

DEWAN TEXTILE MILLS LIMITED

**HALF YEARLY REPORT
DECEMBER 31, 2021**

DEWAN TEXTILE MILLS LIMITED
COMPANY INFORMATION

Board of directors	
Executive Director	: Mr. Ishtiaq Ahmed - Chief Executive Officer & Director
Non-Executive Director	: Mr. Ghazanfar Baber Siddiqi (Chairman, Board of Directors) Mr. Haroon Iqbal Syed Maqbool Ali Mr. Imran Ahmed Javed Mrs. Nida Jamil
Independent Director	: Mr. Aziz-ul-Haque
Audit Committee	: Mr. Aziz-ul-Haque - Chairman Syed Maqbool Ali (Member) Mr. Imran Ahmed Javed (Member)
Human Resources & Remuneration Committee	: Mr. Aziz-ul-Haque - Chairman Syed Maqbool Ali (Member) Mr. Ishtiaq Ahmad - (Member)
Auditor	: Faruq Ali & Co. C-88, Ground Floor, KDA Scheme No. 1, Main Karsaz Road, Opp. Maritime Museum Karachi.
Company Secretary	: Mr. Muhammad Hanif German
Chief Financial Officer	: Mr. Muhammad Irfan Ali
Tax Advisor	: Sharif & Co. Advocates
Legal Advisor	: Abbas & Atif Law Associates
Bankers	: Habib Bank Limited Standard Chartered Bank Pakistan Limited Meezan Bank Limited United Bank Limited Bank Al-Falah Ltd Silk Bank Limited NIB Bank Limited Summit Bank Limited Faysal Bank Limited MCB Bank Limited
Registered Office	: Dewan Centre, 3-A Lalazar Beach Hotel Road, Karachi
Shares Registrar & Transfer Agent	: BMF Consultants Pakistan (Private) Limited Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal adjacent to Baloch Colony Bridge, Karachi 75350, Pakistan
Factory Office	: H/20 & H/26, S.I.T.E., Kotri, District Jamshoro, Sindh, Pakistan
Website	: www.yousufdewan.com

DEWAN TEXTILE MILLS LIMITED

DIRECTORS' REPORT

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND MERCIFUL

IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

The Board of Directors of your Company is pleased to present unaudited condensed interim financial statements for the half year ended December 31, 2021 in compliance with the requirements of section 237 of the Companies Act, 2017 and code of corporate governance issued by Securities and Exchange Commission of Pakistan.

Operating results and performance: (Factory Shutdown)

The operating results for the year under review are as follows:

	'Rupees'
SALES - NET	225,574,529
COST OF SALES	(199,954,905)
GROSS PROFIT	25,619,624
ADMINISTRATIVE EXPENSES	(3,910,886)
OPERATING PROFIT	21,708,738
FINANCE COST	(128,739,416)
OTHER CHARGES	-----
LOSS BEFORE TAXATION	(107,030,678)
TAXATION	4,675,094
LOSS AFTER TAXATION	(102,355,584)

Company's operational sales for the period remained nil due to closure of operations, the sales appearing in financial statements represent stocks sales during the period under consideration. The Company, for the time being, has suspended its manufacturing operations since December 2015 which could not be resumed due to adverse scenario faced by industry and working capital constraints.

The auditors of the Company have expressed adverse conclusion in their review report on going concern assumption due to closure of operations, default in repayment of installments of restructured liabilities and related non-provisioning of mark-up as explained in their review report. The condensed interim financial statements have been prepared using going concern assumption as the company has approached its lenders for further restructuring of its liabilities, which is in process. Management is hopeful that such revision will be finalized soon which will enable the company to resume its operations.

Future Outlook

Although economic recovery is underway, the economy is also confronting inflation as well as external sector pressure. Further, it is expected that overall Country's exports will benefit from the current domestic and foreign economic aggression. However, despite the signs of economic resilience and recovery, sustainability of the current growth requires that the trade deficit remains manageable. There may be some pressure on current account due to high imports of Raw Cotton because of continuous increase in international cotton price mainly because of rising demand & disruption in US cotton supplies, import of plant and machinery, increasing trend in international Oil prices and rupee devaluation. Further, the challenges of rising debt, high inflation, increased cost of living, unstable political conditions and geopolitical tensions may obscure the outlook. In this regard, Government needs to closely monitor the imports, which seems to be the challenge having an impact on the foreign exchange reserves and accordingly on the exchange rates.

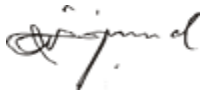
However, the performance of any organization mainly depends on consistency in government policies and provision of basic utilities including supply of gas, any hinderance of which have impact on the organization's performance. Accordingly, the Company expects that the upcoming government policies will be favourable for the businesses for their long-term growth.

Conclusion

In conclusion, we bow beg and pray to Almighty Allah, Rahman-o-Rahim, in the name of our beloved Prophet Muhammad (Peace be upon him) for the continued showering of his blessings, Guidance, strength, health and prosperity to us, our company, country and nation, and also pray to Almighty Allah to bestow peace, Harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah; Ameen: Summa Ameen

LO-MY LORD IS INDEED HEARER OF PRAYER (HOLY QURAN)

By and under Authority of the Board of Directors



Ishtiaq Ahmed
Chief Executive Officer



Haroon Iqbal
Director

Dated: February 24, 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To members of Dewan Textile Mills Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Dewan Textile Mills Limited as at 31 December 2021 and the related the condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, and the condensed interim statement of cash flows and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statement in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statement based on our review.

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 31 December 2020 have not been reviewed, as we are required in review only the cumulative figures for the half year ended 31 December 2021.

Scope of review

We conducted our review in accordance with the 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

- a) The condensed interim financial statement for the period ended 31 December 2021 have been prepared on going concern assumption despite of die fact that the Company incurred loss after taxation of Rs.102.356 million and as of that date it has negative revenue reserves of Rs.5,156.359 million which resulted in negative equity of Rs. 4,008.716 million and its current liabilities exceeded its current assets by Rs. 5,073.312 million and total assets by Rs. 3,717.589 million (excluding the effect of non-provided markup and restructured liabilities classified under non-current liabilities). In previous years, the Company defaulted in repayment of installments of restructured liabilities, hence as per terms of restructuring, the entire restructured liabilities of Rs. 2,944.482 million along with markup of Rs. 1,463.615 million (eligible for waiver outstanding as of date of restructuring) have become immediately payable, therefore provision for markup should be made in these financial statements. Further, the Company's manufacturing operations has been suspended since December 2015 and could not be resumed till the date of this report. These conditions lead us to believe that

going concern assumption used in preparation of this condensed interim financial statements is inappropriate; consequently, the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

- b) The Company has not made provision of markup for the period amounting to Rs.27.145 million (up to the period ended 31 December 2021: Rs.586.115 million») (refer note 12) on account of restructuring proposal offered to the lenders. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the Company, therefore the provision of mark-up should be made in these financial statements. Had the provisions of mark-ups, including the mark-up discussed in preceding paragraph, been made in the condensed interim financial statements, the loss after' taxation for the period would have been higher by Rs.27.145 million and markup payable would have been higher and shareholders' equity would have been lower by Rs.586.115 million.

Adverse Conclusion

Our review indicates that, because of the Significance of the matters discussed in paragraph (a) and (b) above, these condensed interim financial statements are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The engagement partner on the audit resulting in this independent auditor's report is Fasih uz Zaman.

Dated: February 24, 2022

Place: Karachi

UDJN: RR202110179UCSGWEnLv



**CHARTERED ACCOUNTANTS
(Fasih uz Zaman)**

DEWAN TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	(Un-audited) 31 December 2021	(Audited) 30 June 2021
----- (Rupees) -----			
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorised share capital 50,000,000 (June 2021: 50,000,000) Ordinary shares of Rs. 10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up share capital		460,646,090	460,646,090
Revenue reserves			
General reserve		333,000,000	333,000,000
Accumulated losses		(5,489,358,518)	(5,405,352,214)
Capital reserves			
Surplus on revaluation of property, plant and equipment	6	686,996,585	705,345,865
		(4,008,715,843)	(3,906,360,259)
NON-CURRENT LIABILITIES			
Long term financing		157,247,115	148,133,893
Deferred taxation	7	133,879,760	141,374,536
		291,126,875	289,508,429
CURRENT LIABILITIES			
Trade and other payables		162,296,198	183,592,245
Mark-up accrued		1,737,737,763	1,618,893,156
Short term borrowings		357,928,112	490,192,726
Liability for staff gratuity		50,577,788	50,701,788
Unclaimed dividend		254,206	254,206
Overdue portion of long term financing		2,944,482,769	2,944,682,769
		5,253,276,836	5,288,316,890
CONTINGENCIES AND COMMITMENTS			
	8	--	--
		1,535,687,868	1,671,465,060
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,343,710,466	1,396,885,763
Long term investment	10	--	--
Long term deposits		12,012,134	12,012,134
		1,355,722,600	1,408,897,897
CURRENT ASSETS			
Stores and spares		22,390,172	22,390,172
Stock in trade	11	57,628,205	196,772,409
Trade debtors - Unsecured		33,783,576	5,649,823
Advances - Considered good		1,810,788	1,804,815
Short term deposits and other receivable		2,676,686	2,676,686
Taxes recoverable - Net		22,804,689	23,129,092
Cash and bank balances		38,871,152	10,144,166
		179,965,268	262,567,163
		1,535,687,868	1,671,465,060

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER




DIRECTOR

DEWAN TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021 - Unaudited

	Notes	Half Year Ended		Quarter Ended	
		31 December	31 December	31 December	31 December
		2021	2020	2021	2020
		----- (Rupees) -----		----- (Rupees) -----	
Sales - Net		225,574,529	18,905,000	135,350,080	18,905,000
Cost of sales		(199,954,905)	(80,179,154)	(109,840,313)	(47,941,792)
Gross profit /(loss)		25,619,624	(61,274,154)	25,509,767	(29,036,792)
Operating expenses					
Administrative and general expenses		(3,910,886)	(2,828,204)	(2,277,119)	(1,850,042)
Operating profit / (loss)		21,708,738	(64,102,358)	23,232,648	(30,886,834)
Finance cost	12	(128,739,416)	(123,853,016)	(65,929,919)	(63,489,362)
Other charges		--	(39,133,875)	--	(39,133,875)
		(128,739,416)	(162,986,891)	(65,929,919)	(102,623,237)
(Loss) before taxation		(107,030,678)	(227,089,249)	(42,697,271)	(133,510,071)
Taxation					
- Current		(2,819,682)	(283,575)	(1,691,876)	(283,575)
- Deferred		7,494,776	8,485,326	3,747,387	4,242,663
		4,675,094	8,201,751	2,055,511	3,959,088
(Loss) for the period		(102,355,584)	(218,887,498)	(40,641,760)	(129,550,983)
(Loss) per share - Basic and diluted		(2.22)	(4.75)	(0.88)	(2.81)

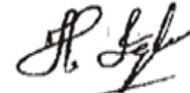
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CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

DEWAN TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2021 - Unaudited

	Half Year Ended		Quarter Ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	----- (Rupees) -----		----- (Rupees) -----	
(Loss) for the period	(102,355,584)	(218,887,498)	(40,641,760)	(129,550,983)
Other comprehensive income	--	--	--	--
Total comprehensive (loss) for the period	<u>(102,355,584)</u>	<u>(218,887,498)</u>	<u>(40,641,760)</u>	<u>(129,550,983)</u>

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

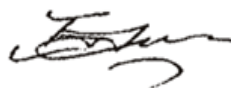
DEWAN TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2021 - Unaudited

Issued, subscribed and paid-up share capital	Revenue reserves			Surplus on revaluation of property, plant and equipment	Total equity	
	General reserve	Accumulated losses	Total revenue reserves			
----- (Rupees) -----						
Balance as on 1 July 2020	460,646,090	333,000,000	(4,941,829,473)	(4,608,829,473)	746,894,701	(3,401,288,682)
Total comprehensive loss for the period						
(Loss) for the period	--	--	(218,887,498)	(218,887,498)	--	(218,887,498)
Other comprehensive income	--	--	--	--	--	--
	--	--	(218,887,498)	(218,887,498)	--	(218,887,498)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	20,774,418	20,774,418	(20,774,418)	--
Balance as at 31 December 2020	460,646,090	333,000,000	(5,139,942,553)	(4,806,942,553)	726,120,283	(3,620,176,180)
Balance as on 1 July 2021	460,646,090	333,000,000	(5,405,352,214)	(5,072,352,214)	705,345,865	(3,906,360,259)
Total comprehensive loss for the period						
(Loss) for the period	--	--	(102,355,584)	(102,355,584)	--	(102,355,584)
Other comprehensive income	--	--	--	--	--	--
	--	--	(102,355,584)	(102,355,584)	--	(102,355,584)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	18,349,280	18,349,280	(18,349,280)	--
Balance as at 31 December 2021	460,646,090	333,000,000	(5,489,358,518)	(5,156,358,518)	686,996,585	(4,008,715,843)

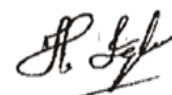
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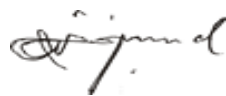


DIRECTOR

DEWAN TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021 - Unaudited

	Notes	31 December 2021	31 December 2020
		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) before taxation		(107,030,678)	(227,089,249)
<i>Adjustment for non-cash and other items:</i>			
Depreciation / amortisation expense	9	53,175,297	59,741,982
Provision for doubtful debts		--	37,988,545
Unwinding of discount		9,113,222	8,087,522
Finance cost		119,626,194	115,765,494
Cash inflows / (outflows) before working capital changes		<u>74,884,035</u>	<u>(5,505,706)</u>
<i>Working capital changes</i>			
<i>(Increase) / decrease in current assets</i>			
Stock in trade		139,144,204	15,092,930
Trade debtors		(28,133,753)	6,918,649
Advances		(5,973)	80,550
		<u>111,004,478</u>	<u>22,092,129</u>
<i>Increase / (decrease) in current liabilities</i>			
Trade and other payables		(21,296,047)	2,157,886
Short term borrowings		(132,264,614)	(16,495,523)
		<u>(153,560,661)</u>	<u>(14,337,637)</u>
Cash generated from operations		<u>32,327,852</u>	<u>2,248,786</u>
<i>Payments for:</i>			
Income tax paid - Net		(2,495,279)	(146,990)
Gratuity paid		(124,000)	(33,138)
Finance cost paid		(781,587)	(1,535,768)
Net cash generated from operating activities		<u>28,926,986</u>	<u>532,890</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
		--	--
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing paid		(200,000)	(200,000)
Net increase in cash and cash equivalents		<u>28,726,986</u>	<u>332,890</u>
Cash and cash equivalents at the beginning of the period		<u>10,144,166</u>	<u>5,068,481</u>
Cash and cash equivalents at the end of the period		<u><u>38,871,152</u></u>	<u><u>5,401,371</u></u>

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

DEWAN TEXTILE MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021 - Unaudited

1 STATUS AND NATURE OF BUSINESS

Dewan Textile Mills Limited (the Company) was incorporated in Pakistan on 16 April 1970 as a public limited company and is listed on the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn. However, the Company has suspended its manufacturing operations since December 2015.

The geographical location and address of Company's business units including plant is as under:

- Company's registered office is located at Dewan Centre, 3-A Lalazar, Beach Hotel Road, Karachi.
- Company's production plant is situated at H/20 & H/26, S.I.T.E., Kotri, District Jamshoro, Sindh, Pakistan.

2 GOING CONCERN ASSUMPTION

The condensed interim financial statements of the Company for the period ended 31 December 2021 reflect that the Company has sustained a net loss after taxation of Rs.102.356 million (June 2021: Rs.505.071 million) and as of that date the Company's negative revenue reserves of Rs.5,156.359 million (June 2021: Rs.5,072.352 million) have resulted in negative equity of Rs.4,008.716 million (June 2021: Rs.3,906.360 million) and its current liabilities exceeded its current assets by Rs.5,073.312 million (June 2021: Rs.5,025.750 million) and total assets by Rs.3,717.589 million (June 2021: Rs.3,616.852 million). Further the Company's short term borrowing facilities have expired and not been renewed and the Company has been unable to ensure scheduled payments of liabilities due to the liquidity problems. Following course, majority of the lenders had gone into litigation for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties and one lender had also filed winding up petitions under section 301 of the Companies Act, 2017 as more fully explained in note 12.1 and note 12.2 to the annual financial statement. The Company has suspended its manufacturing operations since December 2015. These conditions indicate the existence of material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern; therefore, the Company may not be able to realize its assets and discharge its liabilities during the normal course of business.

The condensed interim financial statements has been prepared on going concern assumption as the Company approached its lenders for further restructuring of its liabilities, which is in process. Company is hopeful that such restructuring will be effective soon and will streamline the funding requirements of the Company which will ultimately help the management to resume the operations with optimum utilisation of production capacity. As the conditions mentioned in the foregoing paragraph are temporary and would reverse therefore, the preparation of condensed interim financial statement using going concern assumption is justified.

3 BASIS OF PREPARATION

- 3.1** These condensed interim financial statements of the Company for the half year ended 31 December 2021 have been prepared in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017: and

Provisions of and directives issued under the Companies Act, 2017.

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

3.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2021.

3.3 The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2021 and 2020 and the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2021 and 2020.

4 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of annual audited financial statements of the Company for the year ended 30 June 2021.

5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended 30 June 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended 30 June 2021.

	(Un-audited) 31 December 2021	(Audited) 30 June 2021
	----- (Rupees) -----	
6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Gross surplus	820,876,345	846,720,401
Related deferred tax liability	<u>(133,879,760)</u>	<u>(141,374,536)</u>
	<u>686,996,585</u>	<u>705,345,865</u>
7 DEFERRED TAXATION		
<i>Credit balance arising due to:</i>		
- Accelerated tax depreciation	50,734,297	64,889,581
- Revaluation - Net of related depreciation	133,879,760	141,374,536
- Finance lease transactions	4,310,215	4,766,757
- Long term financing	32,441,505	35,084,339
<i>Debit balance arising due to:</i>		
- Staff gratuity	(14,667,559)	(14,703,519)
- Provision for doubtful debts	(188,559,408)	(188,559,408)
- Provision for obsolete stock	--	(14,625,061)
- Provision for slow-moving stores and spares	(9,668,230)	(9,668,230)
- Carried over losses	<u>(1,151,652,444)</u>	<u>(1,146,265,337)</u>
	<u>(1,143,181,864)</u>	<u>(1,127,706,342)</u>
Deferred tax asset not recognised	<u>1,277,061,624</u>	<u>1,269,080,878</u>
	<u>133,879,760</u>	<u>141,374,536</u>

8 CONTINGENCIES AND COMMITMENTS

There is no material change in the contingencies and commitments since the last audited financial statements for the year ended 30 June 2021.

		(Un-audited) 31 December 2021	(Audited) 30 June 2021
----- (Rupees) -----			
9 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	1,333,405,077	1,386,580,374
Capital work-in-progress - At cost (Civil work)		<u>10,305,389</u>	<u>10,305,389</u>
		<u><u>1,343,710,466</u></u>	<u><u>1,396,885,763</u></u>

9.1 Operating fixed assets

Opening net book value (NBV)	1,386,580,374	1,506,064,338
Depreciation charged for the period / year	<u>(53,175,297)</u>	<u>(119,483,964)</u>
Closing net book value (NBV)	<u><u>1,333,405,077</u></u>	<u><u>1,386,580,374</u></u>

9.2 There is no addition / deletion in property, plant and equipment during the period under consideration.

10 INVESTMENT IN AN ASSOCIATE COMPANY

Investment in associate

Dewan Salman Fibre Limited	<u><u>--</u></u>	<u><u>--</u></u>
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10.1 Associate is an entity over which the Company has significant influence but no control. Company's investee company is considered to be its associate by virtue of common directorship and its ownership interest of 28.47% in investee company.

10.2 Investment in Dewan Salman Fibre Limited - At equity method

Number of shares held	<u><u>104,288,773</u></u>	<u><u>104,288,773</u></u>
Cost of investment (Rupees)	<u><u>210,000,000</u></u>	<u><u>210,000,000</u></u>
Fair value of investment (Rupees)	<u><u>91,774,120</u></u>	<u><u>91,774,120</u></u>
Ownership interest	<u><u>28.47%</u></u>	<u><u>28.47%</u></u>

10.3 Investment in associated company was made in accordance with the requirement of then effective Companies Ordinance, 1984. As the Company's share of losses exceed its interest in the associate, the Company has discontinued recognising its share of further losses. Market value is based on last available quoted price as of 19 February 2018.

11 STOCK IN TRADE

Stocks valuing Rs.57.628 million (June 2021: Rs.247.204 million) was pledged with the banks against the finance facilities obtained by the Company.

12 FINANCE COST AND MARK-UP ACCRUED

In addition to the non-provisioning of mark-up eligible for waiver as disclosed in note 25.1 of the annual financial statement for the year ended 30 June 2021, Company has not made the provision of mark-up for the period amounting to Rs.27.145 million (up to 31 December 2021: Rs.586.115 million) in respect of borrowings of certain banks who have not yet accepted the restructuring proposal. The management of the Company is quite hopeful that these banks will also accept restructuring proposal in near future. Had the provision been made the loss for the period would have been higher by 27.145 million and accrued mark-up would have been higher and shareholders' equity would have been lower by 586.115 million. The said non-provisioning is departure from the requirements of IAS 23 - 'Borrowing Costs'.

	(Un-audited) 31 December 2021	(Un-audited) 31 December 2020
	----- (Rupees) -----	
13 LOSS PER SHARE - Basic and diluted		
(Loss) after taxation	<u>(102,355,584)</u>	<u>(218,887,498)</u>
	----- (Number of shares) -----	
Weighted average number of shares	<u>46,064,609</u>	<u>46,064,609</u>
(Loss) per share - Basic and diluted (Rupees)	<u>(2.22)</u>	<u>(4.75)</u>

14 TRANSACTIONS WITH RELATED PARTIES

Related parties include associated group companies, directors, executives, key management personnel and staff retirement funds. Material transactions and balances with related parties incurred during the period consisted of payment of contribution to Staff provident fund of the Company amounting to Rs.41,580 (December 2020: Rs.46,176).

15 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

15.1 Financial risk factors

The Company is exposed to the credit risks, liquidity risks and market risks (including currency rate risk and other price risk) from its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's objective in managing risk is the creation and protection of shareholders value. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

There have been no changes in the risk management policies during the period, consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

15.2 Fair value hierarchy

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The fair value hierarchy has not been presented in these financial statements, as the Company does not hold any such financial instrument in its portfolio.

16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", condensed interim statement of financial position has been compared with the balances of annual financial statements, whereas condensed interim statement of profit or loss, statement of cash flows and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

17 DATE OF AUTHORISATION FOR ISSUE

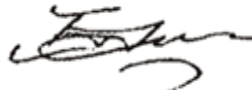
These condensed interim financial statements were authorised for issue on 24th February, 2022 by the Board of Directors of the Company.

18 GENERAL

Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

ڈائریکٹرز رپورٹ

شروع کرنا ہوں اللہ تعالیٰ کے نام سے جو بڑا مہربان اور نہایت رحم والا ہے
اگر تم شکر ادا کرو گے تو میں تم پر (نعمتوں میں) ضرور اضافہ کروں گا (القرآن)

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز 31 دسمبر 2021ء کو ختم ہونے والی ششماہی کے لئے پیننڈیکٹ 2017ء کے سیکشن 237 اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ کوڈ آف کارپوریٹ گورننس کی تعمیل کرتے ہوئے غیر میعاد عبوری مالیاتی حسابات پیش کرنے پر خوشی محسوس کر رہے ہیں۔

عملی نتائج (فیکٹری بند):

(روپے)	زیر جائزہ سال کے دوران مالیاتی نتائج درج ذیل ہیں:
225,574,529	فروخت (صافی)
(199,954,905)	فروخت کی لاگت
25,619,624	خام منافع
(3,910,886)	آپریٹنگ اخراجات
21,708,738	آپریٹنگ منافع
(128,739,416)	مالیاتی لاگت
-----	دیگر اخراجات
(107,030,678)	قبل از ٹیکس خسارہ
4,675,094	محصولات
(102,355,584)	بعد از ٹیکس خسارہ

اس سال بھی کمپنی کی صافی پیداواری فروخت پیداوار معطل ہونے کی وجہ سے صفر رہی۔ مالیاتی حسابات میں نظر آنے والی فروخت دراصل اسٹاک کی فروخت ہے۔ کمپنی نے وقتی طور پر دسمبر 2015ء سے اپنی پیداوار کے عمل کو معطل کر دیا ہے جو کہ صنعت میں نامساعد مشکلات اور کام چلانے کے لیے سرمایہ میں کمی کی وجہ سے ہے۔

کمپنی کے آڈیٹرز نے آپریشن کی بندش، قرضہ جات کی قسطوں کی ادائیگی اور مارک اپ سے متعلق غیر عدم فراہمی اور مشکوک قرضوں کے لئے فراہمی جو کہ ان کی جائزہ رپورٹ میں بیان کیا گیا ہے، کے باعث مستقبل کی تشویش سے متعلق اپنی جائزہ رپورٹ میں منفی نتیجہ کا اظہار کیا ہے۔ مجموعی عبوری مالی بیانات تشویش کا اظہار کرتے ہوئے تیار کیئے گئے ہیں کیونکہ کمپنی نے اپنے قرض دہندگان سے اپنی ذمہ داریوں کی مزید تنظیم نو کے لئے رابطہ کیا ہے جو کہ جاری ہے۔ انتظامیہ کو امید ہے کہ جلد ہی اس طرح کی نظر ثانی کو حتمی شکل دے دی جائے گی جس سے کمپنی اپنے آپریشنز دوبارہ شروع کر سکے گی۔۔

مستقبل کا نظریہ:

اگرچہ اقتصادی بحالی جاری ہے، معیشت کو افراط زر کے ساتھ ساتھ بیرونی شعبے کے دباؤ کا بھی سامنا ہے۔ مزید توقع ہے کہ موجودہ ملکی اور غیر ملکی اقتصادی جارحیت سے مجموعی طور پر ملکی برآمدات کو فائدہ حاصل ہوگا۔ تاہم، اقتصادی لچک اور بحالی کے آثار کے باوجود، موجودہ ترقی کی پائیداری کا تقاضا ہے کہ تجارتی خسارہ قابل انتظام رہے۔ خام کپاس کی زیادہ درآمدات کی وجہ سے کرنٹ اکاؤنٹ پر کچھ دباؤ ہو سکتا ہے کیونکہ بین الاقوامی کپاس کی قیمت میں مسلسل اضافے کی بنیادی وجہ امریکی کپاس کی بڑھتی ہوئی طلب اور رسد میں رکاوٹ، پلانٹ اور مشینری کی درآمد، بین الاقوامی تیل کی قیمتوں میں بڑھتے ہوئے رجحان اور روپے کی قدر میں کمی ہے۔ مزید یہ کہ قرضہ جات، بلند افراط زر، زندگی کی بڑھتی ہوئی قیمت، غیر مستحکم سیاسی حالات اور جغرافیائی سیاسی تناؤ کے چیلنجز اس نقطہ نظر کو غیر واضح کر سکتے ہیں۔ اس سلسلے میں حکومت کو درآمدات پر کڑی نظر رکھنے کی ضرورت ہے، جو کہ غیر ملکی زرمبادلہ کے ذخائر اور اس کے مطابق شرح مبادلہ پر اثر انداز ہو سکتے ہیں۔

تاہم، کسی بھی تنظیم کی کارکردگی بنیادی طور پر حکومتی پالیسیوں میں مستقل مزاجی اور گیس کی فراہمی سمیت بنیادی سہولیات کی فراہمی پر منحصر ہوتی ہے، جس میں کسی بھی قسم کی رکاوٹ تنظیم کی کارکردگی پر اثر انداز ہوتی ہے۔ اسی مناسبت سے، کمپنی امید کرتی ہے کہ آنے والی حکومتی پالیسیاں کاروبار کی طویل مدتی ترقی کے لیے سازگار ہوں۔

نتیجہ:

نتیجہ کے حوالے سے ہم اللہ تعالیٰ رحمن و رحیم سے دعا کرتے ہیں وہ اپنے حبیب حضرت محمد ﷺ کے طفیل اپنی رحمت، ہدایات اور فضل و کرم ہم پر اسی طرح قائم رکھے جو کہ نہ صرف ہم پر بلکہ ہماری کمپنی اور ہمارے ملک پر بھی اپنی رحمت نازل کرے، ہم اللہ تعالیٰ سے یہ بھی دعا کرتے ہیں کہ تمام مسلم ائمہ کے مابین صحیح اسلامی جذبہ، اخوت اور بھائی چارگی پیدا کرے۔ آمین ثناء آمین۔

میرا پروردگار یقیناً ہماری دعاؤں کو سنتا ہے۔ (قرآن کریم)

بورڈ آف ڈائریکٹرز کی جانب سے



ہارون اقبال

ڈائریکٹر



اشتیاق احمد

چیف ایگزیکٹو آفیسر

مورخہ: 24 فروری 2022