

CHAIRPERSON'S REVIEW REPORT

As we closed another financial year, it is my immense pleasure to present the review report under the requirement of section 192 of the Companies Act, 2017 for the year ended June 30, 2022 highlighting the Company's performance and the role of the Board of Directors in guiding the management to carry out its responsibility for the benefit of its stakeholders.

During the year; the Company remained committed to implement its new business strategy and is focusing to improve its liquidity. The focus of the Company's management is to settle the Company's liabilities towards lenders and other creditors and to utilize available funds for implementation of alternate business plan. I am confident that the Company will be successful in meeting the future challenges and targets.

Overall performance of the Board

According to the requirements of the Companies Act and Code of Corporate Governance, the Directors have performed their duties diligently and effectively in the best interest of the Company.

For the purpose of Board evaluation, a comprehensive criteria has been developed. The Board has recently completed its annual self-evaluation for the year ended June 30, 2022 and I report that:

The overall performance of the Board for the year, measured on the basis of approved criteria, was satisfactory.

Secretaries of all Committees conducted annual evaluation and for which questionnaire were circulated to members to give their explanation and feedback on performance of the Committee.

During the year; the Board played an effective role in managing the affairs of the Company in the following manner:

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as laid down in the Code and shall ensure to implement the requirements of new Code in its true letter and spirit;
- The Board performed their duties and reviewed, discussed and approved business strategies, corporate objectives, plans, financial statements and other reports. Members received clear and complete agendas and relevant written material in sufficient time prior to Board and committee meetings;
- The Board has ensured that members of the Board and its respective committees possess adequate skills, experience and knowledge to manage the affairs of the Company. The Board shall ensure that the directors shall be provided with the requisite training to enable them to perform their duties in an effective manner to ensure that directors seek certification in accordance with the Code;
- The Board recognizes that well defined corporate governance processes is vital in enhancing corporate accountability and is committed to ensure high standards of corporate governance to preserve and maintain stakeholder value;
- The Board has a clear understanding of the stakeholders (shareholders, employees, vendors, society at large) whom the Company serves. The Board has a strategic vision of how the Organization should evolve over the next three to five years. Further, the Board sets annual goals and targets for the management in all major performance areas;

- All the significant issues were presented before the Board or its committees to strengthen and formalize the corporate decision-making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendations of the Audit Committee;
- The Board has ensured that sound system of internal controls are in place; and
- The Board has complied with all the regulatory requirements and acted in accordance with the applicable laws and best practices.

Material Fact

On 30th November 2022, the management sold the land and building of the company. The management has successfully settled substantial part of its liabilities. The management is fully committed to implement its alternate business plan as discussed in numerous board meetings.

Ms. Abida Mukhtar was appointed Chief Executive Officer of the Company. She succeeded Mr. Faisal Mukhtar who retired after a successful career as Chief Executive Officer and appointed as the Chairman of the Board.

Acknowledgement

Being the Chairman of the Board, I would like to thank all our Board members for their commitment and contribution. I will remain firmly committed to ensure that the Company complies with all the relevant provisions of the Code and other regulations and ensuring that our management team continues to take decision that will create value for you in the short, medium and long term.

Lahore
October 05, 2022

FAISAL MUKHTAR
Chairman

DIRECTOR'S REPORT

The Directors of Dar es Salaam Textile Mills Limited ("the Company") take pleasure in presenting the 32nd Annual Accounts for the year ending June 30th, 2022.

Economic Outlook

The Pakistani economy has witnessed turbulent times over the past two quarters - the war in Ukraine, political instability, rising inflation has added to the woes of the common man. With the recent catastrophic floods impacting over 33 million Pakistanis, destroying cotton fields, grain harvests and farm animals; the economy will have a long road to recovery.

Despite the challenging times, with regards to the Company, the management is excited to share that the Company sold its land and building. The management is currently utilising its receipt to settle its liabilities and has successfully managed to pay off a substantial part of its liabilities. During the last six to eight months, the Company has discharged the majority of its liabilities and believes that it will be able to close the transaction during the financial year 2023. After the closure of its transaction, it will gear up to implement the alternate business plan. It will seek to implement its alternate business plan post closure either to find a strategic investor or start a new line of business that yields beneficial returns to the Company and its Shareholders. The management will discuss with the regulators to withdraw its winding up proceeding initiated by the regulator. The management is of the considered view that alternate business plan can only be implemented if the regulator allows revival of the company by withdrawing the winding up proceedings. Lastly, the management with a heavy heart ends its journey as a textile unit and is now hopeful and excited to start its new venture.

The Company earned net profit of PKR 228.96 million for the period ended June 30th 2022, with EPS of PKR 28.62 per share vis-à-vis net profit of PKR 21.11 million and EPS of PKR 2.64 per share in the corresponding period. Furthermore, as stated in the Auditors Review Report, the management made further efforts for removal certain reservations of the Auditors and despite the adverse opinion of the Auditors, it is confident that it will revive this opinion.

Description	June 30, 2022(PKR)	June 30, 2021(PKR)
Sales	-	-
Other Income *	374,233,654	23,952,982
Admin & Operating Expenses	(15,586,090)	(16,015,959)
Operating Profit /(Loss)	230,994,593	6,520,417
Changes in fair value of investment property	0	19,760,000
Finance costs	(368,011)	(788,383)
Income tax expense	(1,666,413)	(4,380,163)
Profit/(loss) after taxation	228,960,169	21,111,871
Earnings Per share	28.62	2.639

Furthermore, as illustrated in the Auditors report, the management made further efforts for removal of certain reservations of the Auditors and despite the adverse opinion of the Auditor, it is confident that it will revive an unmodified opinion.

Corporate Social Responsibility (CSR)

The Company gives high priority to its social responsibilities and is committed to the highest standards of corporate behaviour despite of the fact that it has increased its cost of doing business. The Company believes in having shared value and having healthy work place. Since the operations of the Company have been suspended for the time being hence much monetary spending on CSR initiatives is not being carried out. The Company upon implementation of its alternate business plans aims to continue its CSR initiatives in the areas of healthcare, education, environment protection, water and sanitation, child welfare, infrastructure development and other social welfare activities.

Related Party transactions

All related party transactions during the financial year ended on June 30, 2022 were placed before the Audit Committee and the Board for their review and subsequently approved. These transactions were reviewed by the Audit Committee

and approved by the Board. All these transactions were in line with the transfer pricing methods and the policy for related parties approved by the Board. **Code of Conduct**

The Company strives to enhance corporate governance as one of the most important tasks for its management, based on the Company's basic principle, in order to strengthen the trust of our shareholders, customers & society and seek sustainable growth and enhance corporate value.

Corporate and Financial Reporting Framework

The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity. The Company is committed to good corporate governance and financial statements together with notes have been drawn up with in conformity with the provisions of the Companies Act, 2017. International Financial Reporting Standards have been followed in preparation of these financial statements and accounting policies have been consistently applied in preparation of the financial statements.

Compliance with the Code of Corporate Governance

The requirement of the Code of Corporate Governance set out by the Pakistan Stock Exchange in their listing regulations relevant for the year ended June 30, 2022 were duly complied with and a statement to this effect is attached with the report.

The Board of Directors

The Board of Directors is composed of seven members, with statutory representation of different category of directors, which includes an independent director, non-executive directors and executive directors as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017. The Board is responsible for making strategic decisions with respect to important management matters, including execution of important business activities and other matters as prescribed by law. These decisions are made after deliberating matters according to established criteria: assessing risks and giving due consideration to ground realities. The Board is also responsible for supervising and monitoring conduct guidelines. The composition of Board of Directors (the Board) is as follows:

Category	Names
Independent Directors	Mr. Muhammad Gul Nawaz Mr. Muhammad Yousaf Khan
Non-executive Directors	Mr. Faisal Mukhtar Mrs. Mahwesh Faisal Mukhtar Mr. Ejaz Hussain
Executive Directors	Mrs. Nilofar Mukhtar Ms. Abida Mukhtar

Board Meeting and Attendance

During the year five meetings of the Board of Directors of the company were held attendance by each director is shown below:

Sr. No	Name	Attendance
1.	Mrs Nilofar Mukhtar	5
2.	Mr. Faisal Mukhtar	5
3.	Mrs. Mahwesh Faisal Mukhtar	5
4.	Ms. Abida Mukhtar	5
5.	Ejaz Hussain	5
6.	Mr. Muhammad Yousaf	5
7.	Muhammad Gul Nawaz	5

The Board of directors has established Audit Committee as well as HR and Remuneration Committee in compliance with the Code of Corporate Governance which comprises of the following members, no. of meetings by each member is also given:

Audit Committee Meeting and Attendance

During the year four meetings of the audit committee of the company were held; attendance by each member is as under

Sr. No	Name	Attendance
1.	Mr. Muhammad Gul Nawaz	4
2.	Mrs. Mahwesh Faisal Mukhtar	4
3.	Mr. Faisal Mukhtar	4

HR and Remuneration Committee

During the year, one meeting of HR and Remuneration Committee of the company was held; attendance by each member is as under.

Sr. No	Name	Attendance
1.	Mr. Muhammad Yousaf	1
2.	Mr. Faisal Mukhtar	1
3.	Ms. Mahwesh Faisal Mukhtar	1

Internal Financial Controls

A system of sound internal control is established and implemented at all levels within the Company. The system of internal control is sound in design for ensuring achievement of company's objectives, operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

Financial Statements

The financial statements of the company have been duly audited and signed by the auditors of the Company, M/S Rizwan & Company Chartered Accountants, and their report is attached with the financial statements. Auditors of the Company have given an adverse opinion despite the discussions that the pandemic resulted in the withdrawals of from potential deals by two interested parties. The response of your directors with respect to the same are as follows:

Reservation	Justification
a) As at reporting date; the Company's accumulated loss stood at Rupees 70.384 million (2021: Rupees 322.412 million) against paid up capital of Rupees 80.000 million and had disposed off its all of assets and had settled obligations towards lenders and other creditors. Note 2 to the financial statements further indicates conditions and events causing material uncertainty over the Company's ability to continue as a going concern. The sponsors of the Company have withdrawn loan of Rupees 36.28 million in such financial distressed faced by the Company to revive the Company. The Company has neither taken steps for implementation of alternate business plan as envisaged in shareholders' meeting on November 20, 2021 including process of change of its object clause and name of the Company nor provide any timeline for implementation of alternate business plan to revive the Company which creates doubt over the viability of alternate business plan. Securities and Exchange Commission of Pakistan has	<p>The management is aware of the challenges it has faced over the past several years and has made continuous efforts to revive /revamp the company.</p> <p>The management wishes to implement its alternate business plan in a structured manner. It plans to settle its liabilities and ensure that the transaction is closed before it embarks on implementation of its business plan. Currently, receivable is pending from the buyer side. After the close of the transaction, then the management can only then go ahead with an alternate business plan.</p> <p>In regards to the SECP initiating a winding up proceeding, the management is providing quarterly updates to SECP and is keeping them updated about the future plans of the Company. The management will discuss with the regulators to withdraw its winding down petition so that the company can move ahead with its alternate business plan.</p>

initiated winding up proceedings against the Company under Section 301 of the Companies Act, 2017. These conditions and events indicate material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern; therefore, Because of the circumstances and events as mentioned herein, in our opinion, the Company cannot be considered to be a going concern and thus the preparation of these financial statements on a going concern basis is inappropriate. These adjustments are likely to be substantial, and in view of further qualifications discussed in the following paragraphs below we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.	In lieu of the loan amount being withdrawn by the sponsors in financial distress is an inaccurate picture. The sponsors have supported the company in difficult times over the past decade. They have only withdrawn loan amount for an interim period and will provide loan to the company if required by the management.
b) During the year, the Company has recognised loan from sponsor (after demise of the shareholder) amounting to Rupees 42.5 million in lieu of settlement of liabilities with certain creditors in September 2014 by charging other operating expenses on account of "reversal of credit balance written back" in earlier period(s) as fully explained in note 19.2 to the financial statements. We, however, could not verify the amount written back in earlier period in absence of underlying record.	In September 2014, the sponsors settled its market trade liability of PKR 42.5 million against a personal property. At settlement of all of its market trade liabilities in 2022, it came to the management notice that the transaction was erroneously recorded in 2014. The management, on the basis of its ledgers, and legal agreement and underlying record between the sponsors and creditors have now incorporated the transaction in these financial statements.
c) Trade and other payables of Rupees 12.452 million as disclosed in note 12 includes creditors and other liabilities amounting to Rupees 5.068 million which could not be verified in absence of complete underlying records and through alternate procedures. The cumulative effect of this matter has neither been determined not adjusted in these financial statements	Most of these amounts are older than five-years and are time barred in accordance with the Limitation Act. In addition to that, these trade and other payables are owned to traders / farmers that have limited booking keeping abilities. Therefore, most of these individuals / companies are not able to provide written confirmations. Nevertheless, the management provided details and address of parties for confirmation.
d). The Company has not recognised liability in respect of Workers' welfare fund amounting to Rupees 4.504 million for the year 2022 in accordance with the provisions of the "The Punjab Workers Welfare Fund Act, 2019" as applicable in the Province of the Punjab. Moreover, the Company has reversed liability recognised in previous period amounting to Rupees 0.581 million. Aggregate effect of this matter amounting to Rupees 5.085 million has not been adjusted appropriately in these financial statements.	As per the legal opinion obtained by the management, the company does not fall under the definition of establishment - as the Entity does not employ workmen directly or through a contractor and since 2014 onwards for reason of having seized its operations. Therefore, it clearly does not fall within the definition of 'establishment' as stipulated under the Punjab Worker's Welfare Fund Act, 2019 and is not liable to pay the same. The legal counsel has opined that the Company is neither required to provide provision nor liable to make payment on account of Workers welfare fund.
e) We could not verify the unclaimed dividend payable pertaining to financial years ended on June 30, 2000 and June 30, 2001 amounting to Rupees 1.160 million in absence of underlying record with the Company. Moreover, the Company has not taken measures to comply with the requirements of Section 244 of the Companies Act, 2017.	The Company issued dividends in the Fiscal Year 2000 and FY 2001. Over the years, a small portion of the dividend remains payable. During the past two decades, the Company management has paid out dividend warrants at the request of the shareholders.

As highlighted earlier, the management of the Company is in process of restructuring and considers the adverse opinion to be unmerited.

Pattern of Shareholding

The Company is listed on Pakistan Stock Exchange Limited. The pattern of shareholding as at June 30, 2022 along with disclosure as required under the Code of Corporate Governance is included in this Annual Report. The Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children have not traded in the shares of the Company.

Statutory Auditors of the Company

The present auditors' M/S Rizwan & Company, Chartered Accountants will retire on conclusion of Annual General Meeting being held on October 28, 2022. As suggested by the Audit Committee, the Board of Directors has recommended their re-appointment as auditors of the Company for the year ending June 30, 2022.

Subsequent Events

No material changes or commitments affecting the financial position of the Company have occurred between the end of financial year of the Company and date of this report except for matter referred in the financial statements.

Chairman's Review

The accompanied Chairman's review deals with the performance of the Company for the year ended June 30, 2022 and future outlook. The directors endorse the contents of the review.

Acknowledgement

Yours directors record with appreciation, the efforts of the company's managers, who have worked vigorously to meet the target. Your directors also extend their appreciation to the company's banker, buyers and suppliers for their cooperation.

For and Behalf of the Board

Abida Mukhtar
Chief Executive Officer

Nilofar Mukhtar
Director

Lahore: October 05, 2022

Independent Auditors' Report

To the members of Dar Es Salaam Textile Mills Limited

Report on the Audit of Financial Statements

Adverse Opinion

We have audited the annexed financial statements of Dar Es Salaam Textile Mills Limited ("the Company"), which comprise the statement of financial position as at June 30, 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, because of significance of the matter discussed in the Basis for Adverse Opinion section of our report, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs for the year ended June 30, 2022 and of the profit, other comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

- a) As at reporting date; the Company's accumulated loss stood at Rupees 86.789 million (2021: Rupees 322.412 million) against paid up capital of Rupees 80.000 million and had disposed off its all of assets and had settled obligations towards lenders and other creditors. Note 2 to the financial statements further indicates conditions and events causing material uncertainty over the Company's ability to continue as a going concern. The sponsors of the Company have withdrawn loan of Rupees 36.277 million in such financial distressed faced by the Company to revive the Company. The Company has neither taken steps for implementation of alternate business plan as envisaged in shareholders' meeting on November 20, 2021 including process of change of its object clause and name of the Company nor provide any timeline for implementation of alternate business plan to revive the Company which creates doubt over the viability of alternate business plan. Securities and Exchange Commission of Pakistan has initiated winding up proceedings against the Company under Section 301 of the Companies Act, 2017. These conditions and events indicate material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern; therefore, Because of the circumstances and events as mentioned herein, in our opinion, the Company cannot be considered to be a going concern and thus the preparation of these financial statements on a going concern basis is inappropriate. These adjustments are likely to be substantial, and in view of further qualifications discussed in the following paragraphs below we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.
- b) During the year, the Company has recognised loan from sponsor (after demise of the shareholder) amounting to Rupees 42.5 million in lieu of settlement of liabilities with certain creditors in September 2014 by charging other operating expenses on account of "reversal of credit balance written back" in earlier period(s) as fully explained in note 20.2 to the financial statements. We, however, could not verify the amount written back in earlier period in absence of underlying record.
- c) Trade and other payables of Rupees 31.271 million as disclosed in note 13 includes creditors and other liabilities amounting to Rupees 5.397 million which could not be verified in absence of complete underlying records, non-circularisation of confirmations letters to the parties and through alternate procedures. The cumulative effect of this matter has neither been determined not adjusted in these financial statements.
- d) The Company has not recognised liability in respect of Workers' Welfare Fund amounting to Rupees 4.522 million for the year 2022 in accordance with the provisions of the "The Punjab Workers Welfare Fund Act, 2019" as applicable in the Province of the Punjab. Moreover, the Company has reversed liability recognised in previous period amounting to Rupees 0.581 million. Aggregate effect of this matter amounting to Rupees 5.032 million has not been adjusted appropriately in these financial statements.

- e) We could not verify the unclaimed dividend payable pertaining to financial years ended on June 30, 2000 and June 30, 2001 amounting to Rupees 1.160 million in absence of underlying record with the Company. Moreover, the Company has not taken measures to comply with the requirements of Section 244 of the Companies Act, 2017.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Emphasis of Matter

We draw the attention that the Company has provided loan / advance to its associated undertaking amounting to Rupees 3.50 million as referred to in note 9.4 to the financial statements without seeking approval from shareholders under Section 199 of the Companies Act, 2017. Our opinion is not modified in respect of this matter.

Key Audit Matters

Except for the matter described in the Basis for Adverse Opinion Section; we have determined that there are no other key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

- e) We could not verify the unclaimed dividend payable pertaining to financial years ended on June 30, 2000 and June 30, 2001 amounting to Rupees 1.160 million in absence of underlying record with the Company. Moreover, the Company has not taken measures to comply with the requirements of Section 244 of the Companies Act, 2017.

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accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) except for the matters referred in paragraphs (a) to (e), proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) because of the significant matters described in basis for adverse opinion section, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of



Rizwan & Company
CHARTERED ACCOUNTANTS



As Independent Member Firm
of DFK International

changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are not in agreement with the books of account and returns;

- c) except for the matters referred in paragraphs (a) to (e), expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Imran Bashir.

Lahore: 06 OCT 2022

UDIN: AR2022101405JLoiZ2sS


Rizwan & Co.
Chartered Accountants

Dar es Salaam Textile Mills Limited
Statement of Financial Position
As at June 30, 2022

	Note	2022 (Rupees)	2021
ASSETS AND LIABILITIES			
Non-current assets			
Equipment	6	129,500	-
Investment property	7	-	341,891,000
Long term deposits	8	27,025	1,426,354
		<u>156,525</u>	<u>343,317,354</u>
Current Assets			
Advances, deposits and other receivables	9	4,465,217	1,709,883
Receivable against sale of property		111,133,814	-
Short term investment	10	10,000,000	-
Tax refunds due from government	11	4,056,968	4,056,968
Advance income tax		1,518,440	20,774,963
Cash and bank balances	12	142,550	1,692,778
		<u>131,316,989</u>	<u>28,234,592</u>
Current liabilities			
Trade and other payables	13	31,271,257	124,829,776
Unpaid dividend		1,159,777	1,159,777
Accrued markup	14	-	101,709,853
Short term borrowings	15	-	116,220,088
Current portion of long term financing	16	-	146,568,020
Income tax payable	26	1,666,413	4,334,024
		<u>34,097,447</u>	<u>494,811,538</u>
Working capital employed		<u>97,219,542</u>	<u>(466,576,946)</u>
Less: Non-current liabilities			
Long term financing	16	-	(14,309,630)
NET CAPITAL EMPLOYED		<u>97,376,067</u>	<u>(137,569,222)</u>
Represented by:			
Share capital and reserves			
Share capital	18	80,000,000	80,000,000
Accumulated loss		(86,788,589)	(322,412,058)
Revaluation surplus	19	-	6,663,300
Loan from sponsors	20	104,164,656	98,179,536
TOTAL EQUITY		<u>97,376,067</u>	<u>(137,569,222)</u>
Contingencies and commitments	21		

The annexed notes from 1 to 35 form an integral part of these financial statements.


Abida Mukhtar
 (Chief Executive)


Shahid Amin
 (Chief Financial Officer)

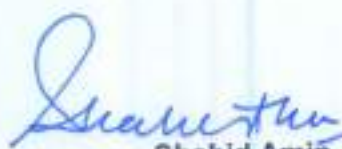

Nilofar Mukhtar
 (Director)


Dar es Salaam Textile Mills Limited
Statement of Profit or Loss
For the year ended June 30, 2022

		2022	2021
	Note	(Rupees)	
Revenue		-	-
Cost of revenue		-	-
Gross profit		-	-
Other income	22	374,233,654	23,952,982
Administrative expenses	23	(15,586,090)	(16,015,959)
Other operating expenses	24	(127,652,971)	(1,416,606)
Operating profit		230,994,593	6,520,417
Finance costs	25	(368,011)	(788,383)
Changes in fair value of investment property		-	19,760,000
Profit before taxation		230,626,582	25,492,034
Income tax expense	26	(1,666,413)	(4,380,163)
Profit after taxation		228,960,169	21,111,871
Earnings per share	27	28.620	2.639

The annexed notes from 1 to 35 form an integral part of these financial statements.


Abida Mukhtar
 (Chief Executive)


Shahid Amin
 (Chief Financial Officer)



Nilofar Mukhtar
 (Director)

Dar es Salaam Textile Mills Limited
Statement of Comprehensive Income
For the year ended June 30, 2022

	2022	2021
	(Rupees)	
Profit after taxation	228,960,169	21,111,871
Other comprehensive income/(loss)	-	-
Total comprehensive income/(loss)	228,960,169	21,111,871

The annexed notes from 1 to 35 form an integral part of these financial statements.


Abida Mukhtar
(Chief Executive)


Shahid Amin
(Chief Financial Officer)

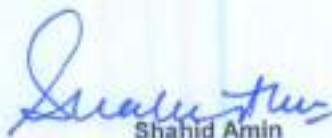

Nilofar Mukhtar
(Director)

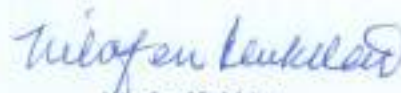
Dar es Salaam Textile Mills Limited
Statement of Changes in Equity
For the year ended June 30, 2022

	Share capital	Accumulated loss	Revaluation surplus	Loan from sponsors	Total
	(Rupees)				
Balance as at June 30, 2020	80,000,000	(343,523,929)	6,663,300	100,869,536	(155,991,093)
Profit after taxation	-	21,111,871	-	-	21,111,871
Other comprehensive income/(loss)	-	-	-	-	-
Total comprehensive loss	-	21,111,871	-	-	21,111,871
<i>Transactions with sponsors</i>					
Loan repaid	-	-	-	(2,690,000)	(2,690,000)
Balance as at June 30, 2021	80,000,000	(322,412,058)	6,663,300	98,179,536	(137,569,222)
Profit after taxation	-	228,960,169	-	-	228,960,169
Other comprehensive income/(loss)	-	-	-	-	-
Total comprehensive income	-	228,960,169	-	-	228,960,169
Transfer of Revaluation Surplus	-	6,663,300	(6,663,300)	-	-
<i>Transactions with sponsors</i>					
Adjustment against loan	-	-	-	42,500,000	42,500,000
Loan repaid - Net	-	-	-	(36,514,880)	(36,514,880)
Balance as at June 30, 2022	80,000,000	(86,788,589)	-	104,164,656	97,376,067

The annexed notes from 1 to 35 form an integral part of these financial statements.


Abida Mukhtar
 (Chief Executive)


Shahid Amin
 (Chief Financial Officer)


Nilofar Mukhtar
 (Director)

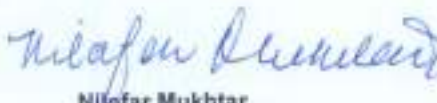
Dar es Salaam Textile Mills Limited
Statement of Cash Flows
For the year ended June 30, 2022

	Note	2022 (Rupees)	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		230,626,582	25,492,034
Adjustments for non-cash charges/items:			
Gain on disposal of investment property		(233,109,000)	-
Depreciation	6	18,500	-
Waiver of markup on long term and short term borrowings		(90,981,514)	-
Waiver of loan amount upon settlement		(2,460,931)	-
Credit balances written back		(35,425,364)	(2,150,061)
Recognition of unrecognised liability - Sponsors loan		42,500,000	-
Loss on sale of non-current asset held for sale		-	859,748
Changes in fair value of investment property		-	(19,760,000)
Debit balances written off		18,907,105	47,017
Effect of discounting of present value of frozen markup		-	(1,538,150)
Finance costs		368,011	788,383
		<u>(300,183,193)</u>	<u>(21,753,063)</u>
		(69,556,611)	3,738,971
Cash flows before working capital changes			
Cash flow from working capital changes			
(Increase) / decrease in current assets:			
Advances, deposits and other receivables		(3,822,171)	(430,930)
Short term investment		(10,000,000)	-
Increase / (decrease) in current liabilities:			
Trade and other payables		(58,133,155)	(5,066,459)
Changes in working capital		<u>(71,955,326)</u>	<u>(5,497,389)</u>
Net cash used in operations		<u>(141,511,937)</u>	<u>(1,758,418)</u>
Income tax paid		(1,518,440)	(3,428,800)
Finance costs paid		(11,096,350)	(4,562)
Net cash used in operating activities		<u>(154,126,727)</u>	<u>(5,189,780)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current assets held for sale		-	9,776,752
Additions in equipment		(148,000)	-
Proceeds against sale of investment property		463,866,186	-
Net cash generated from investing activities		<u>463,718,186</u>	<u>9,776,752</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Loan from sponsors		(36,514,880)	(2,690,000)
Repayment of long term borrowings		(158,407,459)	-
Repayment of short term borrowings		(116,219,348)	(500,000)
Net cash (used in) financing activities		<u>(311,141,687)</u>	<u>(3,190,000)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(1,550,228)</u>	<u>1,396,972</u>
Cash and cash equivalents at the beginning of the year		<u>1,692,778</u>	<u>295,806</u>
Cash and cash equivalents at the end of the year	12	<u>142,550</u>	<u>1,692,778</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.


Abida Mukhtar
 (Chief Executive)


Shahid Amin
 (Chief Financial Officer)


Nilefar Mukhtar
 (Director)

1 THE COMPANY AND ITS OPERATIONS

Dar Es Salaam Textile Mills Limited ("the Company") was incorporated in Pakistan on September 28, 1989 as public unlisted company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The address of registered office of the Company is House No. 37, Street 14, Cavalry Ground, Lahore. The Company is listed in Pakistan Stock Exchange. The Company was engaged in the business of manufacturing and sale of yarn.

2 GOING CONCERN ASSUMPTION

The Company has closed its operations since 2014 and reported accumulated loss of Rupees 86.789 million (2021: Rupees 322.412 million). The Company in its Extra ordinary general meeting held on November 20, 2021 passed special resolutions for change of its object clause to enter into real estate business as per revised business plan of the Company and to change the name of the Company to commensurate with the business of the Company. The Company had disposed off its all operating fixed assets including, freehold land, building, plant and machinery and other assets and has settled liabilities towards lenders and other creditors. The Company is in the process of implementing an alternate business plan as envisaged in annual general meeting held on November 20, 2021 as balance amount recoverable from the buyer as at June 30, 2022 shall be utilised to implement envisaged alternate business plan. These factors may raise doubts that company will be able to continue as a going concern.

In view of the above, these financial statements have been prepared on going concern basis on the grounds that the Company will be able to achieve satisfactory levels of profitability in the future drawn up as per plan by the management for this purpose and availability of adequate working capital through support from sponsors. The management is of the view that the Company will continue to get support from its sponsoring shareholders. The financial statements consequently do not include any adjustment relating to the realization of the assets and liquidation of its liabilities that might be necessary would the Company be unable to continue as a going concern.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs) 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 provision of and directives issued under the Companies Act, 2017 differ from the IFRS, the provision of and directives issued under the Companies Act, 2017 have been followed.

3.2 INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

a) Standards, interpretations and amendments to published approved accounting standards that are effective in current year.

A number of new or amended standards became applicable for the current reporting period, and the Company had to change its accounting policies and make adjustments as a result of adopting the following standards:

- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS

20

16) - (effective for annual periods beginning on or after January 01, 2021). The amendments in Interest Rate Benchmark Reform (the "IBOR" or "Reform") - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the Reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the Reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) - (effective for annual periods beginning on or after April 01, 2021). The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

There are other amendments to published approved accounting and reporting standards and interpretations that are applicable for the financial year beginning on July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Company's financial reporting and operations and, therefore, have not been presented in these financial statements.

b) New accounting standards, amendments and IFRIC interpretations that are not yet effective.

There are number of other standards, amendments to the published approved accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the Company and, therefore, have not been presented in these financial statements.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - (effective for annual periods beginning on or after January 01, 2022). The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.
- Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use (effective for annual periods beginning on or after January 01, 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) - (effective for annual periods beginning on or after January 01, 2022). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) - (effective for annual periods beginning on or after January 01, 2023) The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - (effective for annual periods beginning on or after January 01, 2023). The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Two

- Definition of Accounting Estimates (Amendments to IAS 8) - (effective for annual periods beginning on or after January 01, 2023). The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) - (effective for annual periods beginning on or after January 01, 2023). The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
- Annual Improvements to IFRS Standards 2018–2020 - (effective for annual periods beginning on or after January 01, 2022)

Makes amendments to the following standards:

- IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above new standards, amendments and interpretations are not likely to have an impact on Company's financial statements. There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

3.3 Functional and presentation currency

These financial statements are presented in Pak rupee, which is the functional and presentation currency for the Company.

4 BASIS OF MEASUREMENT

4.1 These financial statements have been prepared under the historical cost convention except for valuation of certain financial instruments at fair value, certain liabilities at amortised cost and investment property at fair value. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

4.2 Significant accounting judgments and critical accounting estimates / assumptions

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

Two

events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which estimate is revised and in any future periods affected. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

a) Taxation

In making the estimates for current income taxes payable by the Company, the management considers the applicable laws and the decisions / judgments of appellate authorities on certain issues in the past. Accordingly, the recognition of deferred tax is also made taking into account these judgments and the best estimates of future results of operations of the Company.

b) Useful lives, patterns of economic benefits and impairments

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment loss.

b) Provision for expected credit loss for advances and other receivables

The Company reviews its advances and other receivables at each reporting date to assess whether provision should be recorded in the statement of profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

c) Contingencies

The Company has disclosed its contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at reporting date.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Taxation

Current

Provision for taxation is based on taxable income at current rates after taking into account tax rebates, exemption and credits available, if any or minimum tax on turnover or alternate corporate tax on accounting profit and tax paid under final tax regime under relevant provisions of Income Tax Ordinance, 2001. The charge for current tax also includes adjustments to tax payable, where considered necessary, in respect of previous years. The amount of unpaid income tax in respect of annual or prior periods is recognized as liability and any excess paid over what is due in respect of current or prior periods is recognized as an asset.

Deferred

Deferred tax is recognized using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation by the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of

220

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax relating to items recognized outside the statement of profit or loss is recognized outside statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

5.2 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transactions costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in statement of profit or loss over the period of borrowings on effective interest rate.

5.3 Trade and other payables

Liabilities for trade and other amounts payable are carried at amortized cost which is the fair value of the consideration to be paid in the future for goods and services received.

5.4 Provisions and contingencies

A provision is recognized in financial statements when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of an expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where reliable estimate of the amount of obligation cannot be made. A contingent liability is disclosed, unless the possibility of outflow is remote.

5.5 Property and equipment

Owned

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost of operating fixed assets comprises historical cost, borrowing cost and other expenditure pertaining to the acquisition, construction, erection and installation of these assets.

Residual value and the useful life of assets are reviewed at each financial year end and if expectations differ from previous estimates the change is accounted for as change in accounting estimate in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance costs are charged to the statement of profit or loss as and when incurred.

Depreciation

Depreciation is charged to the statement of profit or loss using the reducing balance method except for plant and machinery on which depreciation is charged on production hours basis and leasehold land on which depreciation is charged on straight line basis so as to write off the cost over the expected useful life of assets at rates, which are disclosed in notes to the financial statements. Depreciation on additions

to property, plant and equipment is charged from the month in which the asset is available for use, while no depreciation is charged for the month in which the asset is disposed of.

De-recognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the statement of profit or loss.

5.6 Trade and other receivables

Trade and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime expected credit losses that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

5.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and current accounts held with banks.

5.8 Advances, deposits and prepayments

These are initially recognized at cost, which is the fair value of consideration given. Subsequent to the initial recognition assessment is made at each reporting date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment losses recognized for the difference between the recoverable amount and the carrying value.

5.9 Financial instruments

5.9.1 Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

a) Classification of financial assets

The Company classifies its financial instruments at fair value through profit and loss, at fair value through other comprehensive income, or at amortised cost. The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are recognised subsequently at amortised cost. Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at 'fair value through other comprehensive income'. By default, all other financial assets are subsequently measured at 'fair value through profit or loss'.

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b) Classification of financial liabilities

The Company classifies its financial liabilities at fair value through profit or loss, or at amortised cost. Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss (such as instruments held for trading or derivatives) or the Company has opted to measure them at fair value through profit or loss.

5.9.2 Subsequent measurement

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities carried at fair value through profit or loss are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at fair value through profit or loss are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognise a financial liability at fair value through profit or loss, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at fair value through profit or loss.

5.9.3 Impairment of financial assets at amortised cost

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

5.9.4 Derecognition

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

5.9.5 Off setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.10 Revenue recognition

The Company recognizes revenue when it transfers control over a good or service to a customer based on a five step model as set out in IFRS 15.

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- **Identify contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- **Identify performance obligations in the contract:** A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- **Determine the transaction price:** The transaction price is the amount of consideration the Company expects to be entitled to in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- **Allocate the transaction price to the performance obligations in the contract:** For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled to in exchange for satisfying each performance obligation.
- **Recognize revenue when (or as) the Company satisfies a performance obligation.**

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

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

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Rental income from lease of investment property

Rental income arising from operating leases on investment properties is charged based on area lease out and recognized, net of discount, in accordance with the terms of lease contracts over the lease term on a straight-line basis, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

5.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss whenever incurred. Finance cost is accounted for on accrual basis.

Two

5.12 Related party transactions

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at an arm's length.

5.13 Dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which dividends are approved by the Board of Directors or Company's shareholders as the case maybe.

5.14 Share capital

Ordinary shares are classified as share capital.

5.15 Earnings per share ('EPS')

Basic EPS is calculated by dividing the profit / (loss) attributable to ordinary shares of the Company by the weighted average number of shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5.16 Impairment of assets - Non financial assets

The carrying amount of the Company's non-financial assets, except for investment properties where fair value is reliably measurable, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets or cash generating unit.

An impairment loss is recognised if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in statement of profit or loss. Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on pro rata basis. Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognised.

5.17 Investment Property

Investment property is the property which is held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property comprises of freehold land and building on freehold land and carried at fair value. Change in fair value are recognized in statement of profit or loss. Fair values are determined based on an annual valuation performed by an independent valuer.

Subsequent costs are included in the carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the

Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to statement of profit or loss currently.

If an item of property and equipment becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognized in equity as a revaluation reserve for investment property. Any loss is recognized immediately in profit or loss except to the extent that it reverses a previously recognized revaluation gain on the same property in which case it is debited to equity. However, if a fair value gain reverses a previous impairment loss, the gain is recognized in the statement of profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through the statement of profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording. Change in fair value up to the date of reclassification is recognized directly in profit or loss.

An investment property is derecognized when it is either disposed off or permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss on the retirement or disposal of an investment property is included in profit or loss in the period in which the property is derecognized.

Two

			2022	2021
			(Rupees)	
6	EQUIPMENT	Note		
	Computers - Cost			
	Balance at the beginning of the year		-	-
	Additions		148,000	-
	Disposals		-	-
	Balance at the end of the year		148,000	-
	Depreciation			
	Balance at the beginning of the year		-	-
	Charge for the year		18,500	-
	Transfers		-	-
	Balance at the end of the year		18,500	-
	Written down Value as at June 30, 2022		129,500	-
	Rate of depreciation		30%	30%
7	INVESTMENT PROPERTY			
	Freehold Land		-	197,691,000
	Building		-	144,000,000
		7.3	-	341,691,000
7.1	Freehold Land			
	Opening balance		197,891,000	131,397,000
	Fair value adjustments		-	66,494,000
	Disposal during the year		(197,891,000)	-
	Closing balance		-	197,891,000
7.2	Building			
	Opening balance		144,000,000	190,734,000
	Fair value adjustments		-	(46,734,000)
	Disposal during the year		(144,000,000)	-
	Closing balance		-	144,000,000
7.3	The Company has obtained approval from its shareholders for sale of assets under Section 183 (3) of the Companies Act, 2017 vide resolution passed in Annual General Meeting held on November 20, 2021. The Company has disposed off investment property to Service Industries Limited against total consideration of Rupees 575 million being successful bidder. The difference between carrying value and sale consideration has been included in income.			
			2022	2021
			(Rupees)	
8	LONG TERM DEPOSITS			
	Long term deposits		27,025	1,426,354
	This deposit has been given to Central depository company whereas aggregate amount of Rupees 1,399,328 given to utility companies against electricity and gas connection has been charged to income upon disposal of land and building held as investment property. These are classified as 'amortised cost' under the requirement of IFRS 9 "Financial Instruments". However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.			
			2022	2021
			(Rupees)	
9	ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
	Unsecured and Considered good:			
	Advances to employees against salary		571,654	686,721
	Deposits with bank against settlement		-	135,791
	Amount due from related party	9.1	3,500,000	-
	Markup receivable from related party	9.4	336,303	289,771
	Accrued income on TDR		57,260	-
	Margin against bank guarantee		-	597,600
			4,465,217	1,709,883

Two

9.1 Due from related party

Name of related party	Gross due amount	Past due amount	Provision	Reversal of provision	Written off	Net amount	Maximum amount outstanding at any time during the year
Rupees							
2022							
Super Bird (Private) Limited	3,500,000	-	-	-	-	3,500,000	3,500,000

9.2 Age analysis of amount due from related party

Name of related party	Amount not past due	Amount past due					Total gross amount due
		1-30 days	31-60 days	61-90 days	91-365 days	365 days	
	Rupees						
2022							
Super Bird (Private) Limited	3,500,000	-	-	3,500,000	-	-	3,500,000

9.3 The Company has charged markup/interest on amount provided to associated company in accordance with the provision of the Section 199 of the Companies Act, 2017.

9.4 This represents amount due on account of markup/return charged on amount advanced to related party.

10 SHORT TERM INVESTMENT

Investment in term deposit receipts - At amortised Cost

2022
(Rupees)

10,000,000

-

This represents term deposits receipts issued by JS Bank Limited for term of three month carrying interest rate of 11% per annum (2021: Nil).

11 TAX REFUNDS DUE FROM GOVERNMENT

Sales tax refundable

2022
(Rupees)

4,056,968

4,056,968

12 CASH AND BANK BALANCES

Cash in hand

Cash at bank - current accounts

-

50

142,550

1,692,728

142,550

1,692,778

13 TRADE AND OTHER PAYABLES

Trade creditors

Accrued liabilities

Advance against lease of property

Payable against GIDC

Workers' welfare fund payable

Withholding Income tax payable

Sales tax payable

Others

13.1

-

90,429,212

1,397,759

23,875,317

-

900,000

24,317,228

-

13.2

-

580,561

159,472

242,906

-

278,246

5,396,798

8,523,534

31,271,257

124,829,776

13.1 During the year, the Company has settled its liabilities towards trade creditors amounting to Rupees 90.429 million which has resulted into write back of liabilities amounting to Rupees 33.776 million. Accordingly, the management, as a matter of prudence, recognised waiver amount of Rupees 33.776 million (difference between carrying amount and amount settled) as other income in the statement of profit or loss.

Two

		2022	2021
		(Rupees)	
13.2 Workers' Welfare Fund Payable			
Balance as at the beginning of the year		580,561	70,720
Provision for the year		-	509,841
		580,561	580,561
Payments during the year		-	-
		580,561	580,561
14 ACCRUED MARKUP			
Short term borrowings		-	54,127,329
Long term financing		-	47,582,524
		-	101,709,853
15 SHORT TERM BORROWINGS			
<i>From banking companies - secured:</i>			
Short term borrowings	15.1	-	116,220,088

- 15.1** These facilities were obtained from various banking companies for working capital requirements and were secured through charge on all present and future movable fixed assets amounting to Rupees 135 million, hypothecation charge on machinery amounting to Rupees 200 million, first joint pari passu charge over current assets of the Company, pledge of stocks and personal guarantees of sponsors / directors of the Company at reporting date. Balance of stock in trade, machinery and other movable fixed assets does not support these pledge / charge amounts. These facilities carried mark up of Nil (2021: one to six months KIBOR plus a spread of 1.75 percent to 3.50 percent per annum, was payable quarterly.

During the year, the Company has repaid all short term bank borrowings whereas respective mortgage charges have been vacated from Securities and Exchange Commission of Pakistan upon issuance of No Objection Certificate by the banks. The settlements with the lenders have resulted into waiver/remission of mark up and the management has, as a matter of prudence, recognised waiver amount of Rupees 47.064 million as other income in the statement of profit or loss.

		2022	2021
	Note	(Rupees)	
16 LONG TERM FINANCING			
<i>From banking companies - secured:</i>			
- The Bank of Punjab	16.1	-	12,382,177
- United Bank Limited	16.2	-	14,959,062
- United Bank Limited	16.3	-	20,000,000
- United Bank Limited (Forced Demand Finance)	16.4	-	10,000,000
- National Bank of Pakistan	16.5	-	78,749,958
- National Bank of Pakistan (CF swap)	16.6	-	15,976,000
- National Bank of Pakistan (Frozen mark-up)	16.7	-	4,548,000
- Bank of Punjab (Frozen mark-up)	16.8	-	4,272,453
		-	160,867,650
Current portion taken as current liability		-	(146,558,020)
		-	14,309,630
16.1	This represents demand finance facility having credit limit of Rupees Nil (2021: Rupees 12.362 million) availed from the Bank of Punjab for swapping of demand finance facilities from United Bank Limited. During the previous year, the Company has restructured its loan which is repayable in 48 monthly instalments. Past cost of funds amounting Rupees 3.933 million till March 31, 2021 and future cost of funds amounting to Rupees 2.953 million approximately, shall be waived if there will no default in restructured schedule. During the year, the Company has settled the amount of loan with the Bank and accordingly the Bank has waived off the amount of markup and future cost of funds.		
16.2	This represents demand finance facility having credit limit of Rupees Nil (2021: Rupees 20 million) million availed from United Bank Limited for restructuring financial requirements. During the year, the Company has settled the amount of loan with the Bank and accordingly the Bank has waived off the amount of markup. Upon successful settlement of loan, United Bank Limited has withdrawn all litigation against the Company.		
16.3	This represents demand finance facility having credit limit of Rupees Nil (2021: Rupees 20 million) converted from FE-25 / NICF Pledge for restructuring of financial requirements by United Bank Limited on June 3, 2013. During the year, the Company has settled the amount of loan with the Bank and accordingly the Bank has waived off the amount of markup. Upon successful settlement of loan, United Bank Limited has withdrawn all litigation against the Company.		

TW

- 16.4 This represents forced demand finance facility having credit limit of Rupees Nil (2021: Rupees 10 million) against bank guarantee encashment. During the year, the Company has settled the amount of loan with the Bank and accordingly the Bank has waived off the amount of markup. Upon successful settlement of loan, United Bank Limited has withdrawn all litigation against the Company.
- 16.5 This represents demand finance facility having credit limit of Rupees Nil (2021: Rupees 78.750 million) sanctioned by National Bank of Pakistan for reprofiling of company's balance sheet / swapping of short term debt of Standard Chartered Bank (Pakistan) Limited and United Bank Limited. During the year, the Company has settled the amount of loan with the Bank and accordingly the Bank has waived off the amount of markup. Upon successful settlement of loan, National Bank of Pakistan has initiated the process of withdrawal all litigation against the Company.
- 16.6 These represent outstanding balances of cash finance pledge facility and outstanding markup thereon after restructuring of the said facilities by National Bank of Pakistan as on April 8, 2013. During the year, the Company has settled the amount of loan with the Bank and accordingly the Bank has waived off the amount of markup. Upon successful settlement of loan, National Bank of Pakistan has initiated the process of withdrawal all litigation against the Company.
- 16.7 These represent outstanding balances of frozen markup demand finance pledge facility by the National Bank of Pakistan as on April 08, 2013 and was secured against pledged cotton bales. During the year, the Company has settled the amount of loan with the Bank and accordingly the Bank has waived off the amount of markup. Upon successful settlement of loan, National Bank of Pakistan has initiated the process of withdrawal all litigation against the Company.

Facilities mentioned in note 16.5, 16.6 and 16.7 were secured against ranking charge amounting to Rupees 120 million on its all present and future fixed assets including but not limited to plant, machinery, equipment, fixture, fitting and appurtenance attached thereto including without limitation such plant, machinery, equipment, fixture, fitting and appurtenance acquired/ to be acquired by the Company. Upon settlements of loan and issuance of No Objection Certificate by Bank, all charges/mortgages registered over the various assets of Company have been vacated by the Securities and Exchange Commission of Pakistan.

- 16.8 Mark up on demand finance from the Bank of Punjab of Pakistan amounting to Rupees Nil (2021: Rupees 4.272 million) was restructured as frozen and converted into demand finance facility. As per settlement with the Bank of Punjab, the Company has paid the amount of Rupees 1.813 million whereas balance amount of Rupees 2.459 million has been waived off by the bank.
- 16.9 During the year, the Company has settled its obligations towards all the long term lenders and accordingly the lenders have issued No Objection in favor of the Company and withdrawn the cases from the Court of law (except for National Bank of Pakistan). The settlements with the lenders has resulted into waiver/remission of frozen mark up and accrued mark up of Rupees 2.459 million and Rupees 43.917 million respectively and the management has, as a matter of prudence, recognised waiver amount of Rupees 46.376 million as other income in the statement of profit or loss.

	2022	2021
	(Rupees)	
17 DEFERRED TAXATION		
This is composed of:		
Taxable / (deductible) temporary differences		
Investment Property	-	39,705,589
Equipments	7,935	-
Unused tax losses	(60,084,881)	(75,490,847)
Deferred tax asset	(60,076,946)	(35,785,258)
Deferred tax asset not recognized	60,076,946	35,785,258
	-	-

Deferred tax asset on tax losses available for carry forward are recognized to the extent that the realization of related tax benefits through future taxable income is probable. Accordingly, the Company has not recognised deferred tax assets of Rupees 60.085 million (2021: Rupees 75.491 million) in respect of unused tax losses as sufficient tax interests would not be available to set these off in the foreseeable future. As of reporting date, unabsorbed tax losses comprises of Rupees 207.189 million (2021: Rupees 207.189 million).

Two

	2022	2021
	(Rupees)	

Note

18 SHARE CAPITAL**18.1 Authorized share capital**

15,000,000 (2020: 15,000,000) ordinary shares of Rupees 10 each

150,000,000

150,000,000

18.2 Issued subscribed and paid up share capital

8,000,000 (2020: 8,000,000) Ordinary shares of Rupees 10 each fully paid in cash

18.2.1

80,000,000

80,000,000

18.2.1 No shares were issued during the year.

19 REVALUATION SURPLUS

Opening balance

6,663,300

6,663,300

Transfer to Retained Earnings upon disposal of investment properties

19.1

(6,663,300)

-

-

6,663,300

19.1 Freehold land and building on freehold land were revalued at the date of transfer from property and equipment to investment property by approved external, independent property valuer, having appropriate professional qualification. Difference between the carrying amount and the fair value of this item at the date of transfer were recognized in equity as a revaluation surplus for investment property. Pursuant to sale of land and building the amount has been transferred to retained earnings.

	2022	2021
	(Rupees)	

Note

20 LOAN FROM SPONSORS

Opening balance

98,179,536

100,869,536

Reversal of credit balances written back in prior year

20.2

42,500,000

-

Loan received during the year

200,000

-

Loan repaid during the year

(36,277,077)

(2,690,000)

Closing balance

104,602,459

98,179,536

20.1 The loan has been obtained from sponsors of the Company to meet the liquidity requirements of the Company, which is unsecured and interest free. There is neither fixed tenure of loan nor there is any schedule for repayment of loan. The repayment is at the discretion of the Company. In line with Technical Release - 32 (TR 32 - Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan (ICAP), these loans are shown as part of equity.

20.2 This amount represents the settlements with vendors/parties through an agreement executed on September 03, 2014 by Mr. Ahmad Mukhtar(Late). As per settlement agreement; the then sponsoring shareholder gave his personal property having aggregate value of Rupees 42.5 million to such vendors/parties as full and final settlement of their liabilities. However, the effect of this transaction was not reflected in the respective financial statements and the such amounts were written back in prior period. Now, the management has decided to incorporate effect of this transaction in these financial statements by incorporating liabilities towards sponsoring director(Late) and charging to income.

21 CONTINGENCIES AND COMMITMENTS**21.1 Contingencies**

21.1.1 The Company filed Income Tax Return for the Tax Year 2009 by declaring taxable loss of Rupees 14,534,816 for the year and claimed brought forward losses of Rupees 123,213,497. The assessment Order under Section 122 (5A) of the Income Tax Ordinance, 2001 was finalized by the Department at taxable income of Rupees 137,648,895 and computed tax payable of Rupees 47,443,907. The Company preferred an appeal before Commissioner Appeals [CIR(A)] whereby CIR concluded the matter by deletion of proration of expenses, deletion of loan by Rupees 55,800,000, cash payments by Rupees 100,455,778 and understatement of imports by Rupees 11,565,330, School expenses by Rupees 349,422 and confirmation of addition of retirement by Rupees 3,168,000 benefits and department being aggrieved with the decision of CIR filed an appeal before ATIR which is pending for adjudication. The management is of the view that matter will be decided in the company's favour.

21.1.2 Return for the tax year 2016 ending on June 30, 2016 was filed declaring taxable loss of Rupees 172,136,288 for the year. The assessment under section 122(1) of the Income Tax Ordinance, 2001 was finalized by the department at taxable income of Rupees 241,336,013 and computed net tax payable at rupees 82,152,749. The company being aggrieved with the order is in the process of filing appeal before CIR (Appeals).

Two

- 21.1.3** National Bank of Pakistan has lodged a frivolous and time barred claim of Rupees 51.48 million based upon the LC's facilities sanctioned about 7/8 years back. National Accountability Bureau has also taken up this matter, which act of the NBP and the NAB has been challenged in a Writ Petition No. 221742/2018 before the Lahore High Court, Lahore. Writ Petition along with other similar matters were allowed by the full Bench of Lahore High Court, Lahore on December 24, 2018. The NAB has assailed this judgment in Supreme Court of Pakistan vide CPLA No. 1478/2019, which is pending adjudication. However, as the matter has now been settled with the Bank, therefore this appeal has also become infructuous and as and when this appeal will be fixed, the same shall be disposed off accordingly in lieu of settlement of the parties.
- 21.1.4** The Company has filed a suit against National Bank of Pakistan, before the Lahore High Court, Lahore vide COS No. 220828/2018, challenging Bank's alleged claim based upon the LC's facilities sanctioned about 7/8 years back. As the matter has now been settled with the Bank upon payment of Rupees 28.122 million to the National Bank of Pakistan, therefore this case shall be withdrawn by the Company upon withdrawal of the cases by National Bank of Pakistan concurrently.
- 21.1.5** The SNGPL levied surcharge of Rupees 22.954 million under Gas Infrastructure Development Cess on industrial undertakings during FY 2012 to May 2015. Lahore High Court passed an order and directed to constitute a High Power Committee of SNGPL to look into the case of industrial undertaking. Federal Government challenged the decision of the High Court of Sindh, which declared the GIDC as ultra vires and unconstitutional in case of another company, and obtained a direction from a Larger Bench of the High Court of Sindh suspending the order. In a separate case, Peshawar High Court passed a judgment on May 31, 2017 validating the Gas Infrastructure Development Cess Act, 2015 and the same has been challenged by the petitioners in the Supreme Court of Pakistan.
- Gas Infrastructure Development Cess Act, 2015 (Amendment) Ordinance, 2019 was promulgated by the Federal Government which provided for 50% waiver of outstanding liability as at December 31, 2018. Subsequently, said Ordinance was withdrawn by the Federal Government in the Financial year 2021; Supreme Court of Pakistan announced its reserved verdict on the Gas Infrastructure Development Cess (the "GIDC") on August 13, 2020 rejecting all the appeals and ordered the companies to pay the outstanding amount within a period of 30 months. The textile companies through APTMA, where the Company is a party, preferred review petition before the Honorable Supreme Court of Pakistan; therefore, the Company did not recognise liability on account of GIDC in corresponding period as the Company is of the view that decision on review petition before Supreme Court of Pakistan shall be decided in favour of the textile industry. However, during the year 2021, the Company has paid an aggregate amount of Rupees 7.73 million to SNGPL on account of the GIDC whereas liability of remaining amount of Rupees 24.317 million has been recognised in these financial statements. The management is still of the view that the Company is not liable to pay any further amount in light of decision of Supreme Court of Pakistan.
- 21.1.6** Securities and Exchange Commission of Pakistan has initiated show cause proceedings against the Company under Section 301 of the Companies Act, 2017. The Company has submitted detailed reply to the show cause notice along with revival plan of the Company upon disposal of land and building and settlement of loans with lenders and creditors. The Company is making all its efforts to revive the Company by implementing revised business plan as fully explained in note 2 to the financial statements. We are hopeful that show cause proceedings shall be dropped in near future.

21.2 Commitments

- 21.2.1** There are expired Letter of guarantee to Sui Northern Gas Pipelines Company Limited (SNGPL) amounting to Rupees 20.647 million (2021: Rupees 20.647 million) from United Bank Limited for the various amounts expired. Consequent to settlement of liabilities with United Bank Limited, Letter of Guarantee liability of Rupees 20.487 million held with the Bank have been discharged subject to condition that Company will be liable to indemnify the Bank in case of any claim/demands lodged by Sui Northern Gas Pipelines Company Limited (SNGPL) at any future date.
- 21.2.2** There are expired Letter of guarantee to Sui Northern Gas Pipelines Company Limited (SNGPL) amounting to Rupees 0.598 million (2021: Rupees 0.598 million) from Faysal Bank Limited for various amounts expired. Owing to final settlement of liabilities with Faysal Bank Limited, the bank have appropriated the amount of Rupees 0.598 million under settlement arrangement whereas the Company is still required to present original Bank Guarantee with the Faysal Bank Limited for cancellation.

22	OTHER INCOME	2022	2021
		(Rupees)	
	Gain on sale of investment property	233,109,000	-
	Rental income	11,000,000	19,750,000
	Income from agricultural produce	-	225,000
	Credit balances written back	128,867,809	2,150,081
	Effect of discounting of present value of frozen markup	-	1,538,150
	Markup income from associate	46,532	289,771
	Profit from term deposit receipt	1,210,313	-
		<u>374,233,654</u>	<u>23,952,982</u>

	2022	2021
	(Rupees)	

Note

23 ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits		8,104,102	6,348,851
Rates and taxes		1,116,198	408,591
Traveling and conveyance		410,225	402,710
Vehicle running and maintenance		646,692	571,508
Printing and stationery		219,636	143,310
Postage, telephone and telegram		70,600	95,464
Legal and professional		2,563,750	5,137,005
Fee and subscription		293,625	323,365
Entertainment		89,844	41,440
Medical expenses		590,910	219,432
Advertisement		218,100	334,700
Depreciation	6	18,500	-
Auditors' remuneration	23.1	798,000	735,000
Repair and maintenance		90,700	712,980
Others		355,208	541,603
		<u>15,586,090</u>	<u>16,015,959</u>

23.1 Auditors' Remuneration

Half yearly review		105,000	105,000
Annual audit fee		693,000	630,000
		<u>798,000</u>	<u>735,000</u>

24 OTHER OPERATING EXPENSES

Debit balances written off		18,907,105	47,017
Reversal of credit balance written back	24.1	76,695,374	-
Gas Infrastructure Development Cess expense		32,060,492	-
Loss on sale of generators		-	859,748
Workers welfare fund		-	509,841
		<u>127,652,971</u>	<u>1,416,606</u>

24.1 This includes aggregate amount of Rupees 42.5 million recognised during the year as disclose in note 20 and Rupees 28.12 million paid during the year as disclosed in note 21.1.4 to the financial statements.

	2022	2021
	(Rupees)	

Note

25 FINANCE COSTS

Mark up on long term financing		360,610	269,218
Unwinding of present value of frozen markup		-	64,603
Settlement fee		-	450,000
Bank charges		7,401	4,562
		<u>368,011</u>	<u>788,383</u>

26 INCOME TAX EXPENSE**Charge for the year:****- Current**

For the year

Prior year

1,666,413	4,334,024
-	46,139
<u>1,666,413</u>	<u>4,380,163</u>
-	-
<u>1,666,413</u>	<u>4,380,163</u>

- Deferred

26.1 Assessment up to tax year 2021 is finalized (deemed assessment) and the available tax losses of the Company are Rupees 207.189 million (2021: Rupees 260.313 million).

26.2 Current year's tax is charged on the basis of turnover under Section 113 or Alternate Corporate Tax (ACT) on accounting interest under section 113C of Income Tax Ordinance, 2001, whichever is higher. Relationship between income tax expense and

accounting interest for current year is not meaningful due to application of separate block of income.

		2022	2021
27 EARNINGS PER SHARE			
Profit/(Loss) attributable to ordinary shareholders	(Rupees)	<u>228,960,169</u>	<u>21,111,871</u>
Weighted average number of ordinary shares outstanding during the year	(Number)	<u>8,000,000</u>	<u>8,000,000</u>
Earnings per share	(Rupees)	<u>28.620</u>	<u>2.639</u>

27.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at reporting date which would have any effect on the earnings per share if the option to convert is exercised.

28 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES' REMUNERATION

The aggregate amount charged in the accounts for remuneration, allowances including all benefits to the Executive of the Company are as follows:

Description	2022	2021
	(Rupees)	
Managerial remuneration	<u>3,996,667</u>	<u>3,590,000</u>
No. of persons	<u>2</u>	<u>2</u>

28.1 No remuneration was paid to chief executive and directors during the year whereas no meeting fee was paid to directors for attending board meeting or its committee (2021: Nil).

29 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Related parties comprise of directors of the Company, their close relatives and key management personnel. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

29.1 Name and nature of relationship

Sponsors
 Ms. Nilofer Mukhtar - Director
 Ms. Abida Mukhtar - Director
 Mr. Ahamd Mukhtar(Late)
Associate
 Super Bird (Private) Limited

29.2 Transactions with related parties

Nature of Relationship	Nature of Transaction	2022	2021
		(Rupees)	
Sponsors	Adjustment against loan	42,500,000	-
	Loan received	200,000	-
	Loan repaid	(36,277,077)	(2,690,000)
Associate	Funds received	2,200,000	9,752,200
	Funds repaid	(5,700,000)	(9,752,200)
	Markup income	46,532	289,771

30 PROVIDENT FUND RELATED DISCLOSURE

The Company's provident fund ceased to exist from September 30, 2014 and all outstanding dues payable to the employees were paid off. Currently, number of existing employees is less than the minimum requirements as per the West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968.

31 FAIR VALUE MEASUREMENTS

Fair value hierarchy

Fair value is the price 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. Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.
- The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices), the instrument is included in level 2.
- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

As at reporting date, the Company has following item to report in these levels:

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Fair value measurements	(Rupees)			
Assets				
Assets at fair value through statement of profit or loss	-	-	-	-
	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Fair value measurements	(Rupees)			
Assets				
Assets at fair value through statement of profit or loss	-	144,000,000	197,891,000	341,891,000

31.1 Valuation inputs and relationship to fair value

The following table summarises the quantitative and qualitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. Refer fair value hierarchy for the valuation techniques adopted.

Description	Significant Unobservable inputs	Quantitative data / range and relationship to the fair value
Buildings	<ul style="list-style-type: none"> - Cost of construction of a new similar building. - Suitable depreciation rate to arrive at depreciated replacement value. 	The market value has been determined by using a depreciation of approximately 5%-10% on cost of constructing a similar new building. Higher, the estimated cost of the construction of new building, higher the fair value. Further higher the depreciation rate, the lower the fair value of the building.

32 FINANCIAL RISK MANAGEMENT

32.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies and provides principles for overall risk management, as well as policies covering specific areas such as currency risk, equity price risk, interest rate risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The company's audit committee oversees risk management monitors compliance with risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risk faced by the company. Audit committee is into oversight role by internal audit department. Internal audit department undertakes reviews of risk management controls and procedures, results of which are reported to audit committee.

(a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate risk, currency risk and market price risk.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risks as at reporting date, therefore, no foreign currency sensitivity is applicable.

(ii) Interest rate risk

Interest rate risk represents the risk that fair values of future cash flows of financial instruments which will fluctuate because of change in market interest rates. The Company has no significant long-term interest-bearing financial assets. The Company's interest rate risk arises from financial liabilities. Borrowings obtained at floating rates expose the Company to cash flow interest rate risk. The Company does not have financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in interest rate risk.

(iii) Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company does not have financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market prices.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating activities primarily for local deposits, other receivables and other financial assets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2022 (Rupees)	2021
Long term deposits	8	27,025	1,426,354
Deposits and other receivables	9	3,836,303	1,023,162
Receivable against sale of property		111,133,814	-
Bank balances	12	142,550	1,692,728
		<u>115,139,692</u>	<u>4,142,244</u>

Concentration of credit risk

The company identifies concentrations of credit risk by reference to type of counterparty. Maximum exposure to credit risk by type of counterparty is as follows:

Two

	Note	2022 (Rupees)	2021
Deposits and other receivables	8	3,836,303	1,023,162
Receivable against sale of property		111,133,814	-
Bank balances		142,550	1,692,728
		<u>115,112,667</u>	<u>2,715,890</u>

Out of the total financial assets credit risk is concentrated in deposits and other receivables and receivable against sale of property as they constitute 99.98% (2021: 65.57%) of the total financial assets.

Deposits and other receivables

This primarily represents amount due from related party and there is no risk that said amount would not be recovered because of common directorship.

Receivable against sale of property

This represents balance amount receivable from Service Industries Limited against sale of investment property and there is no credit risk that amount would not be recovered in future.

Bank Balances

The credit quality of Company's bank balances can be assessed with reference to the external credit ratings follows:

Banks	Rating Agency	Short term	Long term	2022 (Rupees)	2021
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	104,497	34,497
Meezan Bank Limited	VIS	A-1+	AAA	19,716	1,655,034
The Bank of Punjab	PACRA	A1+	AA+	3,197	3,197
JS Bank Limited	PACRA	A1+	AA-	15,140	-
				<u>142,550</u>	<u>1,692,728</u>

Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or any other financial assets, or that such obligations will have to be settled in manners unfavorable to the company.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management believes the liquidity risk to be low.

The table below analyses the Company's financial liabilities into relevant maturity grouping based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Note	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
(Rupees)					
June 30, 2022					
Trade and other payables	13	6,794,557	6,794,557	6,794,557	-
Unclaimed dividend		1,159,777	1,159,777	1,159,777	-
Accrued markup	14	-	-	-	-
Short term borrowings	15	-	-	-	-
Long term financing	16	-	-	-	-
		<u>7,954,334</u>	<u>7,954,334</u>	<u>7,954,334</u>	<u>-</u>

Two

		Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
	Note	(Rupees)			
June 30, 2021					
Trade and other payables	13	122,828,063	122,828,063	122,828,063	-
Unclaimed dividend		1,159,777	1,159,777	1,159,777	-
Accrued markup	14	101,709,853	101,709,853	101,709,853	-
Short term borrowings	15	116,220,088	116,220,088	116,220,088	-
Long term financing	16	160,867,650	160,867,650	-	160,867,650
		502,785,431	502,785,431	341,917,781	160,867,650

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates effective as at reporting date. The rates of interest have been disclosed in respective notes to the financial statements.

32.2 Financial instruments by categories

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values.

	Note	2022 (Rupees)	2021
Financial assets and liabilities at amortized cost			
Assets as per statement of financial position			
Long term deposits	8	27,025	1,426,354
Receivable against sale of property		111,133,814	-
Deposits and other receivables	9	3,836,303	1,023,162
Cash and bank balances	12	142,550	1,692,778
		<u>115,139,692</u>	<u>4,142,294</u>
Liabilities as per statement of financial position			
Trade and other payables	13	6,794,557	122,828,063
Unclaimed dividend		1,159,777	1,159,777
Accrued markup	14	-	101,709,853
Long term financing	16	-	160,867,650
Short term borrowings	15	-	116,220,088
		<u>7,954,334</u>	<u>502,785,431</u>

32.3 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

32.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits to other stakeholders and to maintain healthier capital ratios in order to support its business and maximize shareholders value. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to the shareholders, return on capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes from the previous period. The Company monitors capital using gearing ratio, which is debt divided by equity plus net debt. Owing to negative equity of the Company as of reporting date, presentation of capital gearing ratio would not be meaningful for the users of the financial statements.

	2022 (Number)	2021
33 NUMBER OF EMPLOYEES		
Total number of employees at year end	<u>7</u>	<u>10</u>
Average number of employees during the year	<u>9</u>	<u>10</u>

34 GENERAL AND CORRESPONDING FIGURES

34.1 Corresponding figures have been reclassified in these financial statements, wherever necessary to facilitate the comparison and

to conform with changes and presentation in the current year. Following important reclassification has been made:

<u>Reclassified from component</u>	<u>Reclassified to component</u>	<u>2021 (Rupees)</u>
Trade creditors	Accrued liabilities	176,850

34.2 Figures have been rounded off to rupees, unless otherwise stated.

35 DATE OF AUTHORISATION

35.1 These financial statements have been approved and authorised for issue in Board of Directors meeting of the Company held on

05 OCT 2022


Abida Mukhtar
(Chief Executive)


Shahid Amin
(Chief Financial Officer)


Nilofar Mukhtar
(Director)