



**Condensed Interim
Un-Audited Financial Statements
For the Nine months period ended
March 31, 2020**



DAR ES SALAAM



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COMPANY INFORMATION

Board of Directors	Mrs. Nilofar Mukhtar Mr. Faisal Mukhtar Ms. Abida Mukhtar Mrs. Mahwesh Faisal Mukhtar Mr. Muhammad Gul Nawaz Mr. Muhammad Yousaf Mr. Ejaz Hussain	Chairperson & Director Chief Executive Officer
Audit committee	Mr. Muhammad Gul Nawaz Mrs. Mahwesh Faisal Mukhtar Mrs. Nilofar Mukhtar	Chairman Member Member
HR & Remuneration Committee	Mr. Muhammad Yousaf Mrs. Mahwesh Faisal Mukhtar Mrs. Nilofar Mukhtar	Chairman Member Member
Chief Financial Officer Company Secretary	Mr. Shahid Amin Chaudhry	
Share Registrar	M/s. Corplink (Pvt) Ltd. Wing Arcade, 14-K, Commercial Model Town, Lahore. Tel: 042-35839182, 35869037	
Auditors	M/s Rizwan & Co. Chartered Accountants	
Bankers	National Bank of Pakistan The Bank of Punjab United Bank Limited Faysal Bank Limited Silk Bank Limited Summit Bank Limited	
Registered Office	54-C III, Gulberg III, Lahore. Phones: (042) 3587863-44 Fax : (042) 35878642	
Factory	10th Km Muridke-Sheikhupura Road, Muridke.	

DIRECTORS' REPORT

Directors of Dar es Salaam Textile Mills Limited ("the Company") take pleasure in presenting the nine months period report for the period ended March 31, 2020.

Economic Outlook / Business, Risk and Challenges

The global COVID-19 pandemic has caused untold disruption to nearly all aspects of modern life. Today, we find ourselves, along with the rest of the world, in an unprecedented situation. Although the management has seen the business through many challenges, these circumstances are unparalleled. We believe that industries will surely recover. Whether our new reality will be the same as before remains to be seen.

Nonetheless, the management has continued to explore option for potential investments, joint venture, strategic alliance / partnership etc arrangement to overcome the crisis being faced by the Company. Owing to the peculiar economic conditions, the management on 20th April 2020, via EOGM obtained approval from its shareholders to lease out its premises as well. We are hopeful that our efforts would be successful in near future and the Company shall resume its operations and would be able to earn profits in coming financial year to mitigate its losses with healthy profits and fulfil all its obligations.

Performance

Earnings per share of your Company for the period ended March 31, 2020 was Rupee (0.768) as compared to Rupees (2.257) for the corresponding period last year.

Your directors are continuing their efforts to prepare a best possible solution for the benefit of all the stakeholders. We would like to thank all our shareholders for their continued support.

On behalf of the Board of Directors



Faisal Mukhtar

Chief Executive Officer

ڈائریکٹر رپورٹ

دارسلام ٹیکسٹائل ملز لمیٹیڈ (کمپنی) کے ڈائریکٹرز 31 مارچ 2020 کو ختم ہونے والے 9 ماہ کی مدت رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔ معاشی آؤٹ لک / کاروبار، رسک اور چیلنجز:

آج وبائی بیماری Covid-19 نے جدید زندگی کو عالمی سطح پر ایک مشکل صورتحال پیدا کر دی ہے۔ اگرچہ انتظامیہ نے بہت سارے چیلنجوں کے ذریعے کاروبار کو دیکھا ہے۔ لیکن یہ حالات مشکل ترین ہیں۔ ہمیں یقین ہے کہ صنعتیں یقیناً بحال ہوں گی۔ کیا ہماری نئی حقیقت پہلے جیسی ہوگی جو دیکھنا باقی ہے۔

بہر حال، انتظامیہ نے کمپنی کو درپیش بحران پر قابو پانے کیلئے ممکنہ سرمایہ داری، مشترکہ منصوبے، اسٹریٹجک اتحاد / شراکت داری وغیرہ کے انتظامات کیلئے تلاش جاری رکھے ہوئے ہیں۔ مشکل معاشی حالات کے پیش نظر انتظامیہ نے اپنے حصص داروں سے فیکٹری، لینڈ اور بلڈنگ کو لیز پر دینے کیلئے ہم نے 20 اپریل 2020 کو EOGM کے ذریعے منظوری حاصل کر لی ہے۔ امید ہے کہ ہماری کوششیں مستقبل قریب میں کامیاب ہوں گی اور کمپنی اپنی کاروائیاں دوبارہ شروع کرے گی۔ اور آنے والے مالی سال میں نفع کمانے میں کامیاب ہوگی۔ تاکہ اس کے نقصانات کو صحت مند منافع سے کم کیا جاسکے اور اپنی تمام ذمہ داریوں کو پورا کیا جاسکے۔

کارگردگی

31 مارچ 2020 کو ختم ہونے والی مدت میں آپ کی کمپنی کے حصص کی آمدنی (0.768 روپے) پچھلے سال اسی مدت کیلئے (2.257 روپے) رہی۔ آپ کے ڈائریکٹرز تمام اسٹیک ہولڈرز کے فائدے کیلئے ایک ممکنہ حل تیار کرنے کیلئے اپنی کوششیں جاری رکھے ہوئے ہیں۔ ہم اپنے تمام حصص داروں کی مسلسل حمایت کیلئے ان کا شکریہ ادا کرتے ہیں۔

بزرگ بورڈ

فیصل مختار

چیف ایگزیکٹو آفیسر

Condensed Interim Statement of Financial Position (Un-audited)
As at March 31, 2020

	Note	Un-audited March 31, 2020	Audited June 30, 2019
(Rupees)			
ASSETS			
Non-current assets			
Long term deposits		1,426,354	1,426,354
Current Assets			
Advances, deposits, prepayments and other receivables		1,703,035	2,115,119
Tax refunds due from government		4,056,968	4,056,968
Advance income tax		19,585,244	19,585,244
Non-current assets held for sale	6	370,713,296	370,713,296
Cash and bank balances		467,456	283,435
		396,525,999	396,754,062
Current liabilities			
Trade and other payables		134,259,309	133,990,187
Unclaimed dividend		1,159,777	1,159,777
Accrued markup		108,429,327	108,429,327
Short term borrowings	7	116,220,088	116,220,088
Current portion of long term financing	8	156,645,197	156,645,197
Provision for taxation		-	-
		516,713,698	516,444,576
Working capital employed		(120,187,699)	(119,690,514)
Non-current liabilities		-	-
NET CAPITAL EMPLOYED		(118,761,345)	(118,264,160)
Represented by:			
Share capital and reserves			
Authorized share capital			
15,000,000 (June 30, 2019: 15,000,000) ordinary shares of Rupees 10 each		150,000,000	150,000,000
Issued, subscribed and paid up share capital		80,000,000	80,000,000
Accumulated loss		(299,933,442)	(293,786,257)
Loan from sponsors		101,172,097	95,522,097
TOTAL EQUITY		(118,761,345)	(118,264,160)

CONTINGENCIES AND COMMITMENTS

9

The annexed notes from 1 to 14 form an integral part of these condensed financial information.


Faisal Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Abida Mukhtar
Director

Condensed Interim Statement of Profit and Loss (Un-audited)
for the nine months period ended March 31, 2020

	Nine months period ended		Three months period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees)		(Rupees)	
Sales	-	-	-	-
Cost of sales	-	-	-	-
Gross profit / (loss)	-	-	-	-
Distribution costs	-	-	-	-
Administrative expenses	(8,442,389)	(12,655,807)	(2,805,835)	(2,525,838)
Other operating expenses	-	(17,756,278)	-	-
	(8,442,389)	(30,412,085)	(2,805,835)	(2,525,838)
	(8,442,389)	(30,412,085)	(2,805,835)	(2,525,838)
Other income	2,300,000	12,375,376	920,000	492,482
	(6,142,389)	(18,036,709)	(1,885,835)	(2,033,356)
Finance costs	(4,796)	(20,836)	(638)	(6,030)
Loss before taxation	(6,147,185)	(18,057,545)	(1,886,473)	(2,039,386)
Taxation	-	-	-	-
Loss after taxation	(6,147,185)	(18,057,545)	(1,886,473)	(2,039,386)
Earnings per share	(0.768)	(2.257)	(0.236)	(0.255)

The annexed notes from 1 to 14 form an integral part of these condensed financial information.


Faisal Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Abida Mukhtar
Director

**Condensed Interim Statement of Comprehensive Income (Un-audited)
for the nine months period ended March 31, 2020**

	Nine months period ended		Three months period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees)		(Rupees)	
Loss after taxation	(6,147,185)	(18,057,545)	(1,886,473)	(2,039,386)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive loss for the period	<u>(6,147,185)</u>	<u>(18,057,545)</u>	<u>(1,886,473)</u>	<u>(2,039,386)</u>

The annexed notes from 1 to 14 form an integral part of these condensed financial information.


Faisal Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer



Abida Mukhtar
Director

**Condensed Interim Statement of Cash Flows (Un-audited)
for the nine months period ended March 31, 2020**

	Nine months period ended	
	March 31, 2020	March 31, 2019
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(6,147,185)	(18,057,545)
Adjustments for non-cash charges/items:		
Depreciation	-	3,386,555
Amortization	-	41,649
Loss on sale of stores and spares	-	1,288,850
Provision for doubtful debts	-	16,467,428
Credit balances written back	-	(9,754,372)
Gain on sale of equipment	-	(333,882)
Cash flows before working capital changes	(6,147,185)	(6,961,317)
(Increase) / decrease in current assets:		
Stores and spares	-	1,650,000
Advances, deposits, prepayments and other receivables	412,084	2,156,014
Increase / (decrease) in current liabilities:		
Trade and other payables	269,122	(6,605,556)
Changes in working capital	681,206	(2,799,542)
Cash used in operating activities	(5,465,979)	(9,760,859)
Income tax paid	-	(62,400)
Net cash used in operating activities	(5,465,979)	(9,823,259)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of equipment	-	637,686
Net cash generated from investing activities	-	637,686
CASH FLOW FROM FINANCING ACTIVITIES		
Loan from sponsors	5,650,000	18,405,000
Long term financing	-	(27,636,512)
Net cash generated from / (used in) financing activities	5,650,000	(9,231,512)
Net increase / (decrease) in cash and cash equivalents	184,021	(18,417,085)
Cash and cash equivalents at the beginning of the period	283,435	18,889,427
Cash and cash equivalents at the end of the period	467,456	472,342

The annexed notes from 1 to 14 form an integral part of these condensed financial information.


Faisal Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Abida Mukhtar
Director

**Condensed Interim Statement of Changes in Equity (Un-audited)
for the nine months period ended March 31, 2020**

	Share capital	Accumulated loss	Loan from sponsors	Total
	(Rupees)			
Balance as at June 30, 2018 (Audited)	80,000,000	(255,917,043)	75,882,097	(100,034,946)
Loss for the period	-	(18,057,545)	-	(18,057,545)
Other comprehensive income / (loss) for the period	-	-	-	-
Total comprehensive loss for the period	-	(18,057,545)	-	(18,057,545)
Transactions with sponsors				
Loan received from sponsors	-	-	18,405,000	18,405,000
Balance as at March 31, 2019 (Un-audited)	80,000,000	(273,974,588)	94,287,097	(99,687,491)
Balance as at June 30, 2019 (Audited)	80,000,000	(293,786,257)	95,522,097	(118,264,160)
Loss for the period	-	(6,147,185)	-	(6,147,185)
Other comprehensive income / (loss) for the period	-	-	-	-
Total comprehensive loss for the period	-	(6,147,185)	-	(6,147,185)
Transactions with sponsors				
Loan received from sponsors	-	-	5,650,000	5,650,000
Balance as at March 31, 2020 (Un-audited)	80,000,000	(299,933,442)	101,172,097	(118,761,345)

The annexed notes from 1 to 14 form an integral part of these condensed financial information.


Faisal Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Abida Mukhtar
Director

**Notes to the Condensed Interim Financial Information (Un-audited)
for the nine months period ended March 31, 2020**

1 Reporting entity

Dar Es Salaam Textile Mills Limited ("the Company") was incorporated in Pakistan on September 28, 1989 as public unlisted company under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company became listed on Pakistan Stock Exchange in 1992. The registered office of the Company is located at 54-C III, Gulberg III, Lahore. The Company was engaged in the business of manufacturing and sale of yarn.

BASIS OF PREPARATION

2.1 Statement of compliance

These 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 comprise of International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017, and Provisions of and directives issued under the Companies Act, 2017. Where 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.

2.2 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 Company's annual audited financial statements for the year ended June 30, 2019. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual financial statements.

3 GOING CONCERN ASSUMPTION

The Company has closed its operation since 2014 and reported accumulated loss of Rupees 299.933 million (June 30, 2019: Rupees 293.786 million). The current liabilities of the Company have exceeded its current assets by Rupees 120.187 million (June 30, 2019: Rupees 119.691 million) as of reporting date. The management of the Company is reviewing another alternate business plan to revive the Company as previous approved business plan could not be implemented owing to non-disposal of land, building and other assets. Subsequent to reporting date; the shareholders of the Company in its meeting held on April 20, 2020 has resolved to lease out land and building to meet day to day expenses of the Company. Meanwhile, the management of the Company is exporting options to settle liabilities with banks and implement an alternate business plan.

In view of the above, these interim 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 based on the plans drawn up by the management for this purpose and bringing its liabilities to serviceable level and availability of adequate working capital through support from sponsors. The management is of the view that the Company will continue to get support of sponsors. The financial statements consequently do not include any adjustment relating to the realisation of the assets and liquidation of its liabilities that might be necessary would the Company be unable to continue as a going concern.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies and methods of computation adopted in the preparation of these condensed

interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2019 except those that stated in note 4.2 (a) below.

4.2 Change in accounting standards, interpretations and amendments to published accounting and reporting standards.

a) Standards and amendments to published accounting and reporting standards which were effective during the nine months period ended March 31, 2020

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17: Leases. As the distinction between operating and finance lease is eliminated, it has resulted in leases being recognised on the statement of financial position except for short-term and low-value leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. However, the application of IFRS 16 does not have any material impact on the Company's books of account.

The amendments that were mandatory for the nine months period ended March 31, 2020 are considered not to be relevant for the Company's financial reporting process and hence have not been disclosed here.

b) Standards and amendments to approved accounting and reporting standards that are not yet effective

There is a new standard and certain amendments and interpretation to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020. However, these standard, amendments and interpretation will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

4.3 Functional and presentation currency

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

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 same as those applied in the Company's annual audited financial statements for the year ended June 30, 2019.

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 June 30, 2019.

	March 31, 2020 Rupees	June 30, 2019 Rupees
6 Non Current Assets held for sale		
Freehold land	125,381,520	125,381,520
Building on freehold land	227,633,395	227,633,395
Other fixed assets	17,698,381	17,698,381
	370,713,296	370,713,296
Opening carrying value	370,713,296	371,017,100
Transfer from property, plant and equipment	-	-
Disposal during the period	-	(303,804)
Closing carrying value	370,713,296	370,713,296
7 SHORT TERM BORROWINGS		
7.1 These facilities were obtained from various banking companies for working capital requirements and were secured against 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 does not support these pledge amounts. These finance facilities carry mark up of ranging from one to six months KIBOR plus a spread of 1.75 to 3.50 percent per annum (June 30, 2019: one to six months KIBOR plus a spread of 1.75 to 3.50 percent per annum), payable quarterly.		
	March 31, 2020 Rupees	June 30, 2019 Rupees
8 LONG TERM FINANCING		
<i>Demand finances from banking companies - secured:</i>		
- The Bank of Punjab	12,412,177	12,412,177
- United Bank Limited	14,959,062	14,959,062
- United Bank Limited	20,000,000	20,000,000
- United Bank Limited (Forced Demand Finance)	10,000,000	10,000,000
- National Bank of Pakistan	78,749,958	78,749,958
- National Bank of Pakistan (CF swap)	15,976,000	15,976,000
- National Bank of Pakistan (Frozen mark-up)	4,548,000	4,548,000
	156,645,197	156,645,197
Current portion taken as current liability	(156,645,197)	(156,645,197)
	-	-
8.1 Balance at beginning of period/year	156,645,197	158,613,197
Repayment during the period/year	-	(1,968,000)
Balance at the end of period/year	156,645,197	156,645,197

There is no change in the terms of loans as referred in note 17 of the audited financial statements of the Company for the year ended June 30, 2019.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

- 9.1.1** In Tax Year 2005 ending on September 30, 2004 and June 30, 2005 respectively; the Department did not give credit of tax deducted on exports under Section 154 amounting to Rupees 6,617,590 and Rupees 4,250,270 against minimum tax liability for the tax years under reference. The Company filed an appeal against the orders of the Department issued under Section 122 of the Income Tax Ordinance, 2001 before CIR(A-1) but rejected the plea of the Company. The Company preferred an appeal before the Appellate Tribunal Inland Revenue which is pending for adjudication.
- 9.1.2** 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 137,646,895 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 (Rupees 55,600,000), cash payments (Rupees 100,455,778) and understatement of imports (Rupees 11,565,330), School expenses (Rupees 349,422) and confirmation of addition of retirement (Rupees 3,166,000) benefits and department being aggrieved with the decision of CIR filed an appeal before ATIR which is pending for adjudication.
- 9.1.3** As a result of assessment order under Section 122(5A), the tax liability of Rupees 1,594,999 was created. The case has been responded by the company at its own. Further, the taxpayer filed an appeal before Commissioner Inland Revenue and the appeal was decided that the tax demand created was adjusted against the Tax Credit under Section 65B amounting to Rupees 3,603,276. Thus the tax demand assessed by the learned DCIR was deleted, but the loss was amended as per the additions of learned DCIR on account of Exchange Loss of Rupees 1,990,851.
- 9.1.4** The Company filed Income Tax Return for the Tax Year 2012 and paid minimum tax at the rate of 0.5% on the basis of Sindh High Court Judgment. However, the Department disputed the same and charged minimum tax at the 1% resulting in additional minimum tax liability of Rupees 3,527,145. Further, the Department levied penalties under Section 182 (1)(5) of the Ordinance amounting to Rupees 176,357 and Rupees 881,786 for non-payment of tax for first and second defaults respectively. The Company being aggrieved filed and appeal before CIR (A-I) whereby CIR (A-I) directed DCIR to delete the penalties after verification of available refunds. No further action is taken by the department so far.
- 9.1.5** The Company was selected for audit under section 214D, the correspondences on legal ground with the Department are in process.
- 9.1.6** The SNGPL levied surcharge of Rupees 8,213,847 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. The matter is still pending.
- 9.1.7** Faysal Bank Limited filed a suit against the Company and its management for recovery of Rupees 22,697,054 before the Banking Courts, Lahore. Said suit was decreed but was challenged by the Company on May 16, 2017 before the Division Bench of Lahore High Court, Lahore vide RFA No. 107003/2017. Said appeal is still pending for adjudication and the final outcome of this matter depends upon the decision of this appeal. The Bank has filed an Execution Petition before the Banking Court No. II Lahore which is also pending adjudication. The Company is vigilantly pursuing this case.
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- 9.1.8** National Bank of Pakistan has filed a suit against the Company and its management before the Lahore High Court Lahore vide COS No. 167921/2018, wherein the Bank claimed recovery of Rupees 100.628 million. The suit is still pending for adjudication. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case.
- 9.1.9** United Bank Limited has filed a suit against the Company and its management before the Lahore High Court Lahore vide COS No. 221677/2018, wherein the Bank has claimed for recovery of Rupees 183.709 million from the Company. This suit is still pending for adjudication. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case.
- 9.1.10** 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 and there are good chances of a favorable result in this case. There is no scope of any fiscal loss to the Company in the instant matter.
- 9.1.11** 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. The claim of the Bank is baseless and time barred. This suit is still pending adjudication. There is no scope of any fiscal loss to the Company in the instant matter. This case is being vigorously pursued by the Company.
- 9.1.12** Securities and Exchange Commission of Pakistan has initiated show cause proceedings against the Company under Section 301 of the Companies Act, 2019. 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 with the approval of board of directors. We are hopeful that show cause proceedings shall be dropped in near future.
- 9.1.13** There are expired letter of guarantees to Sui Northern Gas Pipelines Company Limited amounting to Rupees 20.647 million (June 30, 2019: Rupees 20.647 million) and Rupees 0.598 million (June 30, 2019: Rupees 0.598 million) from United Bank Limited and Faysal Bank Limited respectively for the various amounts expired and have not yet been returned by the Sui Northern Gas Pipelines Company Limited for onward submissions to the banks for cancellation.

9.2 Commitments

- 9.2.1** There are no material commitments to disclose as at reporting date (June 30, 2019: Nil).

10 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:

10.1 Name and nature of relationship

Sponsors

- Ms. Nilofer Mukhtar - Director / Chairman
 - Ms. Abida Mukhtar - Director
 - Mr. Ahmed Mukhtar - Close relative
-

10.2 Transactions with related parties

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>
		<u>(Rupees)</u>	
Sponsors	Loan received	5,650,000	18,240,000

11 FINANCIAL RISK MANAGEMENT**11.1 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.

These interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2019.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2019.

11.2 Fair value measurement

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 interim 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (Unobservable inputs) (level 3).

As at reporting date, the Company has no item to report in these levels.

12 SUBSEQUENT EVENTS

12.1 The shareholders of the Company in an Extra Ordinary General Meeting held on April 20, 2020 has decided to lease out its land and building in accordance with the resolutions passed in the meeting. Consequential impact on Asset Held for Sale shall be made in the annual financial statements of the Company in accordance with applicable International Accounting and Financial Reporting Standards.

13 GENERAL AND CORRESPONDING FIGURES

13.1 The condensed interim statement of financial position has been compared with preceding statement of financial position as at June 30, 2019, whereas the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the corresponding period of the previous year.

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

14 DATE OF AUTHORIZATION

14.1 These interim financial statements was approved by the Board of Directors of the Company and authorized for issue on April 28, 2020.



Faisal Mukhtar
Chief Executive Officer



Shahid Amin Chaudhry
Chief Financial Officer



Abida Mukhtar
Director

Lahore: April 28, 2020

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