
Staff retirement benefits			
Balance sheet Reconciliation			
Present value of defined benefit obligation		(97,812,461)	(97,912,461)
Fair value of plan assets		74,697,634	74,697,634
		<b>(23,114,827)</b>	<b>(23,214,827)</b>
		=====	=====

15

11.1 Short-term morabaha had been obtained for the regular purchases of raw material. The bank has approved a facility of Rs. 300 million. The effective rate of profit on morabaha in facility ranges between 8.14% to 8.62% (based on 6 months KIBOR + 2.00% per annum). The arrangement is secured against equitable mortgage of factory land, building and plant & machinery (except assets financed under diminishing musharka by another financial institution), located at H.I.T.E., Hub, Balochistan, hypothecation of goods imported / purchased under this financing, execution of promissory notes and personal guarantees of three directors of the company.

11.2 Short-term morabaha had been obtained for the regular purchases of raw material. The bank has approved a facility of Rs. 134 million. The effective rate of profit on morabaha in facility ranges between 7.63% to 7.91% (based on 3 months KIBOR + 1.75% per annum). The arrangement is secured against equitable mortgage of factory land, building and plant & machinery (except assets financed under diminishing musharka by another financial institution), located at plot no. 54 Dehi Gondpas Tapo Gabopat Kemari Town Karachi, hypothecation of goods imported / purchased under this financing, execution of promissory notes and personal guarantees of three directors of the company.

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

There were no major changes in the contingencies as reported in the financial statements for the year ended June 30, 2017

### 12.2 Commitments

Custom duty and income tax on stock in transit	-	164,199
Outstanding letter of credits	79,292,498	105,348,897
Letters of guarantee issued by a commercial bank	22,861,098	22,861,098

	THREE QUARTERS ENDED		QUARTER ENDED	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Rupees		Rupees	
<b>13. COST OF SALES</b>				
Opening stock finished goods and waste	169,088,328	119,279,393	77,653,983	84,372,655
Purchases of finished goods	-	-	-	-
Cost of goods manufactured	1,162,789,143	1,294,253,681	404,868,150	401,605,959
Closing stock finished goods and waste	(82,984,069)	(133,467,566)	(82,984,069)	(133,467,566)
	1,248,893,402	1,280,065,507	399,538,064	352,511,048
<b>14. EARNING PER SHARE - BASIC AND DILUTED</b>				
Profit after taxation	Rupees (47,178,923)	(34,449,357)	(13,935,327)	9,381,968
Issued ordinary shares	8,593,750	8,593,750	8,593,750	8,593,750
Basic and diluted earnings per share	Rupees (5.49)	(4.01)	(1.62)	1.09

## 15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, staff benefit funds, directors and key management personnel. The transactions with related parties during the period are as follows:

Relationship	Nature of transaction				
Staff retirement benefit plans	Contribution to gratuity fund	3,266,545	12,547,485	1,031,081	1,238,811
Key management personnel	Remuneration and benefits	16,246,952	30,475,686	5,818,196	7,281,576
Borrowings from Directors' family member		67,700,000	35,166,500	8,600,000	7,340,900
Repayment of borrowings from Directors' family member		113,030,000	29,106,500	15,400,000	3,440,900
Rent paid to director's family members		1,932,000	4,331,000	966,000	2,487,500
Loan from Associated Companies		-	-	-	7,432,346
Rental income from subsidiary company		27,000,000	-	9,000,000	-
Receivable from subsidiary company		3,242,289	-	-	-

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16. SEGMENT REPORTING

For Management purposes, the Company has identified three operating segments:

- Textile - principally engaged in the manufacturing and sale of man-made blended yarn.
- Cold storage - principally providing cold storage and supply chain services.
- Food stuff - processing of "ready to eat" meals.

	THREE QUARTERS ENDED MARCH 31, 2018			
	TEXTILE	COLD STORE	FOOD STUFF	TOTAL
	Rupees			
Net turnover	1,273,630,660	-	-	1,273,630,660
Cost of sales	(1,234,022,649)	(14,291,670)	(579,083)	(1,248,893,402)
Gross profit	39,607,911	(14,291,670)	(579,083)	24,737,158
Selling and distribution expenses	(9,555,017)	-	-	(9,555,017)
General and administration expenses	(29,610,161)	(8,213,890)	-	(37,824,051)
Other operating expenses	(347,760)	-	-	(347,760)
Other income	583,696	29,082,175	-	29,665,871
Operating profit	678,669	6,576,615	(579,083)	6,676,201
Finance cost	(34,010,092)	(3,054,147)	-	(37,064,239)
Profit for the period before taxation	(33,331,423)	3,522,468	(579,083)	(30,388,038)
OTHER INFORMATION:				
Segment assets	921,235,957	118,280,216	4,309,566	1,043,825,739
Unallocated assets				35,000,000
Total assets				1,078,825,739
Segment liabilities	742,478,061	52,161,377	-	794,639,438
Unallocated liabilities				38,802,190
Total liabilities				833,441,628
Capital expenditure	10,900,852	3,120,000	-	14,020,852
Unallocated				-
				14,020,852
Depreciation	37,623,541	21,562,951	579,083	59,765,575
Unallocated				-
				59,765,575

16.1 Administration, other operating expenses and income taxes on each segments are allocated on proportionate basis.

17. DATE OF AUTHORIZATION FOR ISSUE

27 APR 2018

17.1 These financial statements were authorised for issue on \_\_\_\_\_ by the Board of Directors of the Company.

18. GENERAL

18.1 Amounts have been rounded off to the nearest Rupee.

(Mohammed Younus Nawab)  
Chairman

(Mohammed Irfan Nawab)  
Chief Executive

(Abdul Nazeem Antaria)  
Chief Financial Officer

**SANA INDUSTRIES LIMITED**  
**CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT 31 MARCH 2018.**

	NOTE	March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
		----- (Rupees) -----	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	629,912,961	629,166,481
Long-term deposits		4,940,751	3,165,751
		<b>634,853,712</b>	<b>632,332,232</b>
<b>CURRENT ASSETS</b>			
Stock-in-trade	7	161,060,459	233,838,716
Trade debts- unsecured, considered good		300,351,974	208,298,549
Loans and advances		18,686,366	32,090,488
Trade deposits and short-term pre-payments		4,109,472	2,273,945
Other receivables		36,191,603	27,748,965
Taxation - net	8	57,966,499	49,997,350
Cash and bank balances		9,016,282	9,018,917
		<b>587,382,655</b>	<b>563,266,930</b>
<b>TOTAL ASSETS</b>		<b>1,222,236,366</b>	<b>1,195,599,162</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized share capital			
10,000,000 Ordinary shares of Rs. 10/- each		100,000,000	100,000,000
Issued, subscribed and paid-up capital			
8,593,750 (June 30, 2017: 8,593,750) Ordinary shares of Rs. 10/- each		85,937,500	85,937,500
Reserves		181,458,341	199,215,945
Equity attributable to the shareholders of holding Company		<b>267,395,841</b>	<b>285,153,445</b>
Non controlling interest	6	26,072,326	3,830,797
		<b>293,468,167</b>	<b>288,984,242</b>
<b>NON CURRENT LIABILITIES</b>			
Diminishing Mushareka	9	81,797,075	136,897,260
Liabilities against assets subject to finance lease		30,051,872	
Deferred Liabilities	10	21,817,300	42,284,526
		<b>133,666,247</b>	<b>179,181,786</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		235,053,934	155,289,251
Accrued profit		8,008,348	9,421,754
Borrowings from Directors		59,160,000	100,690,000
Current portion of diminishing mushareka	9	63,343,602	64,258,253
Liabilities against assets subject to finance lease		12,564,982	
Morabaha Arrangements	11	416,971,086	397,773,877
Taxation - net	8	-	-
		<b>795,101,952</b>	<b>727,433,135</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,222,236,366</b>	<b>1,195,599,162</b>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

(Mohammed Younus Nawab)  
Chairman

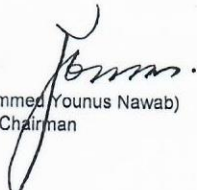
(Mohammed Irfan Nawab)  
Chief Executive

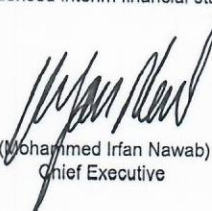
(Abdul Hussain Antaria)  
Chief Financial Officer


**SANA INDUSTRIES LIMITED**  
**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE THREE QUARTERS ENDED MARCH 31, 2018**

		THREE QUARTERS ENDED		QUARTER ENDED	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		Rupees		Rupees	
Turnover - net		1,504,420,989	1,327,615,444	490,606,922	384,959,195
Cost of sales	13	(1,414,767,830)	(1,280,065,507)	(460,256,235)	(352,511,048)
Gross profit		89,653,159	47,549,937	30,350,687	32,448,147
Selling and distribution expenses		(13,610,084)	(10,522,313)	(4,656,653)	(3,253,343)
Administrative expenses		(41,518,335)	(36,623,876)	(14,062,409)	(10,935,820)
Other operating expenses		(898,134)	(484,000)	(658,374)	(164,700)
Other operating income		646,848	(325,800)	50,360	223,466
Operating profit		34,273,454	(406,053)	11,023,611	18,317,750
Finance costs		(37,068,761)	(33,325,352)	(11,398,441)	(10,382,744)
Profit before taxation		(2,795,306)	(33,731,405)	(374,830)	7,935,006
Provision for taxation - current		(22,482,618)	588,587	(6,225,662)	-
Deferred taxation		19,861,849	(1,325,305)	8,331,532	1,430,220
		(2,620,769)	(736,718)	2,105,870	1,430,220
Profit after taxation		(5,416,075)	(34,468,122)	1,731,040	9,365,226
Earning per share - Basic and Diluted	14	(0.63)	(4.01)	0.20	1.09

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
(Mohammed Younus Nawab)  
Chairman

  
(Mohammed Irfan Nawab)  
Chief Executive

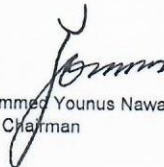
  
(Abdul Hussain Antaria)  
Chief Financial Officer





**SANA INDUSTRIES LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE THREE QUARTERS ENDED MARCH 31, 2018**

	THREE QUARTERS ENDED		QUARTER ENDED	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	----- Rupees -----		----- Rupees -----	
Profit for the period	(5,416,075)	(34,468,122)	1,731,040	9,365,226
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	(5,416,075)	(34,468,122)	1,731,040	9,365,226
Attributable to				
Owners Equity	(17,757,604)	(34,458,552)	(2,359,526)	9,379,245
Non-controlling interest	12,341,529	(9,570)	4,090,566	(14,019)
	(5,416,075)	(34,468,122)	1,731,040	9,365,226

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
(Mohammed Younus Nawab)  
Chairman

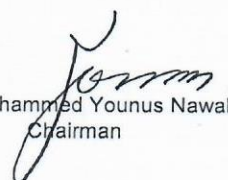
  
(Mohammed Irfan Nawab)  
Chief Executive

  
(Abdul Hussain Antaria)  
Chief Financial Officer

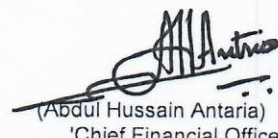
**SANA INDUSTRIES LIMITED**  
**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE THREE QUARTERS ENDED MARCH 31, 2018**

Note	March 31, 2018	March 31, 2017
	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before taxation	(3,419,723)	(33,731,405)
Adjustments for:		
Depreciation	64,679,990	52,771,057
Loss / (Gain) on sale of fixed assets	(495,563)	627,444
Profit on PLS saving accounts	(151,285)	(289,782)
Finance costs	37,068,761	33,325,352
Cash generated by operating activities before working capital changes	97,682,180	52,702,666
(Increase) / decrease in current assets	36,626,589	(73,212,783)
(Decrease) / Increase in current liabilities	27,306,025	53,250,491
	161,614,794	(19,962,292)
Finance costs	(38,482,166)	(32,144,133)
Staff benefits paid	(505,377)	(713,073)
Income taxes paid	(30,438,943)	(25,095,523)
Net cash inflow from operating activities	92,188,309	(57,952,729)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(20,395,531)	(118,820,910)
Profit received from PLS saving accounts	151,285	289,782
Deposits	(1,775,000)	8,840,000
Proceeds from sale of property, plant and equipment	495,410	43,613,506
Net cash used in investing activities	(21,523,836)	(66,077,622)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts / (Repayments) under short term morabaha	19,197,209	2,929,763
Receipts / (Repayments) under long term musharaka	(56,014,836)	92,673,117
Proceeds from issue of shares - NCI	9,900,000	
Liabilities against assets subject to finance lease	(1,902,339)	
Borrowings/(Repayment) from related party	(41,530,000)	(3,940,000)
Dividends paid	(317,143)	(29,965,909)
Net cash inflow from/(used in) financing activities	(70,667,109)	61,696,971
Net (decrease) / increase in cash and cash equivalents	(2,636)	(29,593,006)
Cash and cash equivalents at beginning of the period	9,018,917	40,065,539
Cash and cash equivalents at the end of the period	9,016,282	10,472,533

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
(Mohammed Younus Nawab)  
Chairman

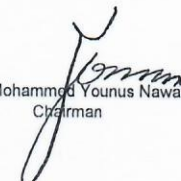
  
(Mohammed Irfan Nawab)  
Chief Executive

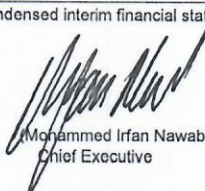
  
(Abdul Hussain Antaria)  
Chief Financial Officer

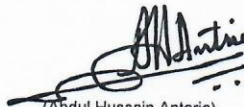
**SANA INDUSTRIES LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE THREE QUARTERS ENDED MARCH 31, 2018**

	Issued, subscribed and paid-up capital	REVENUE RESERVES			Non- controlling interest	Total
		General reserves	Un- appropriated profit	Sub Total		
Balance as at July 01, 2016	85,937,500	132,500,000	139,519,910	272,019,910	5,081,148	363,038,558
Final dividend for the year ended June 30, 2016	-	-	(30,078,125)	(30,078,125)	-	(30,078,125)
Total comprehensive income for the period	-	-	(34,458,552)	(34,458,552)	(9,570)	(34,468,122)
Balance as at March 31, 2017	85,937,500	132,500,000	74,983,233	207,483,233	5,071,578	298,492,311
Balance as at July 01, 2017	85,937,500	132,500,000	66,715,945	199,215,945	3,830,797	288,984,242
Non-controlling interest arising on a business combination	-	-	-	-	9,900,000	9,900,000
Total comprehensive income for the period	-	-	(17,757,604)	(17,757,604)	12,341,529	(5,416,075)
Balance as at March 31, 2018	85,937,500	132,500,000	48,958,341	181,458,341	26,072,326	293,468,167

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
(Mohammed Younus Nawab)  
Chairman

  
(Mohammed Irfan Nawab)  
Chief Executive

  
(Abdul Hussain Antaria)  
Chief Financial Officer



**SANA INDUSTRIES LIMITED**  
**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE QUARTERS ENDED MARCH 31, 2018**

**1. THE GROUP AND ITS OPERATIONS**

The group consist of Sana Industries Ltd. ("The Holding Company") and its subsidry company Sana Logistics Pvt Ltd ( Formerly Sana Greens PVT Ltd ). Brief profile of Holding company and Subsidiary Company are as follows;

**Sana Industries Limited (The Holding Company)**

Sana Industries Limited (the Company) was incorporated in Pakistan as a public limited Company under the Companies Ordinance, 1984. The shares of the Company are quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The Company is engaged in the following activities:

- i) manufacturing and sale of man-made blended yarn;
- ii) providing services in respect of cold storage through "compartmentalized cold store project";
- iii) commercial trading of food products and other allied items.

The registered office of the Company is located at 33-D-2, BLOCK 6, P.E.C.H.S., Karachi, Pakistan.

**Sana Industries Limited (The Holding Company)**

Sana Logistics Private Limited ( Formerly Sana Greens Pvt Ltd ) (the subsidiary Company) was incorporated in Pakistan as a private limited Company under the Companies Ordinance, 1984. The principle activity of the subsidiary company is to provide services in respect of Dry Storage through "compartmentalized store project.

**2. STATEMENT OF COMPLIANCE**

This Condensed interim consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting) and has been reviewed by the external auditors as required by the Code of Corporate Governance.

This condensed interim consolidated financial information does not include all the information required for preparation of full financial information and should be read in conjunction with the preceding published annual financial statements for the year ended June 30, 2017.

The comparative balance sheet presented in this condensed interim consolidated financial information as at March 31, 2018 has been extracted from audited financial statements of the holding company for the year ended June 30, 2017, whereas the comparative profit and loss account, statements of changes in equity and cash flow statements for the third quarter ended extracted from March 31, 2017 financial statements.

**3. ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the preceding published annual financial statements of the company for the year ended June 30, 2017.

**4. ESTIMATES AND JUDGMENTS**

The significant judgment, estimates and assumptions used by the management in preparation of this condensed interim consolidated financial information are the same as those applied to the preceding published annual financial statements of the company for the year ended June 30, 2017.

**5. PROPERTY, PLANT AND EQUIPMENT**

Net book value (NBV) at the beginning of the period

Add: Additions to tangible fixed assets

5.1

Less: Disposals during the period (NBV)  
 Depreciation charged during the period

Net book value (NBV) at the closing of the period  
 Capital work-in-progress

March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
----- (Rupees) -----	
628,328,927	495,181,253
64,914,723	299,079,288
112,672	94,431,573
64,055,572	71,500,041
64,168,244	165,931,614
629,075,407	628,328,927
837,554	837,554
629,912,961	629,166,481
=====	=====

	March 31, 2018 (Un-audited)	June 30, 2017 (Audited)
	(Rupees)	
<b>5.1 ADDITIONS</b>		
Land and Building on leasehold land	4,249,500	32,700,517
Office premises - SF/96	-	-
Plant and machinery	20,080,577	239,753,059
Electrification - Factory building	140,000	2,445,951
Handling equipments	39,061,414	19,965,468
Furniture, fixtures and office equipments	923,295	1,043,967
Vehicles	54,411	2,853,746
Computers	405,526	316,580
Plastic Crates	-	-
	<u>64,914,723</u>	<u>299,079,288</u>
<b>6. INVESTMENTS</b>		
Net Assets (100%)	204,203,548	109,552,804
Non-Controlling Interest (30%)	(15,000,000)	(5,100,000)
	<u>189,203,548</u>	<u>104,452,804</u>
<b>Non-Controlling Interest</b>		
Share of NCI (opening)	3,830,797	5,081,148
Addition during the period	9,900,000	-
Share in Profit / (Loss)	12,341,529	(1,250,351)
	<u>26,072,326</u>	<u>3,830,797</u>
<b>7. STOCK-IN-TRADE</b>		
Raw and packing material		
- in hand	53,530,862	48,244,279
- in transit	-	-
	<u>53,530,862</u>	<u>48,244,279</u>
Work-in-process	24,545,528	16,506,109
Finished goods	82,490,379	168,420,018
Waste stock	493,690	668,310
	<u>161,060,459</u>	<u>233,838,716</u>
<b>8. TAXATION - NET</b>		
Refundable income tax	48,400,762	17,971,089
Advance tax	30,017,307	32,308,020
Provision for Tax	(20,451,570)	(15,786,603)
	<u>57,966,499</u>	<u>34,492,506</u>
<b>9. DIMINISHING MUSHAREKA - Secured</b>		
Diminishing Mushareka from a commercial bank	145,140,677	201,155,513
Less: Current portion	(63,343,602)	(64,258,253)
	<u>81,797,075</u>	<u>136,897,260</u>



DIMINSHING MUSHARAKA DISCLOSURE							
Date of Disbursement	Nature of Asset	Amount Disbursed	Profit Rate	Floor	Ceiling	Principal Outstanding as at March 31, 2018	Ending Date
<b>9.1 HABIB METROPOLITAN BANK:</b>							
12-Sep-16	Generator WAUKESHA	30,295,680	6M KIBOR + 2%	10%	17%	4,207,735	12-Jul-18
28-Oct-16	Generator WAUKESHA Model VHP5904LTD	30,716,842	6M KIBOR + 2%	7.5%	14%	24,061,531	02-Feb-22
16-Feb-17	14 SETS DRAW FRAMES RIETER	21,293,440	6M KIBOR + 2%	7.5%	14%	21,293,440	20-Mar-22
02-Feb-17	14 sets complete ring spinning frames	55,442,587	6M KIBOR + 2%	7.5%	14%	46,202,157	09-Apr-22
07-Apr-17	Generator WAUKESHA Model VHP5904LTD	8,660,544	6M KIBOR + 2%	7.5%	14%	7,361,466	22-May-22
						103,126,329	
<b>9.2 STANDARD CHARTERED BANK:</b>							
22-Apr-16	Steel Bulding for AZ	12,445,000	1M KIBOR + 1.75%	-	-	5,807,672	22-Apr-19
22-Apr-16	Civil work for AZ	18,000,000	1M KIBOR + 1.75%	-	-	8,400,000	23-Apr-19
23-Apr-16	Steel Bulding for AZ	10,900,000	1M KIBOR + 1.75%	-	-	5,086,672	24-Apr-19
	D G Set of 320 KVA, Wooden pallets, Cool chain machinery and equipment . Local purchases and Steel building for AZ	27,000,000	1M KIBOR + 1.75%	-	-	12,600,000	11-May-19
11-May-16	Reach Truck R20S	8,740,000	1M KIBOR + 1.75%	-	-	4,369,996	23-Aug-19
08-Sep-16	Racking	11,500,000	1M KIBOR + 1.75%	-	-	5,750,008	08-Sep-19
						42,014,348	

9.4 Securities for the above diminishing musharaka facilities include exclusive charge over the assets financed by the respective banks and personal guarantees of the directors.

**10. DEFERRED TAX**

Provision for compensated absences	10.1	1,086,550	1,591,927
Deferred taxation	10.2	(2,384,077)	17,477,772
Staff retirement benefits	10.3	23,114,827	23,214,827
		21,817,300	42,284,526

**10.1 Provision for compensated absences**

Balance at beginning of the year	1,591,927	1,386,068
Charge for the year	-	918,932
Benefits paid during the year	(505,377)	(713,073)
Balance at end of the year	1,086,550	1,591,927

**10.2 Deferred taxation**

Deferred tax (asset) / liability on account of:		
- accelerated depreciation	44,261,520	51,338,312
- liabilities against assets subject to finance lease	(12,785,056)	
- unused tax losses and credits	(29,034,853)	(29,034,853)
Remeasurement of defined benefit plans - O.C.I component	(4,825,687)	(4,825,687)
	(2,384,077)	17,477,772

**10.3 Staff retirement benefits**

<b>Balance sheet Reconciliation</b>		
Present value of defined benefit obligation	(97,812,461)	(97,912,461)
Fair value of plan assets	74,697,634	74,697,634
	(23,114,827)	(23,214,827)

**11. MORABAHA ARRANGEMENT - secured**

Commercial banks			
Habib Metropolitan Bank Limited	11.1	287,971,144	285,622,078
Standard Chartered Bank	11.2	128,999,942	112,151,799
		416,971,086	397,773,877



11.1 Short-term morabaha had been obtained for the regular purchases of raw material. The bank has approved a facility of Rs. 300 million. The effective rate of profit on morabaha in facility ranges between 8.14% to 8.62% (based on 6 months KIBOR + 2.00% per annum). The arrangement is secured against equitable mortgage of factory land, building and plant & machinery (except assets financed under diminishing musharka by another financial institution), located at H.I.T.E., Hub, Balochistan, hypothecation of goods imported / purchased under this financing, execution of promissory notes and personal guarantees of three directors of the company.

11.2 Short-term morabaha had been obtained for the regular purchases of raw material. The bank has approved a facility of Rs. 134 million. The effective rate of profit on morabaha in facility ranges between 7.63% to 7.91% (based on 3 months KIBOR + 1.75% per annum). The arrangement is secured against equitable mortgage of factory land, building and plant & machinery (except assets financed under diminishing musharka by another financial institution), located at plot no. 54 Dehi Gondpas Tapo Gabopat Keman Town Karachi, hypothecation of goods imported / purchased under this financing, execution of promissory notes and personal guarantees of three directors of the company.

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

There were no major changes in the contingencies as reported in the financial statements for the year ended June 30, 2017.

### 12.2 Commitments

Custom duty and income tax on stock in transit

164,199

Capital expenditure

79,292,498

Outstanding letter of credits

105,348,897

Letters of guarantee issued by a commercial bank

22,861,098

THREE QUARTERS ENDED		QUARTER ENDED	
March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Rupees		Rupees	
Opening stock finished goods and waste	169,088,328	77,653,983	84,372,655
Purchases of finished goods	1,320,663,571	465,586,321	401,605,959
Cost of goods manufactured	(82,984,069)	(82,984,069)	(133,467,566)
Closing stock finished goods and waste	1,414,767,830	460,256,235	352,511,048

## 14. EARNING PER SHARE - BASIC AND DILUTED

Profit after taxation

Rupees (5,416,075) (34,468,122) 1,731,040 9,365,226

Issued ordinary shares

8,593,750 8,593,750 8,593,750 8,593,750

Basic and diluted earnings per share

Rupees (0.63) (4.01) 0.20 1.09

## 15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, staff benefit funds, directors and key management personnel. The transactions with related parties during the period are as follows:

Relationship	Nature of transaction				
Staff retirement benefit plans	Contribution to gratuity fund	3,266,545	12,547,485	1,031,081	1,238,811
Key management personnel	Remuneration and benefits	27,946,952	30,475,686	10,918,196	7,281,576
Borrowings from Directors' family member		112,046,000	35,166,500	51,745,000	7,340,900
Repayment of borrowings from Directors' family member		153,575,000	29,106,500	55,945,000	3,440,900
Rent paid to director's family members		3,864,000	4,331,000	2,898,000	2,487,500
Loan from Associated Companies		-	-	-	7,432,346

# 16. SEGMENT REPORTING

For Management purposes, the Company has identified three operating segments:

- Textile - principally engaged in the manufacturing and sale of man-made blended yarn.
- Cold storage - principally providing cold storage and supply chain services.
- Food stuff - processing of "ready to eat" meals.

	THREE QUARTERS ENDED MARCH 31, 2018			
	TEXTILE	COLD STORE	FOOD STUFF	TOTAL
	Rupees			
Net turnover	1,273,630,560	230,790,429	-	1,504,420,989
Cost of sales	(1,234,022,649)	(180,166,098)	(579,083)	(1,414,767,830)
Gross profit	39,607,911	50,624,331	(579,083)	89,653,159
Selling and distribution expenses	(9,555,017)	(4,055,067)	-	(13,610,084)
General and administration expenses	(29,610,161)	(11,908,174)	-	(41,518,335)
Other operating expenses	(347,760)	(550,374)	-	(898,134)
Other income	583,696	63,152	-	646,848
Operating profit	678,669	34,173,868	(579,083)	34,273,454
Finance cost	(34,010,092)	(3,058,669)	-	(37,068,761)
Profit for the period before taxation	(33,331,423)	31,115,199	(579,083)	(2,795,306)
=====				
OTHER INFORMATION:				
Segment assets	921,235,957	322,483,764	4,309,566	1,248,029,287
Unallocated assets				35,000,000
Total assets				1,283,029,287
=====				
Segment liabilities	742,478,061	256,364,925	-	998,842,986
Unallocated liabilities				38,802,190
Total liabilities				1,037,645,175
=====				
Capital expenditure	10,900,852	54,013,871	-	64,914,723
Unallocated				-
				64,914,723
=====				
Depreciation	37,623,541	25,852,948	579,083	64,055,572
Unallocated				-
				64,055,572
=====				

16.1 Administration, other operating expenses and income taxes on each segments are allocated on proportionate basis.

## 17. DATE OF AUTHORIZATION FOR ISSUE

17.1 These financial statements were authorised for issue on 27 APR 2018 by the Board of Directors of the Company.

## 18. GENERAL

18.1 Amounts have been rounded off to the nearest Rupee.

(Mohammed Yunus Nawab)  
Chairman

(Mohammed Irfan Nawab)  
Chief Executive

(Abdul Hussain Antariq)  
Chief Financial Officer