

Half Yearly Report  
31st December 2021



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## COMPANY INFORMATION

## BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

- : Mr. Zafar Asim Chief Executive Officer  
Mr. Saleem-ul-haque

NON-EXECUTIVE DIRECTORS

- : Mr. Muhammad Irfan Ali Chairman Board of Directors  
Syed Farhan Asdaque  
Mr. Muhammad Wajid  
Ms. Momna Gull

INDEPENDENT DIRECTOR

- : Mr. Asghar Iqbal

## CHIEF FINANCIAL OFFICER

- : Mr. Saleem-ul-haque

## COMPANY SECRETARY

- : Mr. Muhammad Hanif German

## AUDIT COMMITTEE

- : Mr. Asghar Iqbal Chairman  
Mr. Muhammad Wajid Member  
Mr. Muhammad Irfan Ali Member

HUMAN RESOURCE &  
REMUNERATION COMMITTEE

- : Mr. Asghar Iqbal Chairman  
Mr. Zafar Asim Member  
Mr. Muhammad Wajid Member

## AUDITORS

- : Faruq Ali & Company  
Chartered Accountants  
Feroze Sharif Tariq & Co.  
Chartered Accountants

## LEGAL ADVISORS

- : Khalid Anwer & Company - Advocates

## TAX ADVISORS

- : Sharif & Company - Advocates

SHARE REGISTRAR/  
TRANSFER AGENT

- : BMF Consultants Pakistan (Pvt.) Ltd.  
Anum Estate Building, Room No. 310 & 311,  
3rd Floor, 49, Darul Aman Society,  
Shahrah-e-Faisal, Adjacent to Baloch Colony Bridge,  
Karachi, Pakistan

## CORPORATE OFFICE

- : Finance & Trade Centre, Block A, 2nd Floor,  
Shahrah-e-faisal, Karachi.

## FACTORY OFFICE

- : Plot No. 1, Dewan Farooque Industrial Park,  
Hattar, District Haripur, Khyber Pakhtunkhwa.

## REGISTERED OFFICE

- : Plot No. 6, Street No. 9, Fayyaz Market,  
G-8/2, Islamabad, Pakistan

## BANKERS

- : Al Baraka Islamic Investment Bank Limited  
Allied Bank Limited  
Askari Bank Limited  
Bank Al Falah 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

## WEBSITE

[www.yousufdewan.com](http://www.yousufdewan.com)

## DIRECTOR'S REVIEW

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, 2021 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               | (258,302)        |
| <b>GROSS LOSS</b>           | <b>(258,302)</b> |
| OPERATING EXPENSES          | 16,762           |
| <b>OPERATING LOSS</b>       | <b>(265,064)</b> |
| FINANCE COST                | 415,121          |
| <b>LOSS BEFORE TAXATION</b> | <b>(690,185)</b> |
| TAXATION                    | 39,937           |
| <b>LOSS AFTER TAXATION</b>  | <b>(650,248)</b> |

Company recorded net sales of Rs. Nil (2020- Rs. Nil) during the period under review suffered loss after taxation amounted to Rs. 650.248 million. (2020 Rs. 77.433 million).

## THE PERIOD UNDER REVIEW

Despite of our best efforts during the period under review, we were unable to start the plants of your company due to unavailability of Working Capital. However, management of your company makes their best efforts to operate 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 decision from the concerned courts.

## INDUSTRY OVERVIEW

The period under review was challenging for the global markets. Pakistan was able to achieve a balance between lives and livelihoods in the pandemic with timely and appropriate policy measures and economic relief packages by the government.

During the period under review, crude oil prices witnessed increasing trend. Consequently, PTA and MEG prices remained higher. Due to increase in sea freights and rupee devaluation, the domestic PSF price also kept upward trajectory.

The period under review was quite satisfactory for the domestic polyester manufacturers in terms of sales, capacity utilization and margins due to favorable regional dynamics. With respect to cotton, reduced global production resulted in tight availability and higher prices during the period under review.

Going forward, textile industry is expected to remain bullish as the current conditions are quite prosperous. Crude oil markets are expected to remain firm. Tight availability of cotton and hike in input cost will continue to keep the PSF prices on the higher side.

Your company remained closed during the period under review.

**AUDITOR'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 Rs1.100 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 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.1.431 billion are stagnant, not being recovered, against which a provision of Rs.0.809 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.0.622 billion. Management of your company taking utmost efforts to recover these debts, we believe that there will be positive response from debtors and will take our position accordingly.

**ACKNOWLEDGEMENT**

The Board expresses the hope that it's valued shareholders, Federal and Provincial Government functionaries, banks, financial institutions and customers of Salsabil, 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 recognize 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 to the whole of Muslim Ummah, Aameen, Summa Aameen.



Zafar Asim  
Chief Executive Officer



Muhammad Irfan Ali  
Chairman Board of Directors

Dated: 25th February 2022

**Feroze Sharif Tariq & Co.****Chartered Accountants**

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

**FARUQ ALI & CO.****Chartered Accountants**

C-88, Ground Floor, KDA Scheme No.1,  
Main Karsaz Road, Opp. Maritime  
Museum, Karachi.

**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 2021, the related condensed interim statement of profit or loss and the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year 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 condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 31 December 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2021.

**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 half year ended 31 December 2021 reflects loss after taxation of Rs.0.650 billion and as of that date it has accumulated losses of Rs.20.750 billion which resulted in net capital deficiency of Rs.13.809 billion and its current liabilities exceeded its current assets by Rs.18.390 billion and total assets by Rs.12.513 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. These conditions lead us to believe that the going concern assumption used in preparation of these condensed interim financial statements is inappropriate; consequently, the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

**Feroze Sharif Tariq & Co.****Chartered Accountants**

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


**FARUQ ALI & CO.****Chartered Accountants**

C-88, Ground Floor, KDA Scheme No.1,  
Main Karsaz Road, Opp. Maritime  
Museum, Karachi.

- b) The Company has not made provision of markup for the period amounting to Rs.1.1 billion (up to December 31, 2021: Rs.26.291 billion) (refer note 12) 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 this 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.1.1 billion and markup payable would have been higher and shareholders' equity would have been lower by Rs.26.291 billion.
- c) Investment in associate Dewan Petroleum (Private) Limited is disclosed as non-current assets held for sale (refer note 11 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.1.431 billion are stagnant, not being recovered, against which a provision of Rs.0.809 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 period would have been further higher by Rs.0.622 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, these condensed interim financial statements are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.



*Chartered Accountants*  
(Mohammad Tariq)



*Chartered Accountants*  
(Faruq Ali)

Dated: 25 February 2022  
UDIN: RR202110129mUh6yuX1c

Dated: **26 FEB 2022**  
Place: **Karachi**  
UDIN: **RR2021101794B8ZR3eM**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

|   | Notes | (Un-audited)<br>31 December<br>2021<br>----- (Rupees in '000) ----- | (Audited)<br>30 June<br>2021     |
|---|-------|---|----------------------------------|
| <b><u>EQUITY AND LIABILITIES</u></b>                                  |       |   |                                  |
| <b>SHARE CAPITAL AND RESERVES</b>                                     |       |   |                                  |
| Authorized share capital  |       |   |                                  |
| 630,000,000 (June 2021: 630,000,000) Ordinary shares of Rs. 10/- each |       | 6,300,000   | 6,300,000                        |
| 90,000,000 (June 2021: 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  |       |   |                                  |
| General reserves  |       | 350,000   | 350,000                          |
| Accumulated losses  |       | (20,750,370)  | (20,208,485)                     |
| Capital reserves  |       |   |                                  |
| Surplus on revaluation of property, plant and equipment               | 6     | <u>2,928,171</u><br>(13,808,988)                                    | <u>3,036,534</u><br>(13,158,740) |
| <b>NON-CURRENT LIABILITIES</b>  |       |   |                                  |
| Long term loans   |       | 291,756   | 276,323                          |
| Deferred liabilities  |       | 1,003,806   | 1,047,594                        |
|   |       | 1,295,562   | 1,323,917                        |
| <b>CURRENT LIABILITIES</b>  |       |   |                                  |
| Trade and other payables  |       | 977,575   | 974,827                          |
| Short term borrowings   |       | 13,770,926  | 13,770,926                       |
| Overdue portion of long term liabilities                              |       | 4,811,274   | 4,389,424                        |
| Provision for taxation  |       | 178,172   | 173,198                          |
|   |       | 19,737,947  | 19,308,375                       |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                  |       |   |                                  |
|   | 7     | --  | --                               |
|   |       | <u>7,224,521</u>  | <u>7,473,552</u>                 |
| <b><u>ASSETS</u></b>  |       |   |                                  |
| <b>NON-CURRENT ASSETS</b>   |       |   |                                  |
| Property, plant and equipment   | 8     | 5,556,481   | 5,792,021                        |
| <b>CURRENT ASSETS</b>   |       |   |                                  |
| Stores and spares   | 9     | 531,484   | 531,484                          |
| Stock in trade  | 10    | --  | --                               |
| Trade debts - Unsecured   |       | 622,143   | 640,949                          |
| Advances  |       | 13,286  | 13,269                           |
| Short term deposits   |       | 151,437   | 151,437                          |
| Other receivables - Considered good                                   |       | 16,280  | 12,530                           |
| Cash and bank balances  |       | 13,410  | 11,862                           |
|   |       | 1,348,040   | 1,361,531                        |
| Non-current asset held for sale                                       | 11    | 320,000   | 320,000                          |
|   |       | <u>7,224,521</u>  | <u>7,473,552</u>                 |

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



Zafar Asim  
Chief Executive Officer



Saleem-ul-Haque  
Chief Financial Officer



Muhammad Irfan Ali  
Chairman Board of Directors



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS - (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

| Notes                              | Half Year Ended              |                 | Quarter Ended                |                |
|------------------------------------|------------------------------|-----------------|------------------------------|----------------|
|                                    | 31 December                  | 31 December     | 31 December                  | 31 December    |
|                                    | 2021                         | 2020            | 2021                         | 2020           |
|                                    | ----- (Rupees in '000) ----- |                 | ----- (Rupees in '000) ----- |                |
| Sales                              | --                           | --              | --                           | --             |
| Cost of sales                      | (258,302)                    | (275,759)       | (127,782)                    | (135,555)      |
| Gross loss                         | (258,302)                    | (275,759)       | (127,782)                    | (135,555)      |
| Operating expenses                 |                              |                 |                              |                |
| Distribution cost                  | (16,762)                     | (16,707)        | (7,904)                      | (8,014)        |
| Administrative expenses            | (16,762)                     | (17,709)        | (7,904)                      | (8,515)        |
| Operating loss                     | (275,064)                    | (293,468)       | (135,686)                    | (144,070)      |
| Finance cost                       | (15,933)                     | (13,883)        | (8,217)                      | (6,941)        |
| Other charges                      | (421,862)                    | (181)           | (136,262)                    | (181)          |
| Other income                       | 22,674                       | 180,920         | 10,493                       | 125,420        |
|                                    | (415,121)                    | 166,856         | (133,986)                    | 118,298        |
| Loss before taxation               | (690,185)                    | (126,612)       | (269,672)                    | (25,772)       |
| Taxation - Net                     | 39,937                       | 49,179          | 20,454                       | 24,589         |
| <b>Loss for the period</b>         | <b>(650,248)</b>             | <b>(77,433)</b> | <b>(249,218)</b>             | <b>(1,183)</b> |
| Loss per share - Basic and diluted | (1.78)                       | (0.21)          | (0.69)                       | (0.00)         |

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



Zafar Asim  
Chief Executive Officer



Saleem-ul-Haque  
Chief Financial Officer



Muhammad Irfan Ali  
Chairman Board of Directors

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

|  | <b>Half Year Ended</b>              |                        | <b>Quarter Ended</b>                |                       |
|--|-------------------------------------|------------------------|-------------------------------------|-----------------------|
|  | <b>31</b>                           | <b>31 December</b>     | <b>31 December</b>                  | <b>31 December</b>    |
|  | <b>December</b>                     | <b>2020</b>            | <b>2021</b>                         | <b>2020</b>           |
|  | <b>----- (Rupees in '000) -----</b> |                        | <b>----- (Rupees in '000) -----</b> |                       |
| Loss for the period                            | (650,248)                           | (77,433)               | (249,218)                           | (1,183)               |
| <i>Other comprehensive income</i>              |                                     |                        |                                     |                       |
| <b>Total comprehensive loss for the period</b> | <b><u>(650,248)</u></b>             | <b><u>(77,433)</u></b> | <b><u>(249,218)</u></b>             | <b><u>(1,183)</u></b> |

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



Zafar Asim  
Chief Executive Officer



Saleem-ul-Haque  
Chief Financial Officer



Muhammad Irfan Ali  
Chairman Board of Directors

**CONDENSED INTERIM STATEMENT OF CASH FLOWS - (Un-audited)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

|   | Notes | 31 December<br>2021          | 31 December<br>2020 |
|---|-------|------------------------------|---------------------|
|   |       | ----- (Rupees in '000) ----- |                     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>           |       |                              |                     |
| Loss before taxation                                  |       | (690,185)                    | (126,612)           |
| <i>Adjustments for non-cash and other items:</i>      |       |                              |                     |
| Depreciation  | 8.1   | 235,540                      | 261,212             |
| Unwinding of discount                                 |       | 15,433                       | 13,882              |
| Exchange loss / (gain) - net                          |       | 421,862                      | (181,440)           |
| Provision for gratuity                                |       | 2,726                        | 2,407               |
| Provision for doubtful debts / advances / receivables |       | --                           | 181                 |
| Finance cost  |       | 500                          | 1                   |
| Cash outflows before working capital changes          |       | (14,124)                     | (30,369)            |
| <i>Movement in working capital</i>                    |       |                              |                     |
| (Increase) / decrease in current assets               |       |                              |                     |
| Trade debts - Unsecured                               |       | 18,806                       | 26,541              |
| Advances  |       | (17)                         | 586                 |
| Other receivables - Considered good                   |       | (319)                        | (181)               |
| Increase in current liabilities                       |       |                              |                     |
| Trade and other payables                              |       | 2,748                        | 7,927               |
|   |       | 21,218                       | 34,873              |
| Cash generated from operations                        |       | 7,094                        | 4,504               |
| <i>Payments for:</i>                                  |       |                              |                     |
| Staff gratuity  |       | (1,603)                      | (4,804)             |
| Finance cost  |       | (500)                        | (1)                 |
| Taxation  |       | (3,431)                      | (45)                |
|   |       | (5,534)                      | (4,850)             |
| Net cash inflows from operating activities            |       | 1,560                        | (346)               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>           |       |                              |                     |
| Net cash inflows from investing activities            |       | --                           | --                  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>           |       |                              |                     |
| Repayment of leased liability                         |       | (1,300)                      | --                  |
| Net movement in short term borrowing                  |       | --                           | (3,000)             |
| Net cash outflows from financing activities           |       | (1,300)                      | (3,000)             |
| Net decrease in cash and cash equivalents             |       | 260                          | (3,346)             |
| Net foreign exchange difference                       |       | 1,288                        | --                  |
| Cash and cash equivalents at beginning of the year    |       | (2,961,033)                  | (2,958,191)         |
| <b>Cash and cash equivalents at end of the year</b>   |       | <b>(2,959,485)</b>           | <b>(2,961,537)</b>  |

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



Zafar Asim  
Chief Executive Officer



Saleem-ul-Haque  
Chief Financial Officer



Muhammad Irfan Ali  
Chairman Board of Directors

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

|   | Issued,<br>subscribed<br>and paid-up<br>share<br>capital | Revenue reserves   |                       |                           |  |                              | Total equity |
|---|--|--------------------|-----------------------|---------------------------|--|------------------------------|--------------|
|   |  | General<br>reserve | Accumulated<br>losses | Total revenue<br>reserves | Surplus on<br>revaluation of<br>property, plant<br>and equipment | Total<br>capital<br>reserves |              |
| (Rupees in '000)  |  |                    |                       |                           |  |                              |              |
| Balance as on 1 July 2020   | 3,663,211  | 350,000            | (20,050,033)          | (19,700,033)              | 3,277,340  | 3,277,340                    | (12,759,482) |
| Loss for the period ended 31 December 2020  | --   | --                 | (77,433)              | (77,433)                  | --   | --                           | (77,433)     |
| Other comprehensive income  | --   | --                 | --                    | --                        | --   | --                           | --           |
| Total comprehensive loss for the period   | --   | --                 | (77,433)              | (77,433)                  | --   | --                           | (77,433)     |
| Transfer to accumulated losses on account<br>of incremental depreciation - Net of tax | --   | --                 | 240,806               | 240,806                   | (240,806)  | (240,806)                    | --           |
| Balance as at 31 December 2020  | 3,663,211  | 350,000            | (19,886,660)          | (19,536,660)              | 3,036,534  | 3,036,534                    | (12,836,915) |
| 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<br>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) |

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



Zafar Asim  
Chief Executive Officer



Saleem-ul-Haque  
Chief Financial Officer



Muhammad Irfan Ali  
Chairman Board of Directors

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2021

### 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 corporate 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 2021 reflects loss after taxation of Rs.0.650 billion (June 2021: Rs.0.401 billion) and as of that date it has accumulated losses of Rs.20.750 billion (June 2021: Rs.20.208 billion) which have resulted in net capital deficiency of Rs.13.809 billion (June 2021: Rs.13.159 billion) and its current liabilities exceeded its current assets by Rs.18.390 billion (June 2021: Rs.17.947 billion) and total assets by Rs.12.513 billion (June 2021: Rs.11.835 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.

### 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 2021.

**3.3** The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2021 and 2020 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 2021 and 2020.

#### **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 2021.

#### **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 2021.

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 2021.

#### **6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| Gross surplus                  | 3,036,534        | 3,277,340        |
| Related deferred tax liability | (108,363)        | (240,806)        |
|                                | <u>2,928,171</u> | <u>3,036,534</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 2021.

| (Un-audited)                 | (Audited) |
|------------------------------|-----------|
| 31 December                  | 30 June   |
| 2021                         | 2021      |
| ----- (Rupees in '000) ----- |           |

#### **8 PROPERTY, PLANT AND EQUIPMENT**

|                          |     |                  |                  |
|--------------------------|-----|------------------|------------------|
| Operating fixed assets   | 8.1 | 5,413,668        | 5,649,208        |
| Capital work in progress |     | <u>142,813</u>   | <u>142,813</u>   |
|                          |     | <u>5,556,481</u> | <u>5,792,021</u> |

##### **8.1 Operating fixed assets - At cost less accumulated depreciation**

|   |                  |                  |
|---|------------------|------------------|
| Opening carrying value                        | 5,649,208        | 6,172,732        |
| Depreciation charged during the period / year | <u>(235,540)</u> | <u>(523,524)</u> |
| Closing carrying value                        | <u>5,413,668</u> | <u>5,649,208</u> |

**9 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 | (553,630)        | (553,630)        |
|  | <u>531,484</u>   | <u>531,484</u>   |

**10 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 | (626,402)      | (626,402)      |
|   | <u>--</u>      | <u>--</u>      |

**11 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.

**12 FINANCE COST**

The Company has not made the provision of mark-up amounting to Rs.1.100 billion (Upto 31 December 2021: Rs.26.291 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.1.100 billion and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.26.291 billion. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.

**13 INFORMATION ABOUT BUSINESS SEGMENTS**

For management purposes, the activities of the Company are organized into business segments based on their products and has two reportable operating segments. The PSF segment mainly relates to production and sale of Polyester Staple Fibre. ASF segment includes production and sale of Acrylic Staple Fibre. The operations of the Company are closed since December 2008.

## 14 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 14.1 Financial risk factors

The Company is exposed to the credit risks, liquidity risks and market risks (including currency rate risk and other price risk) from its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's objective in managing risk is the creation and protection of shareholders value. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

There have been no changes in the risk management policies during the period, consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

### 14.2 Fair value hierarchy

Fair value is the amount 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. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

#### **Fair value hierarchy**

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using 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 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The Company does not have any investment to be carried at fair value.



**15 TRANSACTIONS WITH RELATED PARTIES**

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

**16 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.

**17 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements have been authorized for issue on **February 25, 2022** by the Board of Directors of the Company.

**18 GENERAL**

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



Zafar Asim  
Chief Executive Officer



Saleem-ul-Haque  
Chief Financial Officer



Muhammad Irfan Ali  
Chairman Board of Directors

## ڈائریکٹر کا جائزہ :

کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے مالی سال 2021-2022 کے ششماہی یعنی کہ 31 دسمبر 2021 کے لیے غیر آڈٹ ملخص عبوری مالیاتی رپورٹس حاضر 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) | مجموعی فروخت               |
|-------------|----------------------------|
| (مصر)       | فروخت اور ترسیل کے اخراجات |
| (258,302)   | مجموعی نقصان               |
| (258,302)   | انتظامی اخراجات            |
| 16,762      | انتظامی نقصان              |
| (265,064)   | مالیاتی نقصان              |
| 415,121     | قبل از ٹیکس نقصان          |
| (690,185)   | ٹیکس                       |
| 39,937      | بعد از ٹیکس نقصان          |
| (650,248)   |                            |

زیر جائزہ مدت کے دوران کمپنی کی مجموعی فروخت صفر رہی (2020: صفر)، کمپنی کا مجموعی نقصان 690.185 ملین روپے (2020: 126.612 ملین روپے) رہا۔ جبکہ ٹیکس کی کٹوتی کے بعد نقصان 650.248 ملین روپے (2020: 77.433 ملین روپے) رہا۔

## صنعت کا مجموعی جائزہ

زیر جائزہ مدت عالمی منڈیوں کے لیے چیلنجنگ تھی۔ پاکستان حکومت کی جانب سے بروقت اور مناسب پالیسی اقدامات اور معاشی ریلیف پیکیجز کے ذریعے وبائی مرض میں زندگی اور معاش کے درمیان توازن کامیابی سے قائم رہا۔

زیر جائزہ مدت کے دوران، خام تیل کی قیمتوں میں اضافہ کارمجان دیکھا گیا۔ نتیجتاً پی ٹی اے اور ایم ای جی کی قیمتیں زیادہ رہیں۔ سمندری مال برداری میں اضافے اور روپے کی قدر میں کمی کی وجہ سے ملکی پی ایس ایف کی قیمت بھی اوپر کی طرف چلی گئی۔ سازگار علاقائی عوامل کی وجہ سے فروخت، صلاحیت کے استعمال اور مارجن کے لحاظ سے گھریلو پولیسٹر مینوفیکچررز کے لیے زیر جائزہ مدت کافی تسلی بخش رہی۔ روٹی کی عالمی پیداوار میں کمی کے نتیجے میں زیر جائزہ مدت کے دوران دستیابی محدود اور قیمتیں بلند ہوئیں۔ مزید برآں، ٹیکسٹائل کی صنعت میں تیزی کی توقع ہے کیونکہ موجودہ حالات کافی خوشحال ہیں۔ خام تیل کی منڈیوں کے مستحکم رہنے کی توقع ہے۔ کپاس کی محدود دستیابی اور لاگت میں اضافہ پی ایس ایف کی قیمتوں کو بلند پر برقرار رکھے گا۔ آپ کی کمپنی زیر جائزہ مدت کے دوران بند رہی۔

### آڈیٹرز کے مشاہدے :

(ا) پیرا (1) میں رپورٹ کرتے ہیں کہ وہ گومینگ 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 ہو گا۔ مالیاتی رپورٹس کی گومینگ 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 1.100 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 گذارشات 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 قرار داد 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 1.431 بلین روپے جس پر 0.809 بلین 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 0.622 بلین روپے نقصان کا تخمینہ لگایا ہے۔

آپکی 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۔

اظہار تشکر:

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

بورڈ اپنی کمپنی کے ایگزیکٹوز، 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 فرما۔ ہمیں صراطِ مستقیم عطا فرما۔ ہماری قوم اور ملک میں خوشحالی، امن، ہم آہنگی، تمام امت مسلمہ میں حقیقی اسلامی روح، بھائی چارگی اور اتحاد عطا فرما۔ آمین، ثناء آمین۔



ظفر عاصم  
چیف ایگزیکٹو آفیسر



محمد عرفان علی  
چیئر مین بورڈ آف ڈائریکٹرز  
تاریخ: ۲۵ فروری ۲۰۲۲