

SUHAIL JUTE MILLS LIMITED

24. RELATED PARTY TRANSACTIONS

The related parties comprise of key management personnel, entities over which the Company is able to exercise influence and employers funds. All transactions with related parties are carried out at arms length prices except loan from directors determined in accordance with comparable uncontrolled price method. The remuneration of managing director and other executives is given in note 19.2 to the financial statements. Balances outstanding and transaction made during the year with related parties at the period end are as follows:

Related parties	Basis of relationship	Percentage of shareholding
Surriya Farooq Charitable Foundation	Associated	0.50%
Ismail Farooq Industries Private Limited	Associated	0.01%
Mian Sohail Farooq Sheikh	Key Management	51.92%
Staff retirement benefits fund	Provident Fund	Nil
	Un-Audited 31.Dez.22	Audited 30.Jun.22
	-----Pak Rupees-----	

Transactions and balances with related parties

Contribution to staff retirement benefits

Gratuity - expense charged	-	924,268
Gratuity - payment made	-	-

Key management personnel

Sohail Farooq Sheikh -Managing Director

Transactions during the year

Loan received	17,744,518	27,950,964
Remuneration expenses	6,577,908	12,774,746
Interest accrued	1,319,340	2,617,170

Balances at period end

Loan from director	Note 24.1	281,844,788	264,100,270
Bridge finance facility		26,171,700	26,171,700
Remuneration payable		85,194,965	79,350,965
Godown rent		2,981,800	2,981,800

24.1. Purpose of Loan From Director

Purpose of loan from director is to run Suhail Jute Mills Limited and to meet daily base expenses and loan is unsecured.

Un-Audited 31.Dec.22	Audited 30.Jun.22
-----Number-----	

25. NUMBER OF EMPLOYEES

Total number of employees as at period/year end	58	59
Average number of employees during the period/year	58	59

26. DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements were authorized for issue on February 27, 2023 by the Board of Directors of the Company.

27. GENERAL

In these financial statements figures have been rounded off to the nearest rupee and those of the previous year have been re-arranged and re-grouped wherever necessary to facilitate comparison.

To

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SUHAIL JUTE MILLS LIMITED  
P.O Box 341, 14-B, Civil Lines, Rawalpindi.

# SUHAIL JUTE MILLS LIMITED

## BRIEF REVIEW

### ASAT, AND FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

We are pleased to submit the Condensed Interim Financial Information, along with Notes and the Auditors Review Report, as at, and for the half-year ended 31<sup>st</sup> December 2022, to the Members of Suhail Jute Mills Limited.

There were no adverse observations by the auditors, resulting from their review of the Interim Financial Information. The emphasis of matter paragraph reflects factual circumstances as the Company continues to present its accounts on a 'realizable net assets' basis in the absence of revival of commercial production.

Administrative Expenses as compared with those incurred in the same 6 Month period last year rose due to increased inflationary pressures. There was no 'other operative income' for the period and the net loss for the period was RS 32,076,462/-, as compared to a net loss of RS.23,980,887/- in the same period, last year; the above results translate to a loss per share of RS.7.40 as compared to a loss per share of RS.5.53 in the comparable period of last year. The detailed breakdown is reflected in the accompanying condensed financial information, to which please refer.

Efforts are continuing to dispose- of surplus assets so as to raise working capital and pay off debts, but such efforts have not materialized as yet. As such, it is not possible to forecast, in any meaningful way, the prospects for the revival of the Company's operations till funding is raised by the sale of assets.

Management is working on a plan to convert the land into smaller plots to facilitate sales and shall apprise the stakeholders when the plan is finalized.

In the absence of any funds generated by the Company, all financial requirements are being met from the personal resources of the Chief Executive, who is also the principal shareholder of the Company.

In view of the non-operational status of the Company, no pay-out to shareholders is possible at this time

We thank all stakeholders for their continued support through these difficult times.

BY ORDER OF THE BOARD

SOHAIL FAROOQ SHAIKH  
CHIEF EXECUTIVE

RAWALPINDI: 27<sup>th</sup> February 2023

# SUHAIL JUTE MILLS LIMITED

23.1. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.  
On-balance sheet financial instruments

	Carrying amount				Fair value			
	Amortized Cost	Held to maturity	FVTPL	Total	Level 1	Level 2	Level 3	Total
----- Pak Rupees-----								
31 December 2022								
Financial assets as per Statement Of Financial Position								
Long term investment	-	-	190,000	190,000	-	-	-	-
Advances, deposits, prepayments and other receivables	2,601,371	-	-	2,601,371	-	-	-	-
Long term security deposits	764,422	-	-	-	-	-	-	-
Bank balances	1,370,203	-	-	1,370,203	-	-	-	-
	4,735,996	-	190,000	4,161,574	-	-	-	-
Trade and other payables	221,025,777	-	-	221,025,777	-	-	-	-
Accrued mark-up	68,495,067	-	-	68,495,067	-	-	-	-
Unclaimed dividend	384,359	-	-	384,359	-	-	-	-
Loan from directors	281,844,788	-	-	281,844,788	-	-	-	-
Short term borrowings - secured	184,981,527	-	-	184,981,527	-	-	-	-
	756,731,518	-	-	756,731,518	-	-	-	-
30 June 2022								
Financial assets as per Statement Of Financial Position								
Long term investment	-	-	190,000	190,000	-	-	-	-
Advances, deposits, prepayments and other receivables	2,613,125	-	-	2,613,125	-	-	-	-
Long term security deposits	764,422	-	-	764,422	-	-	-	-
Bank balances	1,349,157	-	-	1,349,157	-	-	-	-
	4,726,704	-	190,000	4,916,704	-	-	-	-
Trade and other payables	211,245,790	-	-	211,245,790	-	-	-	-
Accrued mark-up	67,175,727	-	-	67,175,727	-	-	-	-
Unclaimed dividend	384,359	-	-	384,359	-	-	-	-
Loan from directors	264,100,270	-	-	264,100,270	-	-	-	-
Short term borrowings - secured	184,981,527	-	-	184,981,527	-	-	-	-
	727,887,673	-	-	727,887,673	-	-	-	-

# SUHAIL JUTE MILLS LIMITED

	Half Year Ended		Three Months Period Ended	
	31.Dec.22	31.Dec.21	31.Dec.22	31.Dec.21
	----- Pak Rupees-----		----- Pak Rupees-----	
<b>20 FINANCE COST</b>				
Mark-up on bridge finance	1,319,340	1,319,340	659,670	659,670
Interest on workers' profit participation fund	3,304,662	2,650,624	1,652,331	1,325,312
Bank charges	6,433	76,842	6,433	39,319
	<b>4,630,435</b>	<b>4,046,806</b>	<b>2,318,434</b>	<b>2,024,301</b>
<b>21 LOSS PER SHARE</b>				
Loss for the period after taxation	(32,076,462)	(23,980,887)	(16,186,020)	(11,790,314)
Weighted average number of ordinary shares	4,332,819	4,332,819	4,332,819	4,332,819
Loss per share	(7.40)	(5.53)	(3.74)	(2.72)

There are no dilutive potential ordinary shares outstanding as at reporting date.

## 22 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include only cash in hand and cash at bank for the purposes of the cash flows statement.

	Un-Audited	Audited
	31.Dec.22	30.Jun.22
	----- Pak Rupees-----	
Cash and bank balances	1,385,623	1,352,633

## 23. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

# SUHAIL JUTE MILLS LIMITED

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SUHAIL JUTE MILLS LIMITED

Report on review of Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Suhail Jute Mills Limited (the Company) as at December 31, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three month period ended December 31, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2022.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Emphasis of Matter Paragraph

We draw attention to note 2.4 of the condensed interim financial statements, which states that the Company is not a going concern for reasons specified therein, accordingly, the condensed interim financial statements have been prepared on the basis of non-going concern assumptions and the historical values of assets and liabilities at the year-end have been considered as fair values.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Iqbal Hussain.

Place: Islamabad  
Date: 27<sup>th</sup> February 2023  
UDIN: RR202210592JZMW1zspN

Crowe Hussain Chaudhury & Co.  
Chartered Accountants

# SUHAIL JUTE MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT DECEMBER 31, 2022

	Note	Un-Audited 31.Dec.22 -----Pak Rupees-----	Audited 30.Jun.22
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized Share Capital: (5,000,000 ordinary shares of Rs. 10 each)		<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid up capital (4,332,819 ordinary shares of Rs. 10 each)	4	<u>43,328,190</u>	43,328,190
Reserves	5	<u>(962,913,913)</u>	(933,718,370)
Merger reserve		<u>196,362,085</u>	196,362,085
Revaluation surplus		<u>1,461,151,288</u>	1,464,032,210
		<u>737,927,650</u>	770,004,115
<b>NON CURRENT LIABILITIES</b>			
Staff retirement benefits	6	<u>7,435,102</u>	7,435,102
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	<u>221,025,777</u>	211,245,790
Accrued mark-up		<u>68,495,067</u>	67,175,727
Unclaimed dividend		<u>384,359</u>	384,359
Loan from director	8	<u>281,844,788</u>	264,100,270
Short term borrowings - secured	9	<u>184,981,527</u>	184,981,527
Provision for taxation	10	<u>-</u>	-
		<u>756,731,518</u>	727,887,673
		<u>1,502,094,270</u>	1,505,326,890
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	18	<u>1,492,112,077</u>	1,495,386,228
Long term investment	11	<u>190,000</u>	190,000
Long term security deposits	12	<u>764,422</u>	764,422
		<u>1,493,066,499</u>	1,496,340,650
<b>CURRENT ASSETS</b>			
Cash and bank balances	13	<u>1,385,623</u>	1,352,633
Advances, deposits, prepayments and other receivables	14	<u>2,601,371</u>	2,825,823
Advance income tax		<u>2,989,414</u>	2,756,421
Stores and spares	15	<u>1,433,071</u>	1,433,071
Stock in trade	16	<u>618,292</u>	618,292
		<u>9,027,771</u>	8,986,240
		<u>1,502,094,270</u>	1,505,326,890
<b>CONTINGENCIES AND COMMITMENTS</b>			
	17		

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCE OFFICER

DIRECTOR

# SUHAIL JUTE MILLS LIMITED

		Half Year Ended		Three Months Period Ended	
		31.Dec.22	31.Dec.21	31.Dec.22	31.Dec.21
		----- Pak Rupees-----		----- Pak Rupees-----	
<b>19 ADMINISTRATIVE EXPENSES</b>					
Salaries, wages and benefits	19.1	4,400,014	4,529,370	2,302,967	2,262,006
Directors' meeting fee	19.2	5,000	2,500	-	2,500
Travelling		298,285	304,585	146,895	115,820
Motor vehicle running expenses		864,024	742,408	346,349	354,892
Entertainment		325,927	312,758	187,299	146,235
Printing and stationery		324,696	239,434	87,207	193,525
Communication		308,827	290,026	133,938	175,879
News paper and periodicals		23,273	22,243	11,403	9,113
Rent, rates and taxes		722,645	579,828	345,627	345,362
Utilities		8,561,192	3,718,565	4,633,093	1,450,768
Fees and subscription		164,888	31,588	266,588	7,650
Professional charges		612,025	339,600	108,260	261,600
Auditor's remuneration		50,000	52,500	50,000	-
Director's remuneration	19.2	6,577,908	6,247,564	3,427,600	3,117,069
Depreciation	18	3,274,151	1,863,175	1,637,075	931,587
Repairs and maintenance		596,255	561,148	158,405	304,827
Insurance		202,927	-	-	-
Miscellaneous		133,990	96,790	24,880	87,180
		27,446,027	19,934,082	13,867,586	9,766,013

19.1 Factory operating expenses for the year have been classified as administrative expenses as the factory remained un-operational and the expenses incurred were of administrative nature. This include Gratuity Provision of Rs 924,268/-.

## 19.2 REMUNERATION OF DIRECTORS, EXECUTIVES AND MANAGING DIRECTOR

The aggregate amounts charged in theses financial statements in respect of remuneration including benefits applicable to the managing director, directors and executives of the Company are given below.

	Un-Audited 31.Dec.22 ----- Pak Rupees-----			Audited 30.Jun.22 ----- Pak Rupees-----		
	Director	Executive	Managing Director	Director	Executive	Managing Director
Fee	5,000	-	-	7,000	-	-
Managerial remuneration	-	-	4,032,600	-	-	7,516,200
Rented accommodation	-	-	1,811,400	-	-	3,376,200
Travelling and conveyance	-	-	10,000	-	-	100,966
Communication	-	-	11,900	-	-	28,235
Utilities	-	-	712,008	-	-	1,753,145
	<u>5,000</u>	<u>-</u>	<u>6,577,908</u>	<u>7,000</u>	<u>-</u>	<u>12,774,746</u>
Numbers	5	-	1	7	-	1

The Managing Director has also been provided with a Company maintained car, utilities and telephone at his residence.



# SUHAIL JUTE MILLS LIMITED

18.1 Cost of free hold land, building on free hold land and plant and machinery are stated at revalued amounts. The carrying amount of these items of property, plant and equipment measured using the cost model are as under:

	Un-Audited		Audited	
	31.Dec.22	Written down value	30.Jun.22	Written down value
Cost	Accumulated Depreciation	Cost	Accumulated Depreciation	Written down value
-----Pak Rupees-----				
Freehold land	12,519,048	12,519,048	-	12,519,048
Building on freehold land	26,049,078	7,727,784	26,049,078	7,845,466
Plant and Machinery	131,156,789	9,490,090	131,156,789	9,634,609
Total	169,724,915	29,736,922	169,724,915	29,999,123

## 18.2 Freehold Land

Freehold Land of the company is situated at Kabul River Railway station, Mardan Road, Nowshera, Khyber Pakhtunkhwa and GT road, Nowshera, Khyber Pakhtunkhwa consisting of 872 Kanals 3 Maras and 744 Kanals 2 Maras piece of land respectively.

## 18.3 Building on freehold land

The building and immovable fixed assets of the company are located as disclosed in note 18.2 of the financial statements.

# SUHAIL JUTE MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half Year Ended		Three Months Ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	-----Pak Rupees-----			
Sales	-	-	-	-
Cost of sales	-	-	-	-
Gross profit / (loss)	-	-	-	-
Administrative expenses	19 (27,446,027)	(19,934,082)	(13,867,586)	(9,766,013)
Finance cost	20 (4,630,435)	(4,046,805)	(2,318,434)	(2,024,301)
Loss before taxation	(32,076,462)	(23,980,887)	(16,186,020)	(11,790,314)
Income tax expense	10 -	-	-	-
Loss after taxation	(32,076,462)	(23,980,887)	(16,186,020)	(11,790,314)
Loss per share - basic and diluted	21 -	5.53	3.74	2.72

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCE OFFICER

DIRECTOR

# SUHAIL JUTE MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Half Year Ended		Three Months Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	-----Pak Rupees-----			
Loss after taxation	(32,076,462)	(23,980,887)	(16,186,020)	(11,790,314)
Total comprehensive loss for the period	(32,076,462)	(23,980,887)	(16,186,020)	(11,790,314)

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCE OFFICER

DIRECTOR

## 18. PROPERTY, PLANT AND EQUIPMENT

Particulars	Free hold land	Building on freehold land	Plant and machinery	Furniture and fixtures	Office equipment	Motor vehicles	Library books	Total
-----Pak Rupees-----								
Year ended June 30, 2022								
Opening net book value	1,292,316,197	59,180,423	44,058,375	369,577	1,016,293	134,480	39	1,502,173,181
Revalued amount/ Cost	1,292,316,197	95,500,000	113,000,000	4,521,885	12,189,979	4,386,865	60,723	1,521,975,649
Accumulated depreciation	-	(70,644)	(92,761)	(4,152,308)	(11,173,686)	(4,252,385)	(60,684)	(19,802,468)
For the year:								
Additions	-	-	-	-	-	-	-	-
Surplus on revaluation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Revalued amount/ Cost	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Depreciation charge	-	(2,862,881)	(3,758,577)	(36,958)	(101,629)	(26,896)	(12)	(6,786,953)
As at June 30, 2022								
Revalued amount/ Cost	1,292,316,197	95,500,000	113,000,000	4,521,885	12,189,979	4,386,865	60,723	1,521,975,649
Accumulated depreciation	-	(2,933,525)	(3,851,338)	(4,189,266)	(11,275,315)	(4,279,281)	(60,696)	(26,589,421)
Net book value - 2022	1,292,316,197	92,566,475	109,148,662	332,619	914,664	107,584	27	1,495,386,228
Depreciation rate	-	1.5% - 3%	3% - 15%	10%	10%	20%	30%	
Half year ended December 31, 2022								
Opening net book value	1,292,316,197	92,566,475	109,148,662	332,619	914,664	107,584	27	1,495,386,228
Cost	1,292,316,197	95,500,000	113,000,000	4,521,885	12,189,979	4,386,865	60,723	1,521,975,649
Accumulated depreciation	-	(2,933,525)	(3,851,338)	(4,189,266)	(11,275,315)	(4,279,281)	(60,696)	(26,589,421)
For the period:								
Additions	-	-	-	-	-	-	-	-
Surplus on revaluation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Depreciation charge	-	(1,388,497)	(1,812,527)	(16,631)	(45,733)	(10,758)	(4)	(3,274,151)
As at December 31, 2022								
Revalued amount/ Cost	1,292,316,197	95,500,000	113,000,000	4,521,885	12,189,979	4,386,865	60,723	1,521,975,649
Accumulated depreciation	-	(4,322,022)	(5,663,865)	(4,205,897)	(11,321,049)	(4,290,039)	(60,700)	(29,863,572)
Net book value - December 2022	1,292,316,197	91,177,978	107,336,135	315,988	868,930	96,826	23	1,492,112,077

# SUHAIL JUTE MILLS LIMITED

## 17 CONTINGENCIES AND COMMITMENTS

- 17.1 The Sarhad Development Authority has filed an appeal in Peshawar High Court against the decision made in the civil suit (No: 180/1) on May 26, 2011 in favor of Suhail Jute Mills Limited for the recovery of an amount of Rs. 2,550,000 against surrender of land measuring six acres situated at Gadoon Industrial Estate, Khyber Pakhtunkhwa. The Sarhad Development Authority had acknowledged the surrender of land and made a payment of Rs. 1,667,343 after deducting charges of Rs. 882,657 which was returned by the Company with the plea that total amount should be refunded. The Company has also filed an appeal before the District Judge, Peshawar against other pleas related to this issue dismissed in the above decision. Hearing is scheduled on October 4, 2022, the matter is subjudice before District Judge, Peshawar.
- 17.2 Income tax demand of Rs. 8,771,178 for the tax year 2010 was raised against the Company under section 161/205 of the Income Tax Ordinance, 2001 which has been remanded back by Commissioner Inland Revenue (appeals) to the Deputy Commissioner Inland Revenue for redetermination of the liability, if any. The proceedings before Deputy Commissioner Inland Revenue has not yet finalized. The management and the tax advisor of the Company do not expect any unfavorable outcome or serious loss to the Company in this case.
- 17.3 The Company had secured running finance from Faysal Bank and Al Baraka Bank as disclosed in note 12.1 to the financial statements. These Banks have filed suits for recovery of all outstanding over due principal and markup amount. Banking Court Rawalpindi issued decree for recovery of 30 million principal and 1 million markup in favor of Al Baraka Bank on February 20, 2015, while the court decreed for recovery of 128.8 million principal and 20.5 million markup in favor of Faysal Bank on May 03, 2017. The decrees were transferred to Peshawar High Court for execution. The most recent hearing of petition was on September 10, 2022 and the case is still sub judice. Company has made provision of 54 million against markup payable, till date of decree.
- 17.4 The Company is contingently liable in respect of guarantees of Rs. 463,100/- issued by the bank in normal course of business.
- 17.5 The Company is in litigation with sales tax authorities circle 1, Rawalpindi for refund of sales tax amounting to Rs. 2.452/- million (2022 Rs. 2.452 million). The case is pending with the Honorable Lahore High Court, Lahore.

# SUHAIL JUTE MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Note	December 31, 2022	December 31, 2021
		-----Pak Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(32,076,462)	(23,980,887)
<b>Adjustments for:</b>			
Financial charges	20	4,630,435	4,046,806
Depreciation	19	3,274,151	1,863,175
		(24,171,876)	(18,070,907)
<b>Working capital changes:</b>			
<b>Decrease in current assets</b>			
Advances, deposits, prepayments and other receivables		224,452	15,331
<b>Increase in current liabilities</b>			
Trade and other payables		9,779,987	6,916,324
		10,004,439	6,931,655
<b>Cash flow (used in) operating activities)</b>		(14,167,437)	(11,139,252)
Financial charges paid	20	(3,311,095)	(4,046,806)
Income tax paid		(232,996)	-
<b>Net cash (used in) operating activities</b>		(17,711,528)	(15,186,058)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Accrued markup		-	1,319,340
Loan from directors		17,744,518	13,816,994
Net cash generated from financing activities		17,744,518	15,136,334
Net increase/(decrease) in cash and cash equivalents during the period		32,990	(49,724)
Cash and cash equivalents at the beginning of the period		1,352,633	1,470,407
<b>Cash and cash equivalents at the end of the period</b>	13	1,385,623	1,420,683

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

# SUHAIL JUTE MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Issued, subscribed and paid-up share capital	Reserves				Surplus on revaluation	Merger reserve	Total
		General reserve	Dividend equalization reserve	Fair value reserve	Accumulated loss			
-----Pak Rupees-----								
Balance as at June 30, 2021 (Audited)	43,328,190	3,380,000	7,490,000	1,251,607	(901,918,556)	1,368,951,929	196,362,085	718,845,256
Total comprehensive loss for the half year ended December 31, 2021	-	-	-	-	(23,980,887)	(23,980,887)	-	(23,980,887)
Effect of incremental depreciation	-	-	-	-	1,602,385	1,602,385	(1,602,385)	-
Balance as at December 31, 2021 (Un-Audited)	43,328,190	3,380,000	7,490,000	1,251,607	(924,297,058)	1,367,349,544	196,362,085	694,864,369
Balance as at June 30, 2022 (Audited)	43,328,190	3,380,000	7,490,000	1,251,607	(945,839,980)	1,464,032,210	196,362,085	770,004,115
Total comprehensive loss for the half year ended December 31, 2022	-	-	-	-	(32,076,462)	(32,076,462)	-	(32,076,462)
Adjustment	-	(3,380,000)	-	(1,251,607)	4,631,607	-	-	-
Effect of incremental depreciation	-	-	-	-	2,880,922	2,880,922	(2,880,922)	-
Balance as at December 31, 2022 (Un-Audited)	43,328,190	-	7,490,000	-	(970,403,913)	1,461,151,288	196,362,085	737,927,653

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCE OFFICER

DIRECTOR

# SUHAIL JUTE MILLS LIMITED

**11 LONG TERM INVESTMENTS**  
at amortized cost  
Farooq Energy Company Private Limited  
190 shares (2022: 190) of Rs 1,000 each

**12 LONG TERM SECURITY DEPOSITS**  
Sui Northern Gas Pipeline Limited  
Office building security  
CSTM Security

**13 CASH AND BANK BALANCES**  
Cash in hand  
Cash at banks:  
- in current accounts

**14 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Advances - considered good:  
- Employees  
- Expenses  
Prepayments  
Sarhad Development Authority  
Other receivables - considered good

**15 STORES AND SPARES**

Stores  
Spares  
  
Less: Provision for obsolescence

**16 STOCKS IN TRADE**

Raw materials  
Less: provision

Un-Audited  
31.Dec.22  
----- Pak Rupees-----

Audited  
30.Jun.22

190,000 190,000

30,000 30,000  
232,482 232,482  
501,940 501,940  
764,422 764,422

15,420 3,476  
1,370,203 1,349,157  
1,385,623 1,352,633

47,000 47,000  
4,371 13,244  
- 212,698  
2,550,000 2,550,000  
- 2,881  
2,601,371 2,825,823

7,606,567 7,606,567  
2,088,936 2,088,936  
9,695,503 9,695,503  
(8,262,432) (8,262,432)  
1,433,071 1,433,071

618,292 824,389  
- (206,097)  
618,292 618,292



# SUHAIL JUTE MILLS LIMITED

9	SHORT TERM BORROWINGS	Note	Un-Audited	Audited
			31.Dec.22	30.Jun.22
			----- Pak Rupees-----	
	From banking companies- Secured			
	Faisal Bank Limited	9.1	128,809,827	128,809,827
	Al Baraka Islamic Bank Limited	9.2	30,000,000	30,000,000
	Bridge Finance facility	9.3	26,171,700	26,171,700
			<u>184,981,527</u>	<u>184,981,527</u>

## 9.1 Faisal Bank Ltd

Running finance facility	9.1.1	127,885,527	127,885,528
Finance against imported merchandise	9.1.2	924,300	924,300
		<u>128,809,827</u>	<u>128,809,828</u>

**9.1.1** Running finance facility of Rs. 128.55 million was sanctioned in June, 2011 and is payable on demand. The facility had been obtained to meet working capital requirements. The rate of mark up is 3 months KIBOR plus 2.91 percent per annum. The facility is secured against first exclusive hypothecation charge for Rupees 100 million on all present and future current assets of the Company and pari passu charge for Rs. 280 million on fixed assets of Company including land, building and plant and machinery. The court on petition filed by the Bank ordered a decree in favor of the bank.

**9.1.2** Finance against imports facility of Rs. 20 million had been obtained to finance import of raw material, and is payable on demand. The rate of mark up is 3 months KIBOR plus 2.91 percent per annum. The facility is secured against pledge of imported goods in factory godown amounting to Rs. 1,027,000 with built in margin under custody of bank's appointed Maccadam and lien over shipping documents.

**9.2** The Company has drawn down Rs. 30 million out of total facility of Rs. 30 million sanctioned in October, 2011. It carries mark up at the rate 6 months KIBOR plus 2.5 percent per annum (if paid with in 180 days) and 3 months KIBOR plus 3 percent per annum (if paid within 90 days). This facility has expired in June, 2012. This facility has expired in June, 2012. This facility is also secured against First Pari Passu charge over entire present and future fixed assets of the Company including free hold land and building on free hold land. The court on petition filed by the Bank ordered a decree in favor of the bank. (Details in Note 17.3)

**9.3** This represents balance of bridge finance facility carrying mark up of 10% which was afterwards refinanced by the director, Mr. Sohail Farooq Shaikh, of the Company payable on demand. Interest on this finance has been shown in accrued expenses.

## 10 PROVISION FOR TAXATION

No provision for current taxation has been made due to the reason that the Company has no taxable income. Turnover tax under section 113 of Income Tax Ordinance, 2001 does not apply as the Company has no turnover during the period.

Deferred tax asset is not recognized in the financial statements because the Company has sufficient tax losses available and it is probable that the Company will not be able to utilize deductible temporary differences in near future.

# SUHAIL JUTE MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2022

### 1. LEGAL STATUS AND OPERATIONS

Suhail Jute Mills Limited (the Company) was incorporated in Pakistan in 1981 as a public limited company under the Companies Act, 1913 (now Companies Act, 2017). Its shares are quoted on Pakistan stock exchange. The Company is principally engaged in the business of manufacturing and sale of jute products. The registered office of the Company is situated at 14-B, Civil Lines, Rawalpind.

The production facilities are situated at Kabul River Railway Station, Mardan Road, Nowshera, Khyber Pakhtunkhwa and GT road, Nowshera, Khyber Pakhtunkhwa consisting of 872 Kanals 3 Marlas and 744 kanals 2 Marlas piece of land respectively.

### 2. BASIS OF COMPLIANCE OF FINANCIAL STATEMENTS

**2.1.** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

- International Accounting standards (IAS) 34, Interim Financial Reporting issues by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

**2.2.** The disclosures in the condensed Interim Financial Statements do not include the information reported for full audited annual financial statements and should therefore be read in conjunction with the audited financial statements for the year ended June 30, 2022. Comparative statement of financial position is extracted from audited annual financial statements as of June 30, 2022 whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are stated from unaudited condensed interim financial statements for the six months period ended December 31, 2021.

**2.3.** These condensed interim financial statements are un-audited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange. The figures for the quarter ended December 31, 2021 and 2022 presented in the condensed interim financial statements have not been reviewed by the external auditor.

**2.4.** The operations of the Company have been ceased since June 2011, after severe flooding which caused significant damage to production facilities. Afterwards the company managed to overhaul its property, plant and machinery but has been unable to finance its working capital requirement to resume operations, thus the company at present is dependent upon the financial assistance of the director to meet fixed costs. Accordingly, the Company is no longer a going concern. Moreover, during the period the Company has incurred loss of Rs. 32.076 million and have accumulated losses of Rupees 962.91 million as on December 31, 2022 and its current liabilities exceeds its current assets by Rs. 747.70 million on that date.

Moverover, the banking court has issued decrees in favour of bankers of the Company for non-repayment of outstanding amount of secured running finance facility. The decrees have been transferred to Peshawar High Court for execution which are pending adjudication, refer notes 9 and 17.3 to the financial statements.

Accordingly, these financial statements have been prepared on the basis of non-going concern assumptions and the historical values of assets and liabilities at the year end have been considered as fair values other than those specifically declared.

# SUHAIL JUTE MILLS LIMITED

## 3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

3.1 The accounting policies, significant judgments made in the application of accounting policies, key sources of estimation, the methods of computation adopted in preparation of these condensed Interim Financial Statements and financial risk management policies are the same as those applied in preparation of audited annual financial statements for the year ended June 30, 2022.

3.2 Actuarial valuation is carried out on annual basis, latest valuation was performed on August 22, 2022. The impact of re-measurement of gratuity fund has not been incorporated in these condensed interim financial statements.

	Un-Audited	Audited
Note	31.Dec.22	30.Jun.22
	----- Pak Rupees-----	

## 4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Un-Audited	Audited				
31.Dec.22	30.Jun.22				
(Number of shares)					
3,245,000	3,245,000	Ordinary shares of Rs. 10 each issued for cash	4.1	32,450,000	32,450,000
3,245,000	3,245,000			32,450,000	32,450,000
1,087,819	1,087,819	Issued against merger		10,878,190	10,878,190
4,332,819	4,332,819			43,328,190	43,328,190

## 4.1 Shares held by associated undertakings

Un-Audited	Audited			Un-Audited	Audited
31.Dec.22	30.Jun.22			31.Dec.22	30.Jun.22
(Number of shares)					
500	500	M Farooq Private Limited		5,000	5,000
20,000	20,000	Surriya Farooq Charitable Foundation		200,000	200,000

4.2 All ordinary share holders have same rights regarding voting, board selection, right of first refusal and block voting.

	Un-Audited	Audited
Note	31.Dec.22	30.Jun.22
	----- Pak Rupees-----	

## 5 RESERVES

General reserve	5.1	-	3,380,000
Dividend equalization reserve	5.2	7,490,000	7,490,000
Fair value reserve		-	1,251,610
Accumulated loss		(970,403,913)	(945,839,980)
		(962,913,913)	(933,718,370)

5.1 This represents amount transferred to the general reserve from Reserve for Participation Term Certificates (PTC) for contingencies created in year 1992.

5.2 This represents the reserve for the purpose of cash and stock dividend at 20 percent of the issued share capital proposed in 1992, but not approved by the shareholders.

Un-Audited	Audited
31.Dec.22	30.Jun.22
----- Pak Rupees-----	
6,212,261	6,212,261
1,222,841	1,222,841
7,435,102	7,435,102

## 6 STAFF RETIREMENT BENEFITS

Present value of defined benefit obligation  
Deferred liabilities - staff gratuity

# SUHAIL JUTE MILLS LIMITED

## 7 TRADE AND OTHER PAYABLES

	Un-Audited	Audited
Note	31.Dec.22	30.Jun.22
	----- Pak Rupees-----	
Creditors	22,245,151	21,687,523
Accrued expenses	7.1 96,950,011	91,041,678
Security deposits-utilisable	1,600	1,600
Workers profit participation fund	7.2 68,338,847	65,034,185
Workers welfare fund	269,503	269,503
Other taxes payable	974,293	965,338
Others	2,686,258	2,685,849
Payable to employees retirement benefits	7.3 29,560,114	29,560,114
	221,025,777	211,245,790

7.1 This includes an amount payable to director of the Company on account of remuneration Rs. 85,194,965/- (June 30, 2022 Rs. 79,350,965/-) and godown rent Rs. 2,981,800/- (June 30, 2022 Rs. 2,981,800/-) respectively.

	Un-Audited	Audited
Note	31.Dec.22	30.Jun.22
	----- Pak Rupees-----	
Workers Profit Participation fund		
Opening balance	65,034,185	59,079,020
Interest on funds utilized by the Company	7.2.1 3,304,662	5,955,165
	68,338,847	65,034,185

7.2.1 Interest on funds utilized by the Company is charged at KIBOR + 2.5%. (KIBOR + 2.5% in June 30, 2022)

	Un-Audited	Audited
Note	31.Dec.22	30.Jun.22
	----- Pak Rupees-----	
Payable to employees retirement benefits		
Gratuity payable	7.3.1 28,309,686	28,309,686
Provident fund payable	7.3.2 1,250,428	1,250,428
	29,560,114	29,560,114

7.3.1 This represent gratuity payable to employees who left after the floods in July, 2010 and have not approached the Company for final settlement.

7.3.2 This represents balance of the amount payable to employees that has arisen as result of the discontinuation of the provident fund of the Company. Investment out of provident fund has been made in accordance with the provision of section 218 of the Companies Act, 2017.

## 8 LOAN FROM DIRECTOR

	Un-Audited	Audited
Note	31.Dec.22	30.Jun.22
	----- Pak Rupees-----	
Opening	264,100,270	236,149,306
Loan received	17,744,518	27,950,964
Loan repaid	-	-
Closing balance	8.1 281,844,788	264,100,270

8.1 This represents interest free unsecured loan from, Mr. Sohail Farooq Shaikh, director of the Company payable on demand. The purpose of utilization is to finance company's day to day operations as the Company has no other source of income.