



Interim Financial Report
Quarter ended
December 31, 2020
(Un-audited)



Sally Textile Mills Limited

CONTENTS

Company Information	02
Directors' Review	03
<i>Independent Auditor's Review Report</i>	05
<i>Condensed Interim Statement of Financial Position</i>	06
<i>Condensed Interim Statement of Profit or Loss</i>	08
<i>Condensed Interim Statement of Comprehensive Income</i>	09
<i>Condensed Interim Statement of Cash Flows</i>	10
<i>Condensed Interim Statement of Changes in Equity</i>	12
<i>Notes to the Condensed Interim Financial Information</i>	13

Company Information

Board Of Directors

Mian Iqbal Salahuddin	Chief Executive Officer
Mst. Munira Salahuddin	
Mian Yousaf Salahuddin	
Mian Asad Salahuddin	
Mian Sohail Salahuddin	
Muhammad Khalil Latif	
Syed Abid Raza Zaidi	
Usman Shahid	

Audit Committee

Muhammad Khalil Latif	Chairman
Mian Asad Salahuddin	Member
Mian Sohail Salahuddin	Member
Syed Abid Raza Zaidi	Secretary

Human Resources & Remuneration Committee

Muhammad Khalil Latif	Chairman
Mst. Munira Salahuddin	Member
Mian Sohail Salahuddin	Member

Chief Financial Officer

Mr. Hasan Shahnawaz

Company Secretary

Syed Abid Raza Zaidi

Auditors

M/s Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Bankers

National Bank Of Pakistan
Silk Bank Limited
The Bank of Punjab
Meezan Bank Limited
Habib Bank Limited

Registered Office

67-C1 Gulberg III, Lahore.
Phones : (042) 35754378
E-mail : sallytex@hotmail.com
Fax : (042) 35754394

Mills

Muzaffargarh Road, Jauharabad
Phones: (0454) 720645, 720546, 720311

Directors' Review

The Directors of **Sally Textile Mills Limited** ("the Company") present the half year report of the Company for the period ended 31st December 2020.

Overview - Performance review

During the period under review, mill operations had been shut down due to negative viability. As evident from our accounts, there was no business conducted.

The financial results in a summarized form are given hereunder:

Description	Six months ended December 31, 2020 <i>Rupees '000'</i>	Six months ended December 31, 2019 <i>Rupees '000'</i>
Turnover-net	-	-
Gross (Loss)/Profit	(1,867)	(20,142)
Loss before tax	(8,090)	(138,629)
Loss after tax	(8,090)	(138,629)

Loss per share

Loss per share of your company for ended December 31, 2020 is Rs. (9.22) as compared to Rs. (15.72) for the comparative period ended December 31, 2019.

Acknowledgement

Yours directors record with appreciation the resolve of company's limited staff members who are continuing their efforts to manage this present predicament. Your directors also extend their appreciation to all company's stakeholders for their cooperation.

For and on behalf of the board



MIAN IQBAL SALAHUDDIN
Chief Executive Officer

Date: **February 25, 2021**
Lahore.

ڈائریکٹر ان رپورٹ

معزز ممبران: اسلام و علیکم

آپ کی کمپنی صلی ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹر ان سال رواں کے چھ ماہی بمطابق 31 دسمبر 2020ء کے نظر ثانی شدہ حسابات پیش کر رہے ہیں۔

پاکستانی ٹیکسٹائل سیکٹر میں بہتری کے امکانات محسوس کیے جا رہے ہیں اندرونی اور بیرونی خرید و فروخت کے بارے میں انکوائریز ابتدائی مراحل میں شروع ہو چکی ہیں۔ تاہم ابھی نتائج ظاہر نہیں ہو پارہے۔

روپے کی مالیت میں گراوٹ بھی اسی سیکٹر میں بہتری کی توقع کا حامل ہو سکتی ہے تاہم سیاست کے بدترین حالات ملک کے مجموعی کاروبار پر اثر انداز ہو رہے ہیں۔

کارکردگی:

دوران دوسری سہ ماہی منفی رجحانات کی بنا پر کمپنی کی پیداوار اور کاروبار معطل کر دیا گیا ہے، جو موجودہ حسابات میں دیکھا جاسکتا ہے۔

چھ ماہی مالیاتی نتائج درج ذیل ہیں:-

Description	Six months ended December 31, 2020 Rupees '000'	Six months ended December 31, 2019 Rupees '000'
Turnover-net	-	-
Gross (Loss)/Profit	(1,867)	(20,142)
Loss before tax	(8,090)	(138,629)
Loss after tax	(8,090)	(138,629)

اظہار تشکر:

ڈائریکٹر ان، کمپنی کی ذمہ داران، کارگیروں اور محنت کشوں کی کاوشوں کو تحسین کی نگاہ سے دیکھتے ہیں۔

دیگر کرم فرماؤں، مالیاتی اداروں، خام مال کے مہیا کنندگان، خریدار اور واسطہ یا بالواسطہ خدمات دینے والوں کو خراج تحسین پیش کرتے ہیں۔

والسلام

منجانب بورڈ



میاں اقبال صلاح الدین

چیف ایگزیکٹو آفیسر

لاہور

25 فروری 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of SALLY TEXTILE MILLS LIMITED Report on review of Interim Financial Statements

Introduction

We were engaged to review the accompanying condensed interim statement of financial position of **SALLY TEXTILE MILLS LIMITED** ['the Company'] as at December 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with 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 for the three-month period ended December 31, 2020 of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we were required to review only cumulative figures for the six-month period ended on that date.

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 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. However, because of the matters described in the Disclaimer of Conclusion section of our report, we were unable to conduct significant review procedures that we considered necessary to express a conclusion on these interim financial statements.

Basis for Disclaimer of Conclusion

The Company has not provided us access to its books of account and other information which were necessary for the purpose of our review. As a result, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded elements making up the condensed interim statement of financial position, condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows.

Disclaimer of Conclusion

Due to the significance of the matters described in the 'Basis for Disclaimer of Conclusion' paragraph, we were unable to obtain sufficient appropriate evidence to form a conclusion on the accompanying interim financial statements. Accordingly, we do not express a conclusion on these interim financial statements.

The engagement partner on the review resulting in this independent auditor's review report is **ZUBAIR IRFAN MALIK**.



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore: February 25, 2021

Place: LAHORE



Condensed Interim Statement of Financial Position

as at December 31, 2020

	Note	December 31, 2020	June 30, 2020
		Rupees	Rupees
		(Un-Audited)	(Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized capital</i>			
20,000,000 (June 30, 2020: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid-up capital		87,750,000	87,750,000
Surplus on revaluation of property, plant and equipment		218,498,534	218,498,534
Accumulated loss		(1,383,776,024)	(1,302,873,937)
TOTAL EQUITY		(1,077,527,490)	(996,625,403)
LOAN FROM SPONSORS	6	725,172,741	686,263,737
NON-CURRENT LIABILITIES			
Long term finances		-	-
Employees retirement benefits		101,907,337	101,907,337
Deferred taxation		55,866,523	55,866,523
		157,773,860	157,773,860
CURRENT LIABILITIES			
Trade and other payables		462,816,079	462,843,079
Unclaimed dividend		1,010,033	1,010,033
Short term borrowings		722,537,650	722,780,654
Accrued interest/profit		357,299,212	332,539,876
Current portion of non-current liabilities		310,833,334	310,833,334
		1,854,496,308	1,830,006,976
TOTAL LIABILITIES		2,012,270,168	1,987,780,836
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		1,659,915,419	1,677,419,170

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

Lahore

Date :February 25, 2021

MIAN IQBAL SALAHUDDIN
Chief Executive

HASSAN SHAHNAWAZ
Chief Financial Officer

MIAN YOUSAF SALAHUDDIN
Director

Condensed Interim Statement of Financial Position

as at December 31, 2020

	Note	December 31, 2020	June 30, 2020
		Rupees	Rupees
		(Un-Audited)	(Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	842,890,305	861,233,464
Long term deposits		11,243,604	11,243,604
		854,133,909	872,477,068
CURRENT ASSETS			
Stores, spares and loose tools		80,622,598	80,622,598
Stock in trade		565,440,498	565,440,498
Trade debts		96,588,062	96,587,770
Advances, deposits, prepayments and other receivables		48,079,710	48,033,149
Current taxation		11,771,406	11,764,760
Cash and bank balances		3,279,236	2,493,327
		805,781,510	804,942,102
TOTAL ASSETS		1,659,915,419	1,677,419,170

The annexed notes from 1 to 16 form an integral part of these interim financial statements.



Lahore
Date :February 25, 2021

MIAN IQBAL SALAHUDDIN
Chief Executive



HASSAN SHAHNAWAZ
Chief Financial Officer



MIAN YUSAF SALAHUDDIN
Director

Condensed Interim Statement of Profit or Loss (Un-audited)

for the six month period ended December 31, 2020

	Note	Six month ended		Three month ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		Rupees	Rupees	Rupees	Rupees
Sales - net		-	-	-	-
Cost of sales	9	(18,669,411)	(20,142,000)	(9,038,582)	(10,511,000)
Gross loss		(18,669,411)	(20,142,000)	(9,038,582)	(10,511,000)
Administrative and general expenses		(4,911,340)	(9,516,000)	(3,769,847)	(5,067,000)
Operating loss		(23,580,751)	(29,658,000)	(12,808,429)	(15,578,000)
Finance cost		(24,759,336)	(79,755,000)	(1,890,416)	(41,414,000)
Notional interest		(32,562,000)	(28,527,000)	(15,812,690)	(13,720,000)
Loss before taxation		(80,902,087)	(137,940,000)	(30,511,535)	(70,712,000)
Taxation	10	-	-	-	-
Loss after taxation		(80,902,087)	(137,940,000)	(30,511,535)	(70,712,000)
Loss per share - basic and diluted		(9,219.61)	(15,719.66)	(3,477.10)	(8,058.35)

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

Lahore
Date :February 25, 2021


MIAN IQBAL SALAHUDDIN
Chief Executive


HASSAN SHAHNAWAZ
Chief Financial Officer


MIAN YUSAF SALAHUDDIN
Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the six month period ended December 31, 2020

	Six month ended		Three month ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees	Rupees	Rupees	Rupees
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
<i>Items that will not be reclassified to profit or loss</i>	-	-	-	-
Other comprehensive loss	-	-	-	-
Loss after taxation	(80,902,087)	(137,940,000)	(30,511,535)	(70,712,000)
Total comprehensive loss	(80,902,087)	(137,940,000)	(30,511,535)	(70,712,000)

The annexed notes from 1 to 16 form an integral part of these interim financial statements.



MIAN IQBAL SALAHUDDIN
Chief Executive



HASSAN SHAHNAWAZ
Chief Financial Officer



MIAN YOUSAF SALAHUDDIN
Director

Lahore
Date :February 25, 2021

Condensed Interim Statement of Cash Flows (Un-audited)

for the six month period ended December 31, 2020

	December 31, 2020	December 31, 2019
	<i>Rupees</i>	<i>Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(80,902,087)	(137,939,400)
Adjustments for non-cash and other items		
Interest/profit on borrowings	24,759,336	79,754,600
Notional interest	32,562,000	28,527,000
Depreciation	18,343,159	19,383,000
	75,664,495	127,664,600
Operating loss before changes in working capital	(5,237,592)	(10,274,800)
Changes in working capital		
Trade debts	(292)	(1,118,400)
Advances, deposits, prepayments and other receivables	(46,561)	1,110,000
Trade and other payables	(27,000)	(2,920,400)
	(73,853)	(2,928,800)
Net cash used in operations	(5,311,445)	(13,203,600)
Payments for:		
Income tax	(6,646)	-
Net cash used in operating activities	(5,318,091)	(13,203,600)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-

December 31, 2020 December 31, 2019

Rupees

Rupees

CASH FLOWS FROM FINANCING ACTIVITIES

Net (decrease)/increase in short term borrowings	(243,004)	121,000
Loan from sponsors obtained	6,347,004	11,000,000
Net cash generated from financing activities	6,104,000	11,121,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	785,909	(2,082,600)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,493,327	2,502,000
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,279,236	419,400

The annexed notes from 1 to 16 form an integral part of these interim financial statements.



MIAN IQBAL SALAHUDDIN
Chief Executive



HASSAN SHAHNAWAZ
Chief Financial Officer



MIAN YOUSAF SALAHUDDIN
Director

Lahore
Date :February 25, 2021


Condensed Interim Statement of Changes in Equity (Un-audited)

for the six month period ended December 31, 2020

	Share capital	Capital reserve	Revenue reserves	Total equity
	Issued subscribed and paid-up capital Rupees	Surplus on revaluation of property, plant and equipment Rupees	Accumulated loss Rupees	Rupees
Balance as at June 30, 2019 - Audited	87,750,000	222,616,108	(1,052,407,354)	(742,041,246)
Comprehensive loss				
Loss after taxation	-	-	(137,940,000)	(137,940,000)
Other comprehensive loss	-	-	(502,000)	(502,000)
Total comprehensive loss	-	-	(138,442,000)	(138,442,000)
Transaction with owners	-	-	-	-
Incremental depreciation	-	-	-	-
Balance as at December 31, 2019 - Un-audited	87,750,000	222,616,108	(1,190,849,354)	(880,483,246)
Balance as at January 01, 2020- Un-audited	87,750,000	222,616,108	(1,190,849,354)	(880,483,246)
Comprehensive loss				
Loss after taxation	-	-	(116,142,157)	(116,142,157)
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	(116,142,157)	(116,142,157)
Incremental depreciation	-	(4,117,574)	4,117,574	-
Transaction with owners	-	-	-	-
Balance as at June 30, 2020 - Audited	87,750,000	218,498,534	(1,302,873,937)	(996,625,403)
Balance as at July 01, 2020 - Audited	87,750,000	218,498,534	(1,302,873,937)	(996,625,403)
Comprehensive loss				
Loss after taxation	-	-	(80,902,087)	(80,902,087)
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	(80,902,087)	(80,902,087)
Incremental depreciation	-	-	-	-
Transaction with owners	-	-	-	-
Balance as at December 31, 2020 - Un-audited	87,750,000	218,498,534	(1,383,776,024)	(1,077,527,490)

The annexed notes from 1 to 16 form an integral part of these interim financial statements.

Lahore
Date :February 25, 2021


MIAN IQBAL SALAHUDDIN
Chief Executive


HASSAN SHAHNAWAZ
Chief Financial Officer


MIAN YUSAF SALAHUDDIN
Director

Notes to the Condensed Interim Financial Statements (Un-audited)

for the six months period ended December 31, 2020

1 LEGAL STATUS AND OPERATIONS

Sally Textile Mills Limited [‘the Company’] is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at 67-C1, Gulberg III, Lahore. The manufacturing facility, including the power generation unit, is located at Joharabad District Khushab in the Province of Punjab.

2 BASIS OF PREPARATION

The interim financial statements are un-audited and has been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2020.

This interim financial statements have been subjected to limited scope review by the auditors of the company, as required by the Companies Act, 2017 under section 237. The comparative condensed interim statement of financial position as at June 30, 2020 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and related notes to the condensed interim financial statements for the six month period ended December 31, 2019 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended December 31, 2020 and December 31, 2019 are neither audited nor reviewed.

2.1 Statement of compliance

These interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

- International Accounting Standard 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 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.

2.2 Basis of measurement

These interim financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value/amortized cost and employees retirement benefits at present value. In these interim financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Appropriateness of the going concern assumption

The Company has been facing operational losses due to decrease in selling prices in local as well as international markets, the on-going power crises, dumping of Indian yarn at low prices along with other factors, including economic instability and unfavourable textile policy of the Government, affecting the textile industry. The Company has not been able to utilize its production capacity at an optimum level due to which the desired profitability remained unachieved.

As a result, the Company has incurred loss after taxation of Rs. 80.902 million during the period ended December 31, 2020. As at December 31, 2020, the Company has accumulated losses of Rs. 1,383.776 million and its current liabilities exceed its current assets by Rs. 1,048.715 million. These factors raise doubts about the Company's ability to continue as a going concern. However, these financial statements have been prepared on going concern basis based on the following:

- a) Management is optimistic that the government will ban the dumping of Indian yarn in our local markets to help the local industry. Meanwhile the textile sector, through APTMA forum has also forwarded a petition to impose anti-dumping and anti-subsidy duty on Indian yarn.
- b) The Company has continued financial support of its sponsors in the form of interest free loans. During the period, the sponsors provided financial support amounting to Rs. 69 million in the form of long term interest free loans. Further, the sponsors have extended the repayment tenor of long term loans provided by them to June 30, 2021 (see note 6).

Notes to the Condensed Interim Financial Statements (Un-audited)

for the six months period ended December 31, 2020

2.4 Judgments, estimates and assumptions

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 of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.5 Functional currency

These interim financial statements are prepared in Pak Rupees which is the Company's functional currency.

2.6 Date of authorisation for issue

These interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on February 22, 2021.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures, except as stated otherwise.

3.1 Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

3.2 Definition of a Business (Amendments to IFRS 3 - Business Combinations)

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

3.3 Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Notes to the Condensed Interim Financial Statements (Un-audited)

for the six months period ended December 31, 2020

3.4 Interest Rate Benchmark Reform (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

3.5 Covid-19 - Related Rent Concessions (Amendment to IFRS 16 - Leases)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	January 01, 2023
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards).	January 01, 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	January 01, 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	January 01, 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	January 01, 2022
Annual Improvements to IFRS Standards 2018–2020.	January 01, 2022
Amendments to IFRS 17	January 01, 2023
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 - Leases).	January 01, 2021

Other than afore mentioned standards, interpretations and amendments, IABS has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan [“SECP”]:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 14 - Regulatory Deferral Accounts
IFRS 17 – Insurance contracts (2017)

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2020.

Notes to the Condensed Interim Financial Statements (Un-audited)

for the six months period ended December 31, 2020

	Note	December 31, 2020	June 30, 2020
		Rupees (Un-Audited)	Rupees (Audited)
6	LOAN FROM SPONSORS		
Loan from sponsors	6.1	813,347,003	807,000,000
Less: unamortized notional interest		(88,174,262)	(120,736,263)
		725,172,741	686,263,737

6.1 This loan has been obtained from sponsors of the Company and is unsecured and interest free. The loan is payable by June 30, 2025. The loan has been carried at amortized cost which has been determined using a discount rate of 9.85%, being the average effective borrowing rate of the Company. This Loan subordinate to long term and short term finances obtained from various banking institutions.

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no significant change in the status of contingencies since June 30, 2020.

7.2 Commitments

7.2.2 The Company is committed to pay Rs. 220,000 for every month it occupies the office premises owned by the directors of the Company.

	Note	December 31, 2020	June 30, 2020
		Rupees (Un-Audited)	Rupees (Audited)
8	FIXED ASSETS		
Operating fixed assets	8.1	842,890,305	861,233,464
		842,890,305	861,233,464

8.1 Operating fixed assets

Net book value at the beginning of the period/year	861,233,464	899,998,866
Depreciation for the period/year	(18,343,159)	(38,765,402)
Net book value at the end of the period/year	842,890,305	861,233,464

	Six month ended	Three month ended
	December 31, 2020	December 31, 2019
	Rupees (Un-Audited)	Rupees (Un-Audited)

9 COST OF SALES

Salaries, wages and benefits	691,000	1,059,000	638,450	1,006,000
Vehicle running and maintenance	48,760	132,000	(2,050)	81,000
Depreciation	17,904,781	18,859,000	8,475,527	9,430,000
Others	24,870	92,000	(73,345)	(6,000)
Manufacturing cost	18,669,411	20,142,000	9,038,582	10,511,000

Finished goods

As at beginning of the period	108,894,900	108,895,000	108,894,900	108,895
As at end of the period	(108,894,900)	(108,895,000)	(108,894,900)	(108,895)

	-	-	-	-
	18,669,411	20,142,000	9,038,582	10,511,000

Notes to the Condensed Interim Financial Statements (Un-audited)

for the six months period ended December 31, 2020

10 PROVISION FOR TAXATION

- 10.1 No Provision for taxation has been made as the Company has nil income during the period.
- 10.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise key management personnel and sponsors of the Company. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the period or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Mian Iqbal Salahuddin	Key management personnel	Chief executive officer	17.59%
Ms. Munira Salahuddin	Key management personnel	Director	18.38%
Mian Asad Salahuddin	Key management personnel	Director	17.71%
Mian Yousaf Salahuddin	Key management personnel	Director	17.59%
Mian Sohail Salahuddin	Key management personnel	Director	0.0570%
Muhammad Khalil Latif	Key management personnel	Director	0.0057%
Syed Abid Raza Zaidi	Key management personnel	Director	0.0285%

Transactions with sponsors are limited to provision of interest free loans to the Company and rental payments for office premises used by the Company. Details of transactions and balances with related parties is as follows:

		Six months ended	
		December 31, 2020	December 31, 2019
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
11.1 Transactions with related parties			
Nature of relationship	Nature of transaction		
Sponsors	Long term loan	6,347,004	11,000,000
	Rent paid	-	1,320,000
		December 31, 2020	June 30, 2020
		Rupees	Rupees
		(Un-Audited)	(Audited)
11.2 Balances with related parties			
Nature of relationship	Nature of balances		
Key management personnel	Short term employee benefits	592,000	592,000
Sponsors	Long term loan	813,347,003	818,812,000
	Borrowings	311,000	3,110,000

Notes to the Condensed Interim Financial Statements (Un-audited)

for the six months period ended December 31, 2020

12 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

	December 31, 2020	June 30, 2020
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
12.1 Financial assets		
<i>Cash in hand</i>	808,750	22,841
<i>Financial assets at amortized cost</i>		
Long term deposits	11,243,604	11,243,604
Trade debts	96,588,062	96,587,770
Advances to employees	9,744,543	12,877,167
Security deposits	-	1,613,107
Insurance claims receivable	1,922,460	1,922,460
Bank balances	2,470,486	2,493,327
	121,969,155	126,737,435
	122,777,905	126,760,276
	December 31, 2020	June 30, 2020
	<i>Rupees</i>	<i>Rupees</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
12.2 Financial liabilities		
<i>Financial liabilities at amortized cost</i>		
Loan from sponsors	725,172,741	686,263,737
Long term finances	310,833,334	83,333,334
Short term borrowings	722,537,650	722,780,654
Accrued interest/profit	357,299,212	332,539,876
Trade creditors	141,542,669	141,542,669
Accrued liabilities	184,150,159	187,152,580
Unclaimed dividend	1,010,033	1,010,033
	2,442,545,798	2,154,622,883

13 FAIR VALUE MEASUREMENTS

The Company measures some of its financial assets at fair value. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

13.1 Financial Instruments

There are no recurring or non-recurring fair value measurements as at the reporting date. The management considers the carrying amount of all the financial instruments to approximate their fair values.

13.2 Assets and liabilities other than financial instruments.

Notes to the Condensed Interim Financial Statements (Un-audited)

for the six months period ended December 31, 2020

13.2.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	December 31, 2020	June 30, 2020
	Rupees	Rupees	Rupees	Rupees	Rupees
				(Un-Audited)	(Audited)
Land	-	142,835,000	-	142,835,000	142,835,000
Buildings on land	-	173,106,390	-	173,106,390	177,545,015
Plant and machinery	-	484,108,258	-	484,108,258	496,521,290
Electric installation	-	33,488,968	-	33,488,968	34,347,659
Laboratory equipment	-	2,897,366	-	2,897,366	3,049,859
Fire fighting equipment	-	581,742	-	581,742	612,360

For fair value measurements categorised into Level 2 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 7.142 million (June 30, 2020: Rs. 7.142 million).
Buildings on land	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 8.655 million (June 30, 2020: Rs. 8.877 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 24.205 million (June 30, 2020: Rs. 24.826 million).

Notes to the Condensed Interim Financial Statements (Un-audited)

for the six months period ended December 31, 2020

	Valuation technique	Significant inputs	Sensitivity
Electric installation	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would results in a significant increase in fair value of electric installation by Rs. 1.674 million (June 30, 2020: Rs. 1.717 million).
Laboratory equipment	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would results in a significant increase in fair value of laboratory equipment by Rs. 144,868 (June 30, 2020: Rs. 152,493).
Fire fighting equipment	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would results in a significant increase in fair value of fire fighting equipment by Rs. 29,087 (June 30, 2020: Rs. 30,618).

There were no transfers between fair value hierarchies during the year.

13.2.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

14 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in these interim financial statements.

15 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these interim financial statements.

Notes to the Condensed Interim Financial Statements (Un-audited)

for the six months period ended December 31, 2020

16 GENERAL

- 16.1 There are no other significant activities since June 30, 2020 affecting the interim financial statements.
- 16.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.
- 16.3 Figures have been rounded off to the nearest thousand rupees.



MIAN IQBAL SALAHUDDIN
Chief Executive



HASSAN SHAHNAWAZ
Chief Financial Officer



MIAN YOUSAF SALAHUDDIN
Director

Lahore
Date :February 25, 2021

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