

Half Yearly Report
31 December 2023



CONTENTS

Company Information.....	3
Directors' Review.....	4
Auditors' Review Report.....	6
Condensed Interim Statement of Financial Position	8
Condensed Interim Statement of Profit and Loss.....	9
Condensed Interim Statement of Cash Flow.....	10
Condensed Interim Statement of Changes in Equity	11
Condensed Interim Statement of Comprehensive Income.....	12
Notes to the Condensed Interim Financial Statement.....	13
ڈائریکٹر کا جائزہ	17

COMPANY INFORMATION

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

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, 2023 in compliance with the requirements of section 237 of the Company's Act 2017, as 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	205,576
GROSS LOSS	(205,576)
OPERATING EXPENSES	23,627
OPERATING LOSS	(229,203)
FINANCE COST & OTHER CHARGES	50,514
OTHER INCOME	(257,152)
	206,638
LOSS BEFORE TAXATION	(22,565)
TAXATION	29,930
PROFIT AFTER TAXATION	7,365

Company recorded net sales of Rs. Nil (2022- Rs. Nil) during the period under review. There is a profit after taxation amounted to Rs. 7.365 million (2022 Rs. (624.622) 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

Polyester business remained under pressure during the first half of the FY2024. There was slow off-take in downstream markets resulting from the global economic situation amidst monetary tightening along with increased energy costs.

During the period under review, crude oil prices decreased and remained lower than same period last year. PTA and MEG prices decreased in the first quarter and witnessed less fluctuation in the second quarter.

On the cotton front, global demand continued to be restrained therefore international and domestic average prices of cotton remained lower.

Domestic spinning industry remained under pressure due to high production cost. Increase in the price of gas to the textile sector, raised the production cost even higher, forcing many spinning units to shut down their operation.

Your company operations remained closed during the period under review.

AIDITOR'S OBSERVATION

- a) In Para (a) of their review report they did not agree with the going concern assumption used in preparation of interim condensed financial statements accordingly they have given their adverse opinion on the interim condensed financial statements. However, the management is in process of negotiation with the bankers and is confident that its outcome will be positive. The justification regarding preparation of interim condensed financial statements on going concern assumption are more fully explained in note 2 to the interim condensed financial statements.
- b) The company has not made provision of mark up for the period amounting Rs.1.501 billion on its markup bearing liabilities. The management has approached its bankers/financial institutions for restructuring of its obligations without markup. 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.1.316 billion are stagnant, not being recovered, against which a provision of Rs.0.928 billion has been made so far. 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.
- e) Para (e) of the review report relates to the revaluation of certain classes of fixed assets in accordance with the International Accounting Standard -16. During the course of review, the revaluation was under process and as of the reporting date could not be completed. However, the effects of the revaluation will be incorporated in the following year.


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.



Ishtiaq Ahmed
Chief Executive Officer



Muhammad Irfan Ali
Chairman Board of Director

Feroze Sharif Tariq & Co.

Chartered Accountants

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

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dewan Salman Fibre Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Dewan Salman Fibre Limited ('the Company') as at 31 December 2023, the related condensed interim statement of profit or loss and Condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2023 and 31 December 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2023.

Scope of review

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

Bases for adverse conclusion

- a) The condensed interim financial statement of the Company for the period ended 31 December 2023 earned Profit after taxation of Rs.7.365 million and as of that date it has accumulated losses of Rs. 23.484 billion which resulted in net capital deficiency of Rs.16.934 billion and its current liabilities exceeded its current assets by Rs.20.783 billion and total assets by Rs.15.756 billion. The operations of the Company are closed since December 2008 due to working capital constraints. Furthermore, the company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short-term finance facilities have expired and not been renewed by banks. Following course, lenders have gone into litigation for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. Accordingly, the financial institutions have not been provided bank confirmations as at reporting date. These conditions lead us to believe that the going concern assumption used in preparation of this condensed interim financial statement is inappropriate; consequently, the assets and liabilities should have been stated at their realizable and settlement amounts respectively.
- b) The Company has not made provision of markup for the period amounting to Rs.1.501 billion (up to December 31, 2023: Rs.30.133 billion) (refer note 11) on account of restructuring proposal offered to the lenders as described in note 2 to the condensed interim financial statements. Non-provisioning of markup is based on management's hope that the restructuring proposal will be accepted by lenders in the proposed manner. In our opinion, since the proposal has not been accepted by the

lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the company, therefore the provision of markup should be made in these condensed interim financial statements. Had the provision of markup been made in the condensed interim financial statement, the loss after taxation for the period would have been higher by Rs.1.501 billion and markup payable would have been higher and shareholders' equity would have been lower by Rs.30.133 billion.

- c) Investment in associate Dewan Petroleum (Private) Limited is disclosed as non-current assets held for sale (refer note 10 to the condensed interim financial statements) although the resolution for the permission to sale the same has been expired during financial year ended 30 June 2009. which is non-compliance of IFRS 5 Non-current assets held for sale. This investment is required to be accounted for at equity method as prescribed in International Accounting Standard – 28 'Investment in associates'. We are unable to quantify the effect of the same as latest audited accounts of Dewan Petroleum (Private) Limited were not made available;
- d) Trade debts amounting to Rs.1.316 billion are stagnant, not being recovered, against which a provision of Rs.0.928 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.0.272 billion.
- e) The revaluation of certain classes of operating fixed assets of the company was carried out in the year ended June 30, 2017. As per requirements of International Accounting Standard 16 'Property, Plant and Equipment', revaluation is required to be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date, whereas no revaluation has been conducted since then. The carrying amounts of said classes of operating fixed assets may not reflect their fair values as at balance sheet date. In the absence of further revaluation, we are unable to quantify the effect that such a revaluation would have on the said assets.

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 (e) above, this condensed interim financial statement is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

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



Chartered Accountants

Dated: February 28, 2024

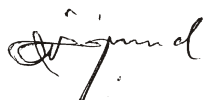
Place: Karachi

UDIN: RR202310129asDx2ZQoc

DEWAN SALMAN FIBRE LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	(Un-audited) 31 December 2023 ----- (Rupees in '000) -----	(Audited) 30 June 2023
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
630,000,000 (June 2023: 630,000,000) Ordinary shares of Rs. 10/- each		6,300,000	6,300,000
90,000,000 (June 2023: 90,000,000) Preference shares of Rs. 10/- each		900,000	900,000
		7,200,000	7,200,000
Issued, subscribed and paid-up share capital		3,663,211	3,663,211
Revenue reserves		350,000	350,000
General reserves		(23,483,742)	(23,578,881)
Accumulated losses			
Capital reserves			
Surplus on revaluation of property, plant and equipment	6	2,536,982	2,624,756
		(16,933,549)	(16,940,914)
NON-CURRENT LIABILITIES			
Long term loans		360,574	341,501
Deferred liabilities		816,346	857,067
		1,176,920	1,198,568
CURRENT LIABILITIES			
Trade and other payables		991,913	1,002,193
Short term borrowings		13,770,926	13,770,926
Overdue portion of long term liabilities		6,877,604	7,064,924
Provision for taxation		201,937	196,016
		21,842,380	22,034,059
CONTINGENCIES AND COMMITMENTS			
	7	--	--
		6,085,751	6,291,713
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	8	4,706,813	4,897,097
CURRENT ASSETS			
Stores and spares		435,285	435,285
Stock in trade		--	--
Trade debts - Unsecured		272,025	305,387
Short term loans to associated undertakings - considered good	9	115,599	115,599
Advances		16,717	16,018
Short term deposits		151,437	151,437
Other receivables - Considered good		46,421	28,202
Cash and bank balances		21,454	22,688
		1,058,938	1,074,616
Non-current asset held for sale	10	320,000	320,000
		6,085,751	6,291,713

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



Ishtiaq Ahmed
Chief Executive Officer



Saleem-ul-Haque
Chief Financial Officer

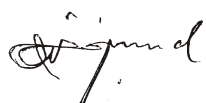


Muhammad Irfan Ali
Chairman Board of Director

DEWAN SALMAN FIBRE LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS - (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

Notes	Half Year Ended		Quarter Ended	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Sales	--	--	--	--
Cost of sales	205,576	222,489	102,416	110,863
Gross loss	(205,576)	(222,489)	(102,416)	(110,863)
Administration expenses	23,627	24,760	14,763	6,992
Operating loss	(229,203)	(247,249)	(117,179)	(117,855)
Finance cost	1	2	1	2
Other charges	50,513	437,786	10,107	11,098
Other income	(257,152)	(26,410)	(247,093)	(12,846)
	(206,638)	411,378	(236,985)	(1,746)
Loss before taxation	(22,565)	(658,627)	119,806	(116,109)
Taxation - Net	29,930	34,005	12,004	16,939
Profit / Loss for the period	7,365	(624,622)	131,810	(99,170)
Loss per share - Basic and diluted	(0.02)	(1.70)	0.33	(0.27)

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



Ishtiaq Ahmed
Chief Executive Officer



Saleem-ul-Haque
Chief Financial Officer

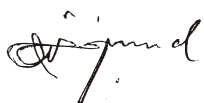


Muhammad Irfan Ali
Chairman Board of Director

DEWAN SALMAN FIBRE LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS - (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

Notes	31 December 2023	31 December 2022
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(22,565)	(658,627)
<i>Adjustments for non-cash and other items:</i>		
Depreciation	190,728	211,954
Unwinding of discount	19,073	17,156
Exchange (gain)	(218,190)	(1,281)
Provision for gratuity	2,360	3,310
Exchange loss	31,440	420,630
Finance cost	1	2
Cash outflows before working capital changes	2,847	(6,855)
<i>Movement in working capital</i>		
<i>(Increase) / decrease in current assets</i>		
Trade debts - Unsecured	33,362	36,599
Advances	(699)	(350)
Short term deposits	--	(66)
Other receivables - Considered good	(18,219)	(4,060)
<i>Increase in current liabilities</i>		
Trade and other payables	(10,280)	(124)
	4,164	31,999
Cash generated from operations	7,011	25,144
<i>Payments for:</i>		
Staff gratuity	(4,874)	(749)
Finance cost	1	(2)
Taxation	(3,940)	(3,807)
	(8,815)	(4,558)
Net cash inflows from operating activities	(1,804)	20,586
CASH FLOWS FROM INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan - Secured	--	(18,308)
Net cash outflows from financing activities	--	(18,308)
Net decrease in cash and cash equivalents	(1,804)	2,278
Net foreign exchange difference	570	1,273
Cash and cash equivalents at beginning of the year	(2,950,207)	(2,955,776)
Cash and cash equivalents at end of the year	14 (2,951,441)	(2,952,225)

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



Ishtiaq Ahmed
Chief Executive Officer



Saleem-ul-Haque
Chief Financial Officer



Muhammad Irfan Ali
Chairman Board of Director

DEWAN SALMAN FIBRE LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

Issued, subscribed and paid-up share capital	Revenue reserves					Total equity
	General reserve	Accumulated losses	Total revenue reserves	Surplus on revaluation of property, plant and equipment	Total capital reserves	
----- (Rupees in '000) -----						
3,663,211	350,000	(21,582,577)	(21,232,577)	2,819,809	2,819,809	(14,749,557)
--	--	(624,622)	(624,622)	--	--	(624,622)
--	--	--	--	--	--	--
--	--	(624,622)	(624,622)	--	--	(624,622)
--	--	97,526	97,526	(97,526)	(97,526)	--
3,663,211	350,000	(22,109,673)	(21,759,673)	2,722,283	2,722,283	(15,374,179)
3,663,211	350,000	(23,578,881)	(23,228,881)	2,624,756	2,624,756	(16,940,914)
--	--	7,365	7,365	--	--	7,365
--	--	--	--	--	--	--
--	--	7,365	7,365	--	--	7,365
--	--	87,774	87,774	(87,774)	(87,774)	--
3,663,211	350,000	(23,483,742)	(23,133,742)	2,536,982	2,536,982	(16,933,549)

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



Ishtiaq Ahmed
Chief Executive Officer



Saleem-ul-Haq
Chief Financial Officer

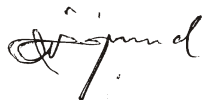


Muhammad Irfan Ali
Chairman Board of Director

DEWAN SALMAN FIBRE LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Half Year Ended		Quarter Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Loss for the period	7,365	(624,622)	131,810	(99,170)
<i>Other comprehensive income</i>				
Total comprehensive loss for the period	<u>7,365</u>	<u>(624,622)</u>	<u>131,810</u>	<u>(99,170)</u>

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



Ishtiaq Ahmed
Chief Executive Officer



Saleem-ul-Haque
Chief Financial Officer



Muhammad Irfan Ali
Chairman Board of Director

DEWAN SALMAN FIBRE LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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 Dewan Center, 3-A Lalazar, Beach Hotel Road, Karachi, Pakistan.

2 GOING CONCERN ASSUMPTION

The condensed interim financial statement for the half year ended 31 December 2023 reflects loss after taxation of Rs.7.365 million (Dec 2022: Rs.624.622 million) and as of that date it has accumulated losses of Rs.23.484 billion (June 2023: Rs.23.579 billion) which have resulted in net capital deficiency of Rs.16.934 billion (June 2023: Rs.16.941 billion) and its current liabilities exceeded its current assets by Rs.20.783 billion (June 2023: Rs.20.959 billion) and total assets by Rs.15.756 billion (June 2023: Rs.15.742 billion). The operations of the Company are closed since December 2008 due to working capital constraints. Further, the Company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short term finance facilities have not been renewed by banks. Following course most of the lenders have gone into litigation for repayment of liabilities through attachment and sale of the Company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions indicate the existence of material uncertainty, which may cast significant doubt about Company's ability to continue as going concern.

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

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

3 BASIS OF PREPARATION

- 3.1** These condensed interim financial statements of the Company for the half year ended 31 December 2022 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 2023.

- 3.3** The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2023 and 2022 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 2023 and 2022.

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 2023.

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 2023.

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 2023.

	(Un-audited) 31 December 2023	(Audited) 30 June 2023
	----- (Rupees in '000) -----	
6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Gross surplus	2,624,756	2,819,809
Related deferred tax liability	(87,774)	(195,053)
	<u>2,536,982</u>	<u>2,624,756</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 2023.

8 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	4,897,097	5,321,005
Depreciation	(190,284)	(423,908)
	<u>4,706,813</u>	<u>4,897,097</u>

9 SHORT TERM LOAN TO ASSOCIATED UNDERTAKINGS - CONSIDERED GOOD

Dewan Khalid Textile Mills Limited	<u>115,599</u>	<u>115,599</u>
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- 9.1 The Company has charged mark-up on loan to associated undertaking carrying mark-up @1% above 3
- 9.2 months The maximum aggregate amount of loan at the end of any month during the year was Rs. 115.599 Million in June 2023.

10 NON-CURRENT ASSET HELD-FOR-SALE

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

	31 December 2023	31 December 2022
11 FINANCE COST		
Bank charges	<u>1</u>	<u>2</u>

- 11.1 The Company has not made the provision of mark-up amounting to Rs.1.501 billion (Upto 31 December 2023: Rs. 30.133 billion) keeping in view of the financial restructuring proposed to the lenders as disclosed in note Management is hopeful that the restructuring proposal will be accepted by the lenders. Had the provision been made the loss for the half year would have been increased by Rs. 1.501 billion and accrued mark-up would have been increased and shareholders' equity would have been decreased by Rs. 30.133 billion. The said non-provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.

12 OTHER CHARGES

Exchange gain/ loss	31,440	420,630
Unwinding of discount	19,073	17,156
	<u>50,513</u>	<u>437,786</u>

13 OTHER INCOME

Rent income	(25,524)	(25,130)
Exchange gain - net	(218,190)	(1,281)
Markup receivable	(13,438)	--
	<u>(257,152)</u>	<u>(26,410)</u>

	31 December 2023	31 December 2022
14 Cash and Cash Equivalents		
Cash and cash equivalents include:		
Cash and bank balances	21,454	20,670
Short term finances:		
-Short term running finances	(2,970,019)	(2,970,019)
-Book Overdraft	(2,876)	(2,876)
	(2,972,895)	(2,972,895)
	<u>(2,951,441)</u>	<u>(2,952,225)</u>

15 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.

16 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

16.1. 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.

16.2. 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.

17 TRANSACTIONS WITH RELATED PARTIES

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

18 CORRESPONDING FIGURES

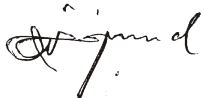
In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", condensed interim statement of financial position has been compared with the balances of annual financial statements, whereas condensed interim statement of profit or loss, statement of comprehensive 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.

19 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on **26 February 2024** by the Board of Directors of the Company.

20 GENERAL

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



Ishtiaq Ahmed
Chief Executive Officer



Saleem-ul-Haque
Chief Financial Officer



Muhammad Irfan Ali
Chairman Board of Director

ڈائریکٹر کا جائزہ :

کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے مالی سال 2023-2024 کے ششماہی یعنی کہ 31 دسمبر 2023 کے لیے غیر آڈٹ ملخص عبوری مالیاتی رپورٹس پیش خدمت ہیں۔ جو کہ کمپنیز آرڈیننس 2017 کی دفعہ 237 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)	
(مصر)	مجموعی فروخت
205,576	فروخت اور ترسیل کے اخراجات
(205,576)	مجموعی نقصان
23,627	انتظامی اخراجات
(229,203)	انتظامی نقصان
50,514	مالیاتی اخراجات و دیگر اخراجات
257,152	دیگر آمدنی
(206,638)	مالیاتی نفع / نقصان
(22,565)	قبل از محصولات نفع یا نقصان
29,930	ٹیکس
7,365	بعد از محصولات نفع یا نقصان

زیر جائزہ مدت کے دوران کمپنی کی مجموعی فروخت صفر رہی (2022: صفر)، کمپنی کا محصولات کی کٹوتی کے بعد نفع 7.365 ملین روپے (2022: 624.622) ملین روپے) رہا۔

زیر جائزہ مدت کا خلاصہ

زیر جائزہ مدت کے دوران ہماری بہترین کوششوں کے باوجود، ورکنگ کیپٹل کی عدم دستیابی کے سبب ہم آپ کی کمپنی کے آپریشنز کو شروع کرنے سے قاصر رہے۔ تاہم، آپ کی کمپنی کی انتظامیہ ملک کے سب سے بڑے یونٹ کو چلانے کے لئے اپنی پوری کوشش کر رہی ہے۔ جیسے کہ ہمارے پچھلے آڈٹ شدہ مالی گوشواروں میں وضاحت کی گئی ہے کہ آپ کی کمپنی قرض دہندگان کے ساتھ کامیابی سے قانونی چارہ جوئی میں مصروف ہے۔ مینجمنٹ کو مکمل اعتماد ہے کہ کمپنی کو متعلقہ عدالتوں سے کمپنی کے حق میں فیصلہ حاصل ہوگا۔

صنعت کا مجموعی جائزہ

مالی سال 2024 کی پہلی ششماہی کے دوران پالیسٹر کا کاروبار دباؤ کا شکار رہا۔ توانائی کی قیمتوں میں اضافے کیساتھ عالمی مالیاتی سختی اور بین الاقوامی اقتصادی صورتحال کے باعث ڈاؤن اسٹریم مارکیٹ نے سست روی سے بہتری کی جانب قدم بڑھایا۔

زیر جائزہ مدت کے دوران خام تیل کی قیمتیں کم ہوئیں اور پچھلے سال کی اسی مدت کے بالمقابل مستقل پر کم رہیں۔ پی ٹی اے اور ایم ای جی کی قیمتیں پچھلی سہ ماہی میں کم ہوئیں اور حالیہ سہ ماہی میں ان کی قیمتوں میں اتار چڑھاؤ دیکھا گیا۔

کپاس کی عالمی طلب مسلسل محدود رہی جس کی وجہ سے روئی کی بین الاقوامی اور مقامی اوسط قیمتیں کم رہیں۔

زیادہ پیداواری لاگت کی وجہ سے گھریلو اسپننگ انڈسٹری دباؤ کا شکار رہی۔ ٹیکسٹائل سیکٹر کو گیس کی قیمتوں میں اضافے نے پیداواری لاگت کو مزید بڑھا دیا جس سے بہت سے اسپننگ یونٹس کو اپنا آپریشن بند کرنا پڑا۔

زیر نظر مدت کے دوران آپ کی کمپنی کے کام بند رہے۔

آڈیٹرز کے مشاہدے :

(ا) پیرا (ا) میں رپورٹ کرتے ہیں کہ وہ گوبینگ کنسرن کے مفروضے پر مالیاتی رپورٹس کی تیاری پر راضی نہیں، اور اپنی منفی رائے رکھتے ہیں۔ جبکہ کمپنی کے مطابق میجمنٹ بینکاروں سے مسلسل مذاکرات کے عمل میں ہیں اور پر امید ہیں کہ نتیجہ مثبت ہو گا۔ مالیاتی رپورٹس کی گوبینگ 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 1.501 بلین روپے بنتا ہے پر سود کا تخمینہ نہیں لگایا۔ کمپنی کی انتظامیہ بینکوں / مالیاتی اداروں سے رابطے میں ہے تاکہ قرضوں کی واپسی کی نئی شرائط پر غور کیا جاسکے۔ انتظامیہ کو یقین ہے کہ کمپنی کی قرضوں سے متعلق گزارشات کو مالیاتی اداروں کی طرف سے قبول کیا جائے گا، لہذا کمپنی نے سود کے حوالے سے کوئی تخمینہ نہیں لگایا ہے۔

(ج) پیرا (ج) رپورٹ کے مطابق کمپنی نے دیوان پٹرولیم میں سرمایہ کاری کی درجہ بندی انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ کی شق 28 کے مطابق تعلق داروں کے ساتھ سرمایہ کاری میں کی ہے جبکہ یہ سرمایہ کاری فروخت کے لیے رکھ چھوڑے اثاثہ جات کے زمرے میں موجود ہے۔ کمپنی اس سرمایہ کاری کو اگلے مالیاتی سال میں فروخت کرنے کا ارادہ رکھتی ہے۔ اس مقصد کے لیے 2008 میں ایک خصوصی قرارداد منظور کی گئی تھی جو کہ مذکورہ سال میں ہی اپنی معیاد پوری کر چکی۔ چنانچہ اس سرمایہ کاری کو فروخت کرنے کے لیے حصص یافتگان سے دوبارہ منظوری لی جائے گی۔

د) آڈٹ رپورٹ یہ بھی واضح کرتی ہے۔ کہ تجارتی قرض 1.316 بلین روپے جس پر 0.928 ملین روپے کے سود کا تخمینہ لگایا گیا ہے ابھی تک واپس نہیں لیے گئے اور جمود کا شکار ہیں۔ کمپنی کی انتظامیہ کی بھرپور کوشش ہے کہ یہ تمام تجارتی اقراضات جلد از جلد واپس لیے جائیں۔ کمپنی اس معاملے میں اپنے قرض خواہوں سے مثبت رویے کی متمنی ہے۔

ہ) جائزہ رپورٹ کا پیرا (ای) بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ-16 کے مطابق مقررہ اثاثوں کی بعض حصوں کی دوبارہ قدر طے کرنے سے متعلق ہے۔ آڈٹ کے دوران دوبارہ قدر طے کرنے کا عمل جاری تھا اور رپورٹنگ کی تاریخ تک مکمل نہیں ہو سکا۔ تاہم، دوبارہ طے کی گئی قدر و قیمت کے نتائج اگلے سال میں شامل کیے جائیں گے۔

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

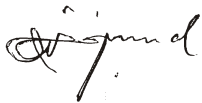
اظہارِ تشکر:

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

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

اختتام:

آخر میں ہم ﷺ کے حضور یہ دعا مانگتے 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، تم آمین۔



اشتقاق احمد

چیف ایگزیکٹو آفیسر



محمد عرفان علی

چیرمین بورڈ آف ڈائریکٹر