



**Condensed Interim
Un-Audited Financial Statements
For the 1st Quarter Ended
September 30, 2022**



DAR ES SALAAM

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COMPANY INFORMATION

Board of Directors	Mr. Faisal Mukhtar Ms. Abida Mukhtar Mrs. Nilofar Mukhtar Mrs. Mahwesh Faisal Mukhtar Mr. Muhammad Gul Nawaz Mr. Muhammad Yousaf Mr. Ejaz Hussain	Chairman & 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, 1-K, Commercial Model Town, Lahore. Tel: 042-35839182, 35869037	
Auditors	M/s Rizwan & Co. Chartered Accountants	
Bankers	Meezan Bank Limited JS Bank Limited	
Registered Office	H.No. 37, Street No.14, Cavalry Ground, Lahore-Cantt. Phones: (042) 36610643-44	

DIRECTORS' REPORT

The Directors of Dar es Salaam Textile Mills Limited ("the Company") take pleasure in presenting the First Quarter Accounts for the period 30th September 2022.

Outlook

The Pakistani economy has witnessed turbulent times over the past two quarters - the war in Ukraine, political instability, rising inflation has added to the woes of the common man. With the recent catastrophic floods impacting over 33 million Pakistanis, destroying cotton fields, grain harvests and farm animals; the economy will have a long road to recovery.

Despite these turbulent times, the management was able to successfully receive all its funds from the buyer as at 30th September 2022 and close its transaction. The management will now work towards implementing an alternate business plan as the management determined that the real estate option was no longer viable. The main reason is that in the past year, the market has seen a sharp increase in the price of land. Hence, with the funds left over, the real estate projections do not promise a viable option. Therefore, the management will now strive to find a strategic investor and/or start a new line of business that yields beneficial returns to the Company and its Shareholders.

The company net profit /(loss) for the year ended September 30th 2022, PKR (4.17) million with EPS of PKR (0.522) per share vis-à-vis net profit of PKR 1.94 million and EPS of PKR 0.24 per share.

On behalf of the Board of Directors



Abida Mukhtar
Chief Executive Officer



Nilofer Mukhtar
Director

Lahore: October 31, 2022

ڈائریکٹرز کی رپورٹ

دارالسلام ٹیکسٹائل ملز لمیٹڈ ("کمپنی") کے ڈائریکٹرز 30 ستمبر 2022 کی مدت کے لیے پہلی سہ ماہی کے اکاؤنٹس پیش کرنے میں خوشی محسوس کر رہے ہیں۔

منظر نامہ

پاکستانی معیشت نے گذشتہ دو سہ ماہیوں کے دوران ہنگامہ خیز دور کا مشاہدہ کیا ہے۔ یوکرین میں جنگ، سیاسی عدم استحکام، بڑھتی ہوئی مہنگائی نے عام آدمی کی پریشانیوں میں اضافہ کیا ہے۔ حالیہ، تباہ کن سیلاب نے 33 ملین سے زیادہ پاکستانیوں کو متاثر کیا، کپاس کے کھیتوں، اناج کی فصلوں اور کھیت کے جانوروں کو تباہ کر دیا۔ معیشت کی بحالی کے لیے ایک طویل راستہ ہوگا۔

ان ہنگامہ خیز اوقات کے باوجود، انتظامیہ 30 ستمبر 2022 تک خریدار سے اپنے تمام فنڈز حاصل کرنے اور اپنا لین دین بند کرنے میں کامیاب رہی۔ انتظامیہ اب ایک متبادل کاروباری منصوبہ کو نافذ کرنے کی سمت کام کرے گی کیونکہ انتظامیہ نے طے کیا ہے کہ ریئل اسٹیٹ کا آپشن اب قابل عمل نہیں رہا۔ اس کی بنیادی وجہ یہ ہے کہ پچھلے ایک سال میں مارکیٹ می زمین کی قیمتوں میں زبردست اضافہ دیکھا گیا ہے۔ لہذا بیچ جانے والے فنڈز کے ساتھ، ریئل اسٹیٹ کے تخمینے ایک قابل عمل آپشن کا وعدہ نہیں کرتے ہیں۔

لہذا، انتظامیہ اب ایک اسٹریٹجک سرمایہ کار تلاش کرنے اور/یا کاروبار کی ایک نئی لائن شروع کرنے کی کوشش کرے گی جس سے کمپنی اور اس کے شیئر ہولڈرز کو فائدہ مند منافع ملے۔

30 ستمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کا خالص منافع / (نقصان)، (0.522) PKR فی شیئر کے EPS کے ساتھ (4.17) PKR ملین 1.94 PKR ملین کے خالص منافع اور 0.24 PKR فی شیئر EPS۔

منجانب / برائے بورڈ آف ڈائریکٹرز

Muhammad Nadeem
نیلو فر مختار
ڈائریکٹر

عابدہ مختار
چیف ایگزیکٹو آفیسر

لاہور: 31 اکتوبر 2022

Condensed Interim Statement of Financial Position (Un-audited)
As at September 30, 2022

	Note	30-Sep-2022 Rupees (Un-Audited)	30-Jun-22 Rupees (Audited)
Non-current assets			
Equipment		119,788	129,500
Long term deposits		27,025	27,025
		146,813	156,525
Current Assets			
Advances, deposits, prepayments and other receivables		738,487	4,465,217
Receivable Against Sale of Property		-	111,133,814
Short term investment		-	10,000,000
Tax refunds due from government		4,056,968	4,056,968
Advance income tax		1,524,373	1,518,440
Cash and bank balances		65,059,179	142,550
		71,379,007	131,316,989
Current liabilities			
Trade and other payables	7	6,679,377	31,271,257
Unclaimed dividend		1,159,777	1,159,777
Provision for taxation		1,666,413	1,666,413
		9,505,567	34,097,447
Working capital employed		61,873,440	97,219,542
NET CAPITAL EMPLOYED		62,020,252	97,376,067
Represented by:			
Share capital and reserves			
Authorized share capital 15,000,000(June 30, 2020: 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		(90,965,340)	(86,788,589)
Revaluation surplus		-	-
Loan from sponsors		72,985,592	104,164,656
TOTAL EQUITY		62,020,252	97,376,067

CONTINGENCIES AND COMMITMENTS

8

The annexed notes from 1 to 12 form an integral part of these condensed financial information.


Abida Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Nilofar Mukhtar
Director

**Condensed Interim Profit and Loss Account (Un-audited)
for the three months ended September 30, 2022**

	Three months period ended	
	September 30, 2022	September 30, 2021
	(Rupees)	
Sales	-	-
Cost of sales	-	-
Gross profit / (loss)	-	-
Administrative expenses	(4,566,008)	(2,378,520)
	(4,566,008)	(2,378,520)
Other income	390,917	6,000,000
	(4,175,091)	3,621,480
Finance costs	(1,660)	(361,306)
Profit / (loss) before taxation	(4,176,751)	3,260,174
Taxation	-	(1,320,370)
Profit / (loss) after taxation	(4,176,751)	1,939,804
Earnings per share	(0.522)	0.242

The annexed notes from 1 to 12 form an integral part of these condensed financial information.


Abida Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Nilofar Mukhtar
Director

**Condensed Interim Statement of Comprehensive Income (Un-audited)
for the three months ended September 30, 2022**

	Three months period ended	
	September 30, 2022	September 30, 2021
	(Rupees)	
Profit / (loss) after taxation	(4,176,751)	1,939,804
Other comprehensive income / (loss)	-	-
Total comprehensive income / (loss)	<u>(4,176,751)</u>	<u>1,939,804</u>

The annexed notes from 1 to 12 form an integral part of these condensed financial information.


Abida Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Nilofar Mukhtar
Director

Condensed Interim Statement of Cash Flows (Un-audited)
for the three months ended September 30, 2022

	Three months period ended	
	September 30, 2022	September 30, 2021
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(4,176,751)	3,260,174
Adjustments for non-cash charges/items:		
Finance cost	1,660	361,306
Depreciation	9,713	-
	11,373	361,306
(Increase) / decrease in current assets:		
Advances, deposits, prepayments and other receivables	3,726,730	68,216
Increase / (decrease) in current liabilities:		
Trade and other payables	(24,591,880)	(1,370,144)
Changes in working capital	(20,865,150)	(1,301,928)
Cash (used in)/generated from operating activities	(25,030,528)	2,319,552
Income tax paid	(5,933)	(900,000)
Finance cost paid	(1,660)	(114,696)
Net cash (used in)/generated operating activities	(25,038,121)	1,304,856
CASH FLOW FROM INVESTING ACTIVITIES		
Short term investment	10,000,000	-
Proceeds against sale of property	111,133,814	-
Net cash generated from investing activities	121,133,814	-
CASH FLOW FROM FINANCING ACTIVITIES		
Loan paid to sponsors	(31,179,064)	(2,500,000)
Long term finance	-	(411,000)
Net cash used in financing activities	(31,179,064)	(2,911,000)
Net increase/(decrease) in cash and cash equivalents	64,916,629	(1,606,144)
Cash and cash equivalents at the beginning of the period	142,550	1,692,778
Cash and cash equivalents at the end of the period	65,059,179	86,634

The annexed notes from 1 to 12 form an integral part of these condensed financial information.


Abida Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Nilofar Mukhtar
Director

**Condensed Interim Statement of Changes in Equity (Un-audited)
for the three months ended September 30, 2022**

	Share capital	Accumulated loss	Revaluation surplus	Loan from sponsors	Total
	(Rupees)				
Balance as at June 30, 2021 (Audited)	80,000,000	(343,523,929)	6,663,300	100,869,536	(155,991,093)
Loss after taxation	-	1,939,804	-	-	1,939,804
Other comprehensive income / (loss)	-	-	-	-	-
Total comprehensive loss	-	1,939,804	-	-	1,939,804
Transactions with sponsors					
Loan received from sponsors	-	-	-	(705,000)	(705,000)
Balance as at September 30, 2021 (Un-audited)	80,000,000	(341,584,125)	-	100,164,536	(154,756,289)
Balance as at June 30, 2022 (Audited)	80,000,000	(86,788,589)	-	104,164,656	97,376,067
Loss after taxation	-	(4,176,751)	-	-	(4,176,751)
Other comprehensive income / (loss)	-	-	-	-	-
Total comprehensive income	-	(4,176,751)	-	-	(4,176,751)
Transactions with sponsors					
Loan repaid from sponsors	-	-	-	(31,179,064)	(31,179,064)
Balance as at September 30, 2022 (Un-audited)	80,000,000	(90,965,340)	-	72,985,592	62,020,252

The annexed notes from 1 to 12 form an integral part of these condensed financial information.


Abida Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Nilofar Mukhtar
Director

**Notes to the Condensed Interim Financial Information (Un-audited)
for the three months ended September 30, 2022**

1 LEGAL STATUS AND OPERATIONS

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 House no 37 Street No 14, Cavalry Ground, Lahore Cantt. The Company was engaged in the business of manufacturing and sale of yarn.

2 GOING CONCERN ASSUMPTION

The Company has closed its operation since 2014 and reported accumulated loss of Rupees 90.965 million (June 30, 2022: Rupees 86.788 million). Securities and Exchange Commission of Pakistan has initiated show cause proceedings against the Company under Section 301 of the Companies Act, 2017. 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 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. During the last quarter of the financial year 2020, the Company was able to lease out its factory premises in accordance with the approval of the shareholders on April 20, 2020 to meet cash flow requirements of the Company. The Company is making its fullest efforts to sell factory premises in order to generate sufficient cash to settle its liabilities towards lenders and other creditors in foreseeable future and implement revised alternate business plan with the approval of the shareholders.

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. The management is of the view that the Company will continue to get support of sponsors. The financial statements consequently do not include any adjustment relating to the realization of the assets and liquidation of its liabilities that might be necessary would the Company be unable to continue as a going concern.

3 BASIS OF PREPARATION

3.1 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.

3.2 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 September 30, 2022 and 2021 and the notes forming part thereof have not been reviewed by the auditors of the Company.

3.3 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, 2022. 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, 2022. 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.

4 ACCOUNTING POLICIES

- 4.1 The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2022.
- 4.2 There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2021. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in these condensed interim financial statements.
- 4.3 Taxes on income in the interim periods are accrued using tax rate that would be applicable to expected annual profit or loss.
- 4.4 **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 these condensed interim financial statements are in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements of the Company for the year ended June 30, 2022.

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

	September 30, 2022 Rupees	June 30, 2022 Rupees
6 TRADE AND OTHER PAYABLES		
Accrued liabilities	1,092,582	1,397,759
Payable against GIDC	-	24,317,228
Withholding income tax payable	189,997	159,472
Others	5,396,798	5,396,798
	<u>6,679,377</u>	<u>31,271,257</u>

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

7.1.2 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 by Rupees 55,600,000, cash payments by Rupees 100,455,778 and understatement of imports by Rupees 11,565,330, School expenses by Rupees 349,422 and confirmation of addition of retirement by Rupees 3,166,000 benefits and department being aggrieved with the decision of CIR filed an appeal before ATIR which is pending for adjudication. The management is of the view that matter will be decided in the company's favour.

7.1.3 Return for the tax year 2016 ending Hune 2016 was filed declaring taxable loss of Rs 172,136,288/- The assessment under section 122(1) of the Income Tax Ordinance 2001 was finalized by the department at taxable income of Rs 241,336,013/- and computed net tax payable at Rs 82,152.749/- The company being aggrieved with the order filed Appeal before CIR (Appeals)

7.1.4 The Company was selected for audit under section 214D of the income tax ordinance, 2001, the correspondences on legal ground with the Department are in process. Notice was served by DCIR dated July 06, 2020, whereby the Company requested to join audit proceedings under section 177(1) read with section 214D of the Income Tax Ordinance, 2001, correspondences on legal ground with the Department are in process.

7.1.4 National of has lodged a frivolous and time barred claim of Rs 51.48 million based upon the Lcs facilities sanctioned about 7/8 years back. The National Accountability Bureau has also taken up this matter, which act of NBP and NAB has been challenged in Writ petition no 221742/2018 before 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 judgement in Supreme Court of Pakistan vide CPLA No. 1478/2019, which is pending aDJUDICtion. However, as the matter has now been settled with the bank, therefore this appeal has also become infructuous and as and when this appeal be fixed, the same shall be disposed off accordingly in lieu of settlement of the parties.

7.1.5 Securities and Exchange Commission of Pakistan has initiated show cause proceedings against the Company under Section 301 of the Companies Act, 2017. 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 after approval of shareholders. We are hopeful that show cause proceedings shall be dropped in near future.

7.2 Commitments

7.2.1 There are expired Letter of guarantees to Sui Northern Gas Pipelines Company Limited (SNGPL) amounting to Rupees 20.647 million (2021: Rupees 20.647 million) and Rupees 0.598 million (2020: Rupees 0.598 million) from United Bank Limited and Faysal Bank Limited respectively for the various amounts. Consequent to settlement of liabilities with United Bank Limited, Letter of Guarantee liability of Rs 20.467 million held with the bank have been discharged subject to condition that the Company will be liable to indemnify the Bank in case of any claim / demands lodged by SNGPL. The Company has

applied to SNGPL for the return of the these guarantees for onward submission to banks for cancellation. The reply from SNGPL, in this reagrd, is awaited.

8 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:

8.1 Name and nature of relationship

Sponsors

Ms. Nilofer Mukhtar - Director
Ms. Abida Mukhtar - Director

8.2 Transactions with related parties

Nature of Relationship	Nature of Transaction	September 30, 2022 (Rupees)	June 30, 2022
Sponsors	Loan repaid	31,179,064	2,500,000

9 FINANCIAL RISK MANAGEMENT

9.1 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, and should be read in conjunction with the Company's annual financial statements as at June 30, 2022.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2022.

9.2 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 following item to report in these levels:

10 GENERAL AND CORRESPONDING FIGURES

10.1 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Company for year ended June 30, 2022 and the corresponding figures in the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial statements of the Company for the three months period ended September 30, 2022.

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

11 DATE OF AUTHORIZATION

11.1 These interim financial statements was approved by the Board of Directors of the Company and authorized for issue on October 31, 2022.


Abida Mukhtar
Chief Executive Officer


Shahid Ameen Chaudhry
Chief Financial Officer


Nilofar Mukhtar
Director

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TEXTILE MILLS LIMITED

HEAD OFFICE: H.No. 37, Street No.14,
Cavalry Ground, Lahore-Cantt.
Phones: (042) 36610643-44