

Half Yearly Report
31st December 2022



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COMPANY INFORMATION

BOARD OF DIRECTORS		
NON-EXECUTIVE DIRECTORS	: MR. MUHAMMAD IRFAN ALI SYED FARHAN ASDAQUE MR. MUHAMMAD WAJID	CHAIRMAN BOARD OF DIRECTORS
EXECUTIVE DIRECTORS	: MR. ISHTIAQ AHMAD MR. SALEEM-UL-HAQUE MS. MOMNA GULL	CHIEF EXECUTIVE OFFICER
INDEPENDENT DIRECTOR	: MR. ASGHAR IQBAL	
AUDIT COMMITTEE	: MR. ASGHAR IQBAL MR. MUHAMMAD WAJID MR. MUHAMMAD IRFAN ALI	CHAIRMAN MEMBER MEMBER
HUMAN RESOURCE & REMUNERATION COMMITTEE	: MR. ASGHAR IQBAL MR. ISHTIAQ AHMAD MR. MUHAMMAD WAJID	CHAIRMAN MEMBER MEMBER
CHIEF FINANCIAL OFFICER	: MR. SALEEM-UL-HAQUE	
COMPANY SECRETARY	: MR. MUHAMMAD HANIF GERMAN	
AUDITORS	: FARUQ ALI & CO. CHARTERED ACCOUNTANTS	
	: FEROZE SHARIF TARIQ & CO. CHARTERED ACCOUNTANTS	
LEGAL ADVISOR	: KHALID ANWAR & COMPANY - ADVOCATES	
TAX ADVISORS	: SHARIF & COMPANY – ADVOCATES	
FACTORY OFFICE	: PLOT NO. 1, DEWAN FAROOQUE INDUSTRIAL PARK, HATTAR, DISTRICT HARIPUR, K.P.	
CORPORATE OFFICE	: DEWAN CENTRE, 3-A, LALAZAR, BEACH HOTEL ROAD, KARACHI.	
REGISTERED OFFICE	: PLOT NO. 6, STREET NO. 9, FAYYAZ MARKET, G-8/2, ISLAMABAD, PAKISTAN.	
SHARE REGISTRAR / TRANSFER AGENTS	: BMF CONSULTANTS PAKISTAN (PRIVATE) LIMITED ANUM ESTATE BUILDING, ROOM NO. 310 & 311, 3RD FLOOR, 49, DARUL AMAN SOCIETY, MAIN SHAHRAH-E-FAISAL, ADJACENT TO BALOCH COLONY BRIDGE, KARACHI, PAKISTAN.	
BANKERS	: AL BARAKA ISLAMIC INVESTMENT BANK LIMITED ALLIED BANK LIMITED ASKARI BANK LIMITED BANK ALFALAH LIMITED BANK OF KHYBER LIMITED BANK OF PUNJAB LIMITED FAYSAL BANK LIMITED HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED MEEZAN BANK LIMITED SUMMIT BANK LIMITED NATIONAL BANK OF PAKISTAN LIMITED STANDARD CHARTERED BANK LIMITED (PAKISTAN) SILK BANK LIMITED UNITED BANK LIMITED	

DIRECTORS' REPORT

The Board of Directors of your company present un-audited Condensed Interim Financial Statements of the Company for the half year ended on December 31, 2022 reviewed by the statutory auditors in compliance with the requirements of section 245 of the Company's Ordinance 1984, as amended through Companies (amendment) Ordinance 2002 and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan

OPERATING AND FINANCIAL RESULTS AT A GLANCE

	(Rupees In'000')
SALES (NET)	(Nil)
COST OF SALES	<u>(222,489)</u>
GROSS LOSS	(222,489)
OPERATING EXPENSES	<u>24,760</u>
OPERATING LOSS	(247,249)
FINANCE COST	<u>411,378</u>
LOSS BEFORE TAXATION	(658,627)
TAXATION	<u>34,005</u>
LOSS AFTER TAXATION	<u>(624,622)</u>

Company recorded net sales of Rs. Nil (2021- Rs. Nil) during the period under review and suffered loss after taxation amounted to Rs. 624.622 million. (2021 Rs. 650.248 million).

THE PERIOD UNDER REVIEW

During the period under review, despite of our best efforts we were unable to re-start the plants of the Company due to unavailability of working capital. However, management of the company approached its bankers/financial institutions for restructuring of its obligations and is putting its best endeavors to make it a deal for availing working capital lines in order to resume the operations of the largest unit of the country.

The Company is successfully facing litigations with lenders as elaborated in our previous audited financial statements. The Management is fully confident that the Company will have favorable decisions from the concerned courts.

INDUSTRY OVERVIEW

During the period under review, the textile industry in Pakistan experienced a fast decline. The economy of Pakistan is facing problems due to both global factors and domestic situation. In the first half of financial year 2022-23 export of textile industry dropped by 7% to \$8.8 billion against \$9.54 billion in the same period last year.

Domestic spinning industry remained under tremendous pressure during the period under review. Lower demand in the market, higher rates of energy, shortage of cotton and other raw materials contributed to the closure of several spinning units in the country.

There was slight decrease but not much fluctuation in the prices of local PSF during the period of July to December 2022. Sales volume of domestic PSF manufacturers kept low.

Your company operations remained closed during the period under review.

AIDITOR'S OBSERVATION

- a) In Para (a) of their review report they did not agree with the going concern assumption used in preparation of interim condensed financial statements accordingly they have given their adverse opinion on the interim condensed financial statements. However, the management is in process of negotiation with the bankers and is confident that the outcome will be positive. The justification regarding preparation of interim condensed financial statements on going concern assumption are more fully explained in note 2 to the interim condensed financial statements.
- b) The company has not made provision of mark up for the period amounting Rs.1.574 billion on its markup bearing liabilities. The management has approached its bankers/financial institutions for restructuring of its obligations. The management is confident that the company's restructuring proposals will be accepted by the financial institutions. Therefore, the company has not made any provision for mark-up.
- c) Para (c) of the report relates to valuation and classification of investment in Dewan petroleum (Pvt) Limited using the equity method as required under International Accounting Standards 28 Investment in Associates which the company has classified as held for sale. The management's intention is to sell this investment within next accounting cycle in the manner to be deemed appropriate, equitable, fit and beneficial to the interests of the company, which will enable to resume operation of the company. For the purpose special resolution was passed in 2008 has been expired, however the management will seek further shareholders' approval before disposal of the same.
- d) Trade debts amounting to Rs.1.341 billion are stagnant, not being recovered, against which a provision of Rs.0.873 billion has been made so far. Had the full provision been made, loss for the year would have been further higher by Rs.0.468 billion. Management of your company is putting utmost efforts to recover these debts, we believe that there will be positive response from debtors and will take its position accordingly.

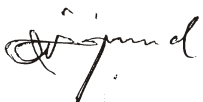
ACKNOWLEDGEMENT

The Board expresses the hope that its valued shareholders, Federal and Provincial Government functionaries, banks, financial institutions and customers shall continue to extend their cooperation, support and patronage as in the past.

The Board also expresses its appreciation for the valuable services, loyalty and laudable efforts continuously rendered by the executives, staff members and workers of the company and recognizes that they are most valuable assets of the Company.

CONCLUSION

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Raheem, in the name of our beloved prophet, Muhammad (Peace Be Upon Him), for continued showering of His blessings, Guidance, Strength, Health and Prosperity on our Nation, Country and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit upon the whole of Muslim Ummah, Aameen, Summa Aameen.



Ishtiaq Ahmed
Chief Executive Officer



Muhammad Irfan Ali
Chairman Board of Director

Feroze Sharif Tariq & Co.
Chartered Accountants

4 / N / 4, Block 6, P.E.C.H. Society,
Karachi – 75400

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of Dewan Salman Fibre Limited****Report on review of Condensed Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Dewan Salman Fibre Limited ('the Company') as at 31 December 2022, the related condensed interim statement of profit or loss and Condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim 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 approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2022 and 31 December 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 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 the condensed 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.

Bases for adverse conclusion

- a) The condensed interim financial statement of the Company for the period ended 31 December 2022 reflects loss after taxation of Rs.0.624 billion and as of that date it has accumulated losses of Rs. 22.110 billion which resulted in net capital deficiency of Rs.15.374 billion and its current liabilities exceeded its current assets by Rs.19.562 billion and total assets by Rs.14.133 billion. The operations of the Company are closed since December 2008 due to working capital constraints. Furthermore, the company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short-term finance facilities have expired and not been renewed by banks. Following course, lenders have gone into litigation for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. Accordingly, the financial institutions have not been provided bank confirmations as at reporting date. These conditions lead us to believe that the going concern assumption used in preparation of this condensed interim financial statement is inappropriate; consequently, the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

- b) The Company has not made provision of markup for the period amounting to Rs.1.574 billion (up to December 31, 2021: Rs.28.320 billion) (refer note 11) on account of restructuring proposal offered to the lenders as described in note 2 to the condensed interim financial statements. Non-provisioning of markup is based on management's hope that the restructuring proposal will be accepted by lenders in the proposed manner. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the company, therefore the provision of markup should be made in these condensed interim financial statements. Had the provision of markup been made in the condensed interim financial statement, the loss after taxation for the period would have been higher by Rs.1.574 billion and markup payable would have been higher and shareholders' equity would have been lower by Rs.28.320 billion.
- c) Investment in associate Dewan Petroleum (Private) Limited is disclosed as non-current assets held for sale (refer note 10 to the condensed interim financial statements) although the resolution for the permission to sale the same has been expired during financial year ended 30 June 2009. which is non-compliance of IFRS 5 Non-current assets held for sale. This investment is required to be accounted for at equity method as prescribed in International Accounting Standard – 28 "Investment in associates". We are unable to quantify the effect of the same as latest audited accounts of Dewan Petroleum (Private) Limited were not made available;
- d) Trade debts amounting to Rs.1.341 billion are stagnant, not being recovered, against which a provision of Rs.0.873 billion has been made so far. Since these trade debts are doubtful of recovery therefore the provision should be made there against. Had the provision been made, loss for the year would have been further higher by Rs.0.468 billion.

Adverse conclusion

Our review indicates that, because of the significance of the matter discussed in paragraph (a) coupled with financial impact of matter discussed in paragraph (b) to (d) above, this condensed interim financial statement is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

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



Chartered Accountants
(Muhammad Tariq)

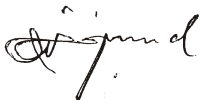
Dated: February 27, 2023
Place: Karachi

UDIN: RR202210129DysfABrXd

DEWAN SALMAN FIBRE LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	(Un-audited) 31 December 2022	(Audited) 30 June 2022
----- (Rupees in '000) -----			
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
630,000,000 (June 2022: 630,000,000) Ordinary shares of Rs. 10/- each		6,300,000	6,300,000
90,000,000 (June 2022: 90,000,000) Preference shares of Rs. 10/- each		900,000	900,000
		<u>7,200,000</u>	<u>7,200,000</u>
Issued, subscribed and paid-up share capital		3,663,211	3,663,211
Revenue reserves		350,000	350,000
General reserves		(22,109,673)	(21,582,577)
Accumulated losses			
Capital reserves			
Surplus on revaluation of property, plant and equipment	6	<u>2,722,283</u> (15,374,179)	<u>2,819,809</u> (14,749,557)
NON-CURRENT LIABILITIES			
Long term loans		324,344	307,188
Deferred liabilities		916,505	956,125
		1,240,849	1,263,313
CURRENT LIABILITIES			
Trade and other payables		986,023	986,147
Short term borrowings		13,770,926	13,770,926
Overdue portion of long term liabilities		5,776,574	5,374,252
Provision for taxation		189,873	184,043
		20,723,396	20,315,368
CONTINGENCIES AND COMMITMENTS			
	7	<u>--</u>	<u>--</u>
		<u>6,590,066</u>	<u>6,829,124</u>
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment		5,109,072	5,321,005
CURRENT ASSETS			
Stores and spares	8	483,650	483,650
Stock in trade	9	--	--
Trade debts - Unsecured		467,605	502,755
Advances		13,910	13,561
Short term deposits		151,503	151,437
Other receivables - Considered good		23,657	19,597
Cash and bank balances		20,669	17,119
		1,160,994	1,188,119
Non-current asset held for sale	10	<u>320,000</u>	<u>320,000</u>
		<u>6,590,066</u>	<u>6,829,124</u>

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



Ishtiaq Ahmed
Chief Executive Officer



Saleem-ul-Haque
Chief Financial Officer

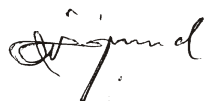


Muhammad Irfan Ali
Chairman Board of Director

DEWAN SALMAN FIBRE LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS - (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Notes	<u>Half Year Ended</u>		<u>Quarter Ended</u>	
		<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Sales		--	--	--	--
Cost of sales		222,489	258,302	110,863	127,782
Gross loss		<u>(222,489)</u>	<u>(258,302)</u>	<u>(110,863)</u>	<u>(127,782)</u>
Operating expenses					
Administrative expenses		24,760	16,762	6,992	7,904
Operating loss		<u>(247,249)</u>	<u>(275,064)</u>	<u>(117,855)</u>	<u>(135,686)</u>
Finance cost	11	2	15,933	2	8,217
Other charges		437,786	421,862	11,098	136,262
Other income		(26,410)	(22,674)	(12,846)	(10,493)
		411,378	415,121	(1,746)	133,986
Loss before taxation		<u>(658,627)</u>	<u>(690,185)</u>	<u>(116,109)</u>	<u>(269,672)</u>
Taxation - Net		34,005	39,937	16,939	20,454
Loss for the period		<u>(624,622)</u>	<u>(650,248)</u>	<u>(99,170)</u>	<u>(249,218)</u>
Loss per share - Basic and diluted		<u>(1.70)</u>	<u>(1.78)</u>	<u>(0.27)</u>	<u>(0.02)</u>

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



Ishtiaq Ahmed
Chief Executive Officer



Saleem-ul-Haque
Chief Financial Officer

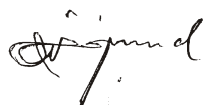


Muhammad Irfan Ali
Chairman Board of Director

DEWAN SALMAN FIBRE LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS - (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Notes	31 December 2022	31 December 2021
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(658,627)	(690,185)
<i>Adjustments for non-cash and other items:</i>			
Depreciation		211,955	235,540
Unwinding of discount		17,156	15,433
Exchange (gain)		(1,281)	421,862
Provision for gratuity		3,310	2,726
Exchange loss		420,630	--
Finance cost		2	500
Cash outflows before working capital changes		(6,855)	(14,124)
<i>Movement in working capital</i>			
<i>(Increase) / decrease in current assets</i>			
Trade debts - Unsecured		36,599	18,806
Advances		(350)	(17)
Short term deposits		(66)	--
Other receivables - Considered good		(4,060)	(319)
<i>Increase in current liabilities</i>			
Trade and other payables		(124)	2,748
		31,999	21,218
Cash generated from operations		25,144	7,094
<i>Payments for:</i>			
Staff gratuity		(749)	(1,603)
Finance cost		(2)	(500)
Taxation		(3,807)	(3,431)
		(4,558)	(5,534)
Net cash inflows from operating activities		20,586	1,560
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash inflows from investing activities		--	--
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of leased liability		--	(1,300)
Long term loan - Secured		(18,308)	--
Net cash outflows from financing activities		(18,308)	(1,300)
Net decrease in cash and cash equivalents		2,278	260
Net foreign exchange difference		1,273	1,288
Cash and cash equivalents at beginning of the year		(2,955,776)	(2,961,033)
Cash and cash equivalents at end of the year		(2,952,225)	(2,959,485)

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



Ishtiaq Ahmed
Chief Executive Officer



Saleem-ul-Haque
Chief Financial Officer

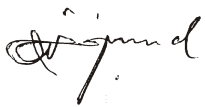


Muhammad Irfan Ali
Chairman Board of Director

DEWAN SALMAN FIBRE LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Issued, subscribed and paid-up share capital	Revenue reserves			Surplus on revaluation of property, plant and equipment	Total capital reserves	Total equity
		General reserve	Accumulated losses	Total revenue reserves			
----- (Rupees in '000) -----							
Balance as on 1 July 2021	3,663,211	350,000	(20,208,485)	(19,858,485)	3,036,534	3,036,534	(13,158,740)
Loss for the period ended 31 December 2021	--	--	(650,248)	(650,248)	--	--	(650,248)
Other comprehensive income	--	--	--	--	--	--	--
Total comprehensive loss for the period	--	--	(650,248)	(650,248)	--	--	(650,248)
Transfer to accumulated losses on account of incremental depreciation - Net of tax	--	--	108,363	108,363	(108,363)	(108,363)	--
Balance as at 31 December 2021	3,663,211	350,000	(20,750,370)	(20,400,370)	2,928,171	2,928,171	(13,808,988)
Balance as on 1 July 2022	3,663,211	350,000	(21,582,577)	(21,232,577)	2,819,809	2,819,809	(14,749,557)
Loss for the period ended 31 December 2022	--	--	(624,622)	(624,622)	--	--	(624,622)
Other comprehensive income	--	--	--	--	--	--	--
Total comprehensive loss for the period	--	--	(624,622)	(624,622)	--	--	(624,622)
Transfer to accumulated losses on account of incremental depreciation - Net of tax	--	--	97,526	97,526	(97,526)	(97,526)	--
Balance as at 31 December 2022	3,663,211	350,000	(22,109,673)	(21,759,673)	2,722,283	2,722,283	(15,374,179)

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



Ishtiaq Ahmed
Chief Executive Officer



Saleem-ul-Haque
Chief Financial Officer

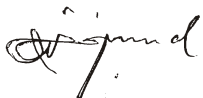


Muhammad Irfan Ali
Chairman Board of Director

DEWAN SALMAN FIBRE LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	<u>Half Year Ended</u>		<u>Quarter Ended</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Loss for the period	(624,622)	(650,248)	(99,170)	(249,218)
<i>Other comprehensive income</i>				
Total comprehensive loss for the period	<u>(624,622)</u>	<u>(650,248)</u>	<u>(99,170)</u>	<u>(249,218)</u>

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



Ishtiaq Ahmed
Chief Executive Officer



Saleem-ul-Haque
Chief Financial Officer



Muhammad Irfan Ali
Chairman Board of Director

DEWAN SALMAN FIBRE LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on 4 October 1989 and its shares are listed on Pakistan Stock Exchange. It is engaged in manufacturing and sale of polyester, acrylic fibre and tow products. However, the operations of the Company are closed since December 2008.

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

- The registered office of the Company is situated at Plot No. 6, street no. 9, Fayyaz market, G-8/2, Islamabad, Pakistan.
- The factory office of the Company is situated at Plot No. 1, Dewan Farooque Industrial Park, Hattar, District Haripur (K.P.K), Pakistan.
- The head office of the Company is situated at Finance and Trade Centre, Block-A, 2nd Floor, Shahrah-e-Faisal, Karachi, Pakistan.

2 GOING CONCERN ASSUMPTION

The condensed interim financial statement for the half year ended 31 December 2022 reflects loss after taxation of Rs.0.624 billion (Dec 2021: Rs.0.650 billion) and as of that date it has accumulated losses of Rs.22.109 billion (June 2022: Rs.21.582 billion) which have resulted in net capital deficiency of Rs.15.374 billion (June 2022: Rs.14.749 billion) and its current liabilities exceeded its current assets by Rs.19.562 billion (June 2022: Rs.19.127 billion) and total assets by Rs.14.133 billion (June 2022: Rs.13.486 billion). The operations of the Company are closed since December 2008 due to working capital constraints. Further, the Company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short term finance facilities have not been renewed by banks. Following course most of the lenders have gone into litigation for repayment of liabilities through attachment and sale of the Company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions indicate the existence of material uncertainty, which may cast significant doubt about Company's ability to continue as going concern.

The condensed interim financial statements has been prepared on going concern assumption because the above conditions are temporary and would reverse. The management is confident that the outcome will be positive as the Company is negotiating re-profiling of the debt with all the lenders and is expected to be finalized in due course.

The management believes that the restructuring proposal presented is workable and would enable the Company to service its debts. Therefore, the management is confident that the proposal will be accepted by its lenders. Accordingly, the condensed interim financial statements has been prepared on a going concern basis.

3 BASIS OF PREPARATION

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

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

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

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

3.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2022.

3.3 The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2022 and 2021 and the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2022 and 2021.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2022.

5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended 30 June 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended 30 June 2022.

	(Un-audited)	(Audited)
	31 December	30 June
	2022	2022
	----- (Rupees in '000) -----	
6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Gross surplus	2,819,809	3,036,534
Related deferred tax liability	(97,526)	(216,725)
	<u>2,722,283</u>	<u>2,819,809</u>
7 CONTINGENCIES AND COMMITMENTS		
The status of contingencies and commitments are same as reported in the annual financial statements for the year ended 30 June 2022.		
8 STORES AND SPARES		
Consumable stores	1,009,218	1,009,218
Packing material	12,501	12,501
Chemicals	51,107	51,107
Fuel, oil and lubricants	12,288	12,288
	<u>1,085,114</u>	<u>1,085,114</u>
Provision for obsolescence and slow moving items	<u>(601,464)</u>	<u>(601,464)</u>
	<u>483,650</u>	<u>483,650</u>

9 STOCK IN TRADE

Raw materials	308,497	308,497
Work-in-process	103,879	103,879
Stock in transit	194,940	194,940
Waste	19,086	19,086
	<u>626,402</u>	<u>626,402</u>
Provision for obsolescence and slow moving stocks	<u>(626,402)</u>	<u>(626,402)</u>
	<u><u>--</u></u>	<u><u>--</u></u>

10 NON-CURRENT ASSET HELD-FOR-SALE

This represent equity investment in Dewan Petroleum (Private) Limited representing 12.6 million ordinary shares of Rs. 10/- each at a premium of Rs.15.397/-. The investment has been classified as held for sale upon management's intention to sell the same within next accounting cycle in the manner to be deemed appropriate, equitable, fit and beneficial to the interests of the Company, which will enable to resume operations of the Company. For the purpose special resolution was passed by the shareholders in the Extra Ordinary General Meeting of the Company held on 23 June 2008, which was expired during the financial year 2009, however the management will seek further shareholders' approval before disposal of the same.

11 FINANCE COST

The Company has not made the provision of mark-up amounting to Rs.1.574 billion (Upto 31 December 2022: Rs.28.320 billion) keeping in view of the financial restructuring proposed to the lenders as disclosed in note 2. Management is hopeful that the restructuring proposal will be accepted by the lenders. Had the provision been made the loss for the period would have been higher by Rs.1.574 billion and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.28.320 billion. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.

12 TRANSACTIONS WITH RELATED PARTIES

There were no transactions with related parties during the period under consideration.

13 CORRESPONDING FIGURES

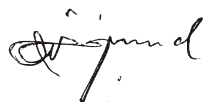
In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", condensed interim statement of financial position has been compared with the balances of annual financial statements, whereas condensed interim statement of profit or loss, statement of comprehensive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

14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on **25 February 2023** by the Board of Directors of the Company.

15 GENERAL

The figures have been rounded off to the nearest thousand rupees.



Ishtiaq Ahmed
Chief Executive Officer



Saleem-ul-Haque
Chief Financial Officer



Muhammad Irfan Ali
Chairman Board of Director

ڈائریکٹر کا جائزہ :

کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے مالی سال 2022-2023 کے ششماہی یعنی کہ 31 دسمبر 2022 کے لیے غیر آڈٹ ملخص عبوری مالیاتی رپورٹس پیش خدمت ہیں۔ جو کہ کمپنیز آرڈیننس 1984 کی دفعہ 245 (ترمیم شدہ 2002) اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کارپوریٹ گورننس کے ضابطے کے تحت پیش کیے جا رہے ہیں۔

مالیاتی صورتحال کا جائزہ

(روپے '000)	
(صفر)	مجموعی فروخت
(222,489)	فروخت اور ترسیل کے اخراجات
(222,489)	مجموعی نقصان
24,760	انتظامی اخراجات
(247,249)	انتظامی نقصان
411,378	مالیاتی نقصان
(658,627)	قبل از محصولات نقصان
34,005	ٹیکس
(624,622)	بعد از محصولات نقصان

زیر جائزہ مدت کے دوران کمپنی کی مجموعی فروخت صفر رہی (2021: صفر)، کمپنی کا مجموعی نقصان 658.627 ملین روپے (2021: 690.185 ملین روپے) رہا۔ جبکہ محصولات کی کٹوتی کے بعد نقصان 650.248 ملین روپے (2021: 650.248 ملین روپے) رہا۔

زیر جائزہ مدت کا خلاصہ

زیر جائزہ مدت کے دوران ہماری بہترین کوششوں کے باوجود، ورکنگ کیپٹل کی عدم دستیابی کے سبب ہم آپ کی کمپنی کے آپریشنز کو شروع کرنے سے قاصر رہے۔ تاہم، آپ کی کمپنی کی انتظامیہ ملک کے سب سے بڑے یونٹ کو چلانے کے لئے اپنی پوری کوشش کر رہی ہے۔

جیسے کہ ہمارے پچھلے آڈٹ شدہ مالی گوشواروں میں وضاحت کی گئی ہے کہ آپ کی کمپنی قرض دہندگان کے ساتھ کامیابی سے قانونی چارہ جوئی میں مصروف ہے۔ مینجمنٹ کو مکمل اعتماد ہے کہ کمپنی کو متعلقہ عدالتوں سے کمپنی کے حق میں فیصلہ حاصل ہوگا۔

صنعت کا مجموعی جائزہ

زیر جائزہ مدت کے دوران، پاکستان میں ٹیکسٹائل کی صنعتی پیداوار میں تیزی سے کمی واقع ہوئی۔ پاکستان کی معیشت عالمی عوامل اور ملکی صورتحال دونوں کی وجہ سے مشکلات کا شکار ہے۔ مالی سال 2022-23 کی پہلی ششماہی میں ٹیکسٹائل صنعت کی برآمدات گزشتہ سال کی اسی مدت میں 9.54 ارب ڈالر کے مقابلے میں 7 فیصد کم ہو کر 8.8 ارب ڈالر رہ گئیں۔

زیر جائزہ مدت کے دوران مقامی سوت کاتنے کی صنعت زبردست دباؤ کا شکار رہی۔ مارکیٹ میں کم طلب، توانائی کی بلند شرح، کپاس اور دیگر خام مال کی قلت نے ملک میں متعدد سپننگ یونٹس کی بندش میں اہم کردار ادا کیا۔

مقامی طور پر تیار شدہ پی ایس ایف کی قیمت میں بجز معمولی کمی کے زیادہ ردوبدل نہیں ہوا۔ مقامی پی ایس ایف کے تیار کنندگان کے فروخت کا حجم کم رہا۔ زیر نظر مدت کے دوران آپ کی کمپنی کے کام بند رہے۔

آڈیٹر کے مشاہدے :

(ا) پیرا (ا) میں رپورٹ کرتے ہیں کہ وہ گونینگ کنسرن کے مفروضے پر مالیاتی رپورٹس کی تیاری پر راضی نہیں، اور اپنی منفی رائے رکھتے ہیں۔ جبکہ کمپنی کے مطابق مینجمنٹ بینکاروں سے مسلسل مذاکرات کے عمل میں ہیں اور پر امید ہیں کہ نتیجہ مثبت ہوگا۔ مالیاتی رپورٹس کی گونینگ کنسرن کے مفروضے پر تیاری کی مزید تاویلات اگلے پیرا میں دیکھی جاسکتی ہے۔

(ب) زیر جائزہ مدت میں کمپنی نے بینکوں کو واجب الادا رقم پر سود جو کہ 1.574 بلین روپے بنتا ہے پر سود کا تخمینہ نہیں لگایا۔ کمپنی کی انتظامیہ بینکوں / مالیاتی اداروں سے رابطے میں ہے تاکہ قرضوں کی واپسی کی نئی شرائط پر غور کیا جاسکے۔ انتظامیہ کو یقین ہے کہ کمپنی کی قرضوں سے متعلق گزارشات کو مالیاتی اداروں کی طرف سے قبول کیا جائے گا، لہذا کمپنی نے سود کے حوالے سے کوئی تخمینہ نہیں لگایا ہے۔

(ج) پیرا (ج) رپورٹ کے مطابق کمپنی نے دیوان پٹرولیم میں سرمایہ کاری کی درجہ بندی انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ کی شق 28 کے مطابق تعلق داروں کے ساتھ سرمایہ کاری میں کی ہے جبکہ یہ سرمایہ کاری فروخت کے لیے رکھ چھوڑے اثاثہ جات کے زمرے میں موجود ہے۔ کمپنی اس سرمایہ

کاری کو اگلے مالیاتی سال میں فروخت کرنے کا ارادہ رکھتی ہے۔ اس مقصد کے لیے 2008 میں ایک خصوصی قرارداد منظور کی گئی تھی جو کہ مذکورہ سال میں ہی اپنی معیاد پوری کر چکی۔ چنانچہ اس سرمایہ کاری کو فروخت کرنے کے لیے حصص یافتگان سے دوبارہ منظوری لی جائے گی۔

(د) آڈٹ رپورٹ یہ بھی واضح کرتی ہے۔ کہ تجارتی قرض 1.341 بلین روپے جس پر 0.873 ملین روپے کے سود کا تخمینہ لگایا گیا ہے ابھی تک واپس نہیں لیے گئے اور جمود کا شکار ہیں۔ چونکہ ان قرضوں کی واپسی مشکوک ہے اس لیے نقصان کا تخمینہ لگانا ضروری ہے۔ اس بات کو مد نظر رکھتے ہوئے کمپنی نے مزید 0.468 بلین روپے نقصان کا تخمینہ لگایا ہے۔

آپ کی کمپنی کی انتظامیہ ان قرضوں کی وصولی کے لیے اپنی انتہائی کوشش کر رہی ہے۔ ہمیں قرضداروں سے مثبت رویے اور جلد از جلد قرضوں کی وصولی کی امید ہے۔

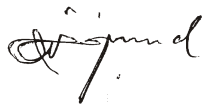
اظہارِ تشکر:

بورڈ کمپنی کو اپنے قابل قدر حصص یافتگان، وفاقی اور صوبائی حکومت کے کارکنوں، بینکوں اور مالیاتی اداروں اور سلسبیل کے گاہکوں سے امید ہے کہ، ماضی کی طرح ان کا تعاون، حمایت اور سرپرستی جاری رہے گی۔

بورڈ اپنی کمپنی کے اعلیٰ عہدیداران، عملے کے ارکان کی طرف سے پیش کی گئی گراں قدر خدمات، وفاداری اور قابل ستائش کوششوں کو نہ صرف سراہتا ہے بلکہ وہ انہیں کمپنی کا سب سے قیمتی اثاثہ سمجھتا ہے۔

اختتام:

آخر میں ہم اللہ جل جلالہ کے حضور یہ دعائیں کرتے ہیں کہ رسول اللہ حضرت محمد صلی اللہ علیہ وسلم کے صدقے میں اپنے رحم و کرم اور برکتیں ہم پر نازل فرمائیں۔ ہمیں صراطِ مستقیم عطا فرمائیں۔ ہماری قوم اور ملک میں خوشحالی، امن، ہم آہنگی، تمام امت مسلمہ میں حقیقی اسلامی روح، بھائی چارگی اور اتحاد عطا فرمائیں۔ آمین، تم آمین۔



اشتیاق احمد

چیف ایگزیکٹو آفیسر



محمد عرفان علی

چیرمین بورڈ آف ڈائریکٹر