



**Condensed Interim
Un-Audited Financial Statements
For the Half Year Ended
December 31, 2019**



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 six months period report for the period ended December 31, 2019.

Economic Outlook / Business, Risk and Challenges

Financial Year 2019 -2020 remains a difficult year for the Pakistani economy - The country's currency saw a devaluation spiral and has and lost 35 percent of its value in just one year, increase in oil prices and other utilities combined with ad-hoc taxes and reversals have resulted in a challenging time for the local economy. Nonetheless, the management is working on strategies that allow the company to earn before the close of 2019-2020.

The management is exploring option for potential investments, joint venture, strategic alliance / partnership etc arrangement to overcome the crisis being faced by the Company. The Company is in the process of finalising alternate business plan to seek fresh approval from shareholders as previous approved business plan could not be implemented as the Company could not dispose off land, building and other assets. Owing to the peculiar economic conditions of the Country, the management is also exploring business opportunities outside the principal line of business for which the Company may be required to seek shareholders' approval, if required.

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.

Your Directors are continue to their efforts to prepare a best possible solution to 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

دارالسلام ٹیکسٹائل ملز لمیٹڈ ("کمپنی") کے ڈائریکٹر 31 دسمبر 2019 کو ختم ہونے والی مدت کے لئے نصف سالانہ رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

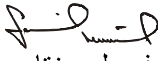
معاشی آؤٹ لک / کاروبار ، رسک اور چیلنجز

مالی سال 2019-2020 پاکستانی معیشت کے لئے ایک مشکل سال بنی ہوئی ہے - ملکی کرنسی کی قدر میں کمی واقع ہوئی ہے اور صرف ایک سال کے دوران اس کی قیمت میں ۳۵ فیصد کی کمی واقع ہوئی ہے ، تیل کی قیمتوں میں اضافے اور دیگر افادیت کے ساتھ مل کر ایڈپاک ٹیکسیز کی وجہ سے مقامی معیشت کے لئے ایک مشکل وقت ہے۔ بہر حال ، انتظامیہ ان حکمت عملیوں پر کام کر رہی ہے جس کی مدد سے کمپنی کو ۲۰۱۹-۲۰۲۰ کے اختتام سے پہلے اپنی آمدن کا موقع مل سکے۔

30 اپریل ، 2018 کو حصص یافتگان سے حاصل شدہ منظوری کے بدلے ، انتظامیہ اپنی تمام تر کوششیں کر رہی ہے اور اس وقت کاروبار کی مرکزی لائن میں موجود مختلف آپشنز کی جانچ کے عمل میں ہے۔ انتظامیہ ممکنہ سرمایہ کاری کیلئے مختلف آپشنز کی بھی تلاش کر رہی ہے ، مشترکہ منصوبہ ، اسٹریٹجک اتحاد / شراکت داری وغیرہ کمپنی کو درپیش بحران پر قابو پانے کے انتظامات۔ ملک کے مخصوص معاشی حالات کے پیش نظر ، انتظامیہ کاروبار کے بنیادی خط سے باہر کاروباری مواقع کی بھی تلاش کر رہی ہے جس کے لئے کمپنی کو ضرورت پڑنے پر حصص یافتگان کی منظوری لینے کی ضرورت ہوگی۔

ہمیں امید ہے کہ ہماری کوششیں مستقبل قریب میں کامیاب ہوں گی اور کمپنی اپنے عمل کو دوبارہ شروع کرے گی اور اپنی تمام ذمہ داریوں کو نبھائے گی اور شیر ہولڈر کے تعاون کے شکر گزار ہیں

بزرگ بورڈ


فیصل مختار

چیف ایگزیکٹو آفیسر

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Dar es Salaam Textile Mills Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Dar es Salaam Textile Mills Limited as at December 31, 2019 and the related 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 together with the selected notes forming part thereof, for the six month period then ended (hereinafter referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures included in condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and 2018 and the notes forming part thereof have not been reviewed by us and we do not express a conclusion on them as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

Scope of Review

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

Basis for Adverse Conclusion

We believe that the procedures we have performed are sufficient and appropriate to provide a basis for our adverse opinion and we report that:

- a) The Company has suspended its operations in 2014 and had decided to dispose off all of its property, plant and equipment for implementation of alternate business plan with the approval of shareholders in its meeting held on April 30, 2018. Further, as at reporting date; the Company's accumulated loss stood at Rupees 298.047 million, its equity has been eroded fully and its current liabilities exceeded its current assets by Rupees 120.101 million. Moreover, the financial results show adverse key financial ratios and cases against the Company by the banking companies (as fully explained in note 9) for recovery of the loan amounts. The Company has not been able to pay long term financing and short-term borrowing obtained from banking companies amounting to Rupees 156.645 million and Rupees 116.220 million and accrued markup thereon amounting to Rupees 108.429 million. At present, the Company was unable to implement approved alternate business plan for future periods envisaged in the shareholders meeting held on April 30, 2018.

These conditions and events indicate material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore it may not be able to realize its assets and discharge its liabilities in normal course of business. However, as

described in note 3 to these condensed interim financial statements have been prepared under the going concern assumption. Because of the circumstances and events as mentioned herein, in our opinion, the Company cannot be considered to be a going concern and thus the preparation of these condensed interim financial statements on a going concern basis is inappropriate. In our opinion, the condensed interim financial statements should reflect adjustments to reduce the value of assets to their recoverable amount and to provide any further liabilities that may arise. These adjustments are likely to be substantial, and in view of further qualifications discussed in the following paragraphs below we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.

- b) As disclosed in statement of financial position, the Company has recognised accrued markup on short term borrowings and long-term financing to the extent of Rupees 54.127 million and Rupees 54.302 million respectively. As per confirmations received from various banks as of June 30, 2019, the Company had recognised aggregate accrued mark up of Rupees 108.429 million against aggregate accrued mark up of Rupees 47.500 million for which no adjustment has been made on the plea that it will be incorporated upon final settlement/extinguishment of short term and long-term borrowings. As of December 31, 2019; aggregate amount of Rupees 116.220 million, Rupees 144.233 million and Rupees 108.429 million relating to short term borrowings, long term financing and accrued markup respectively remained unverified in absence of direct confirmations from banks. Moreover, the Company had not charged the markup / cost of funds on long term financing and short-term borrowings during the period under review. The effect of this matter has not been adjusted appropriately in these condensed interim financial statements.
- c) As disclosed in condensed interim statement of financial position, the Company has trade and other payables amounting to Rupees 134.520 million. Out of total, trade and other payables amounting to Rupees 105.065 million could not be verified in the absence of direct confirmations. The effect of this matter has neither been determined not adjusted in these condensed interim financial statements.
- d) We could not verify the unclaimed dividend payable pertaining to financial years ended on June 30, 2000 and June 30, 2001 amounting to Rupees 1,159,777 in absence of underlying record with the Company. The effect of this matter has not been adjusted appropriately in these condensed interim financial statements.

Adverse Conclusion

Based on our review, because of the significance of the matter discussed in the paragraphs (a) to (d) above, the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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


Rizwan and Company
Chartered Accountants

Condensed Interim Statement of Financial Position (Un-audited)
As at December 30, 2019

	Un-audited Note December 31, 2019	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	2,039,954	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	477,653	283,435
	396,873,115	396,754,062
Current liabilities		
Trade and other payables	134,519,952	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	-	-
	516,974,341	516,444,576
Working capital employed	(120,101,226)	(119,690,514)
Non-current liabilities	-	-
NET CAPITAL EMPLOYED	(118,674,872)	(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	(298,046,969)	(293,786,257)
Loan from sponsors	99,372,097	95,522,097
TOTAL EQUITY	(118,674,872)	(118,264,160)

CONTINGENCIES AND COMMITMENTS

9

The annexed notes from 1 to 13 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 six months period ended December 31, 2019

	Six months period ended December 31,		Three months period ended December 31,	
	2019	December 31, 2018	2019	December 31, 2018
	(Rupees)		(Rupees)	
Sales	-	-	-	-
Cost of sales	-	-	-	-
Gross profit / (loss)	-	-	-	-
Distribution costs	-	-	-	-
Administrative expenses	(5,636,554)	(10,129,969)	(3,381,649)	(4,689,439)
Other operating expenses	-	(17,756,278)	-	(17,756,278)
	(5,636,554)	(27,886,247)	(3,381,649)	(22,445,717)
	(5,636,554)	(27,886,247)	(3,381,649)	(22,445,717)
Other income	1,380,000	11,882,894	580,000	11,867,894
	(4,256,554)	(16,003,353)	(2,801,649)	(10,577,823)
Finance costs	(4,158)	(14,806)	(3,201)	(7,751)
Loss before taxation	(4,260,712)	(16,018,159)	(2,804,850)	(10,585,574)
Taxation	-	-	-	-
Loss after taxation	(4,260,712)	(16,018,159)	(2,804,850)	(10,585,574)
Earnings per share	(0.533)	(2.002)	(0.351)	(1.323)

The annexed notes from 1 to 13 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 six months period ended December 31, 2019

	Six months period ended		Three months period ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees)		(Rupees)	
Loss after taxation	(4,260,712)	(16,018,159)	(2,804,850)	(10,585,574)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive loss for the period	<u>(4,260,712)</u>	<u>(16,018,159)</u>	<u>(2,804,850)</u>	<u>(10,585,574)</u>

The annexed notes from 1 to 13 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 six months period ended December 31, 2019

	Six months period ended	
	December 31, 2019	December 31, 2018
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(4,260,712)	(16,018,159)
Adjustments for non-cash charges/items:		
Depreciation	-	3,386,555
Amortization	-	29,914
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	(4,260,712)	(4,933,666)
(Increase) / decrease in current assets:		
Stores and spares	-	1,650,000
Advances, deposits, prepayments and other receivables	75,165	2,149,512
Increase / (decrease) in current liabilities:		
Trade and other payables	529,765	(8,580,453)
Changes in working capital	604,930	(4,780,941)
Cash used in operating activities	(3,655,782)	(9,714,607)
Income tax paid	-	-
Net cash used in operating activities	(3,655,782)	(9,714,607)
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	3,850,000	18,240,000
Long term financing	-	(27,636,512)
Net cash generated from / (used in) financing activities	3,850,000	(9,396,512)
Net increase / (decrease) in cash and cash equivalents	194,218	(18,473,433)
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	477,653	415,994

The annexed notes from 1 to 13 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 six months period ended December 31, 2019**

	Share capital	Accumulated loss	Loan from sponsors	Total
	(Rupees)			
Balance as at June 30, 2018 (Audited)	80,000,000	(288,851,898)	75,882,097	(132,969,801)
Loss for the period	-	(16,018,159)	-	(16,018,159)
Other comprehensive income / (loss) for the period	-	-	-	-
Total comprehensive loss for the period	-	(16,018,159)	-	(16,018,159)
Transactions with sponsors				
Loan received from sponsors	-	-	18,240,000	18,240,000
Balance as at December 31, 2018 (Un-audited)	80,000,000	(304,870,057)	94,122,097	(130,747,960)
Profit for the period	-	11,083,800	-	11,083,800
Other comprehensive income / (loss) for the period	-	-	-	-
Total comprehensive income for the period	-	11,083,800	-	11,083,800
Transactions with sponsors				
Loan received from sponsors	-	-	1,400,000	1,400,000
Balance as at June 30, 2019 (Audited)	80,000,000	(293,786,257)	95,522,097	(118,264,160)
Loss for the period	-	(4,260,712)	-	(4,260,712)
Other comprehensive income / (loss) for the period	-	-	-	-
Total comprehensive loss for the period	-	(4,260,712)	-	(4,260,712)
Transactions with sponsors				
Loan received from sponsors	-	-	3,850,000	3,850,000
Balance as at December 31, 2019 (Un-audited)	80,000,000	(298,046,969)	99,372,097	(118,674,872)

The annexed notes from 1 to 13 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 six months period ended December 31, 2019**

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 interim financial statements are unaudited and being submitted to shareholders, as required by Section 237 of the Companies Act, 2017. The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and 2018 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 six months period ended December 31, 2019 and 2018.

2.3 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. The accounting policies and methods of computations adopted for the preparation of these interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company 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 298.047 million (June 30, 2019: Rupees 293.786 million). The current liabilities exceeded its current assets by Rupees 120.101 million (June 30, 2019: Rupees 119.691 million) as of reporting date. In order to settle the liabilities towards lenders and other creditors, the Company in Extra Ordinary General Meeting held on April 30, 2018 approved alternate business plan, settlement with lenders by disposal of property, plant and equipment. The alternate business plan was based on the disposal of plant & machinery, land and building and repay loans to lenders, creditors and to meet working capital requirements. The management of the Company is in the process of 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 for which fresh approval from shareholders may be taken once such business plan is approved by the Directors. The Company has leased out its property to earn revenue to meet day to day expenses of the Company.

In view of the above, these financial statements have been prepared on going concern basis on the grounds that the Company will be able to achieve satisfactory levels of profitability in the future 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. 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 six months period ended December 31, 2019

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 six months period ended December 31, 2019 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.

	December 31, 2019 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.

	December 31, 2019 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.

	December 31, 2019 Rupees	June 30, 2019 Rupees
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 an 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.		

- 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>December 31, 2019</u>	<u>December 31, 2018</u>
		<u>(Rupees)</u>	
Sponsors	Loan received	3,850,000	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 GENERAL AND CORRESPONDING FIGURES

12.1 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.

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

13 DATE OF AUTHORIZATION

13.1 These interim financial statements was approved by the Board of Directors of the Company and authorized for issue on February 26, 2020.

Lahore: February 26, 2020


Faisal Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Abida Mukhtar
Director















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