KOHINOOR POWER COMPANY LIMITED

HALF YEAR REPORT (Audited)

31-12-2022

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	Chairman
Mr. Muhammad Zeid Yousuf Saigol	Chief Executive Officer
Mr. Muhammad Murad Saigol	
Mr. Muhammad Omer Farooq	
Mr. Muhammad Athar Rafiq	
Mr. Muhammad Asif	
Mrs. Sadaf Kashif	

AUDIT COMMITTEE

Mr. Muhammad Asif	Chairman/Member
Mr. Muhammad Omer Farooq	Member
Mr. Muhammad Athar Rafiq	Member
Mrs. Sadaf Kashif	Member

HR & REMUNERATION COMMITTEE

Mr. Muhammad Asif	Chairman
Mr. M. Naseem Saigol	Member
Mr. Muhammad Zeid Yousuf Saigol	Member

COMPANY SECRETARY
Mr. Liaquat Ali

CHIEF FINANCIAL OFFICER
Mr. Zahoor Ahmed

AUDITORS
M/s Rahman Sarfaraz Rahim Iqbal Rafiq & Co.
Chartered Accountants

REGISTRATION NUMBER
0025880

NTN
1351003-7

WEBSITE
www.kpcl.com.pk

BANKERS
Askari Bank Limited
MCB Bank Limited
National Bank of Pakistan
United Bank Limited
Sindh Bank Limited

REGISTERED OFFICE
17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.
Tel: 042-35715029-31 Fax: 042-35715105
E-mail: shares@saigols.com

WORKS
Kohinoor Nagar, Faisalabad.
51-KM, Multan Road, Lahore.

SHARE REGISTRAR
M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel: 35916714-19, 35839182 Fax: 35869037
E-mail: shares@corplink.com.pk

DIRECTORS' REPORT

The Directors' of the Company presented before the Shareholders their report along with Interim Financial Statements for the period ended December 31, 2022.

Financial High Lights	Half Year Ended Dec 31, 2022	Half Year Ended Dec 31, 2021
Rental Income	8.926	8.660
Gross Profit	1.234	1.244
Loss before Tax	(0.110)	(1.897)
Loss after Tax	(6.348)	(1.573)
Earing per Share	(0.00)	(0.12)

OPERATING FINANCIAL RESULTS

During the period under review, the Company earned revenue of Rs. 8.926 million as against Rs. 8.660 million in the corresponding period last year. The Company suffered loss of Rs. (0.110) million as compared to loss of Rs. (1.897) million with an EPS of Rs. (0.00) in comparison to Rs. (0.12) in the corresponding period last year. The said decrease of loss mainly due to increase in value of its investment in equity market.

FUTURE OUTLOOK

We are hopeful that the loss in investment in equity Stock will be recovered as stock market index improve in future.

COMPOSITION OF BOARD

Composition of the Board of Directors is as under.

TOTAL NUMBER OF DIRECTORS	
Male	6
Female	1
COMPOSITION	
Independent Directors/ Female Director	Mr. Muhammad Asif
	Mrs. Sadaf Kashif
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. Muhammad Murad Saigol
	Mr. Muhammad Athar Rafiq
Executive Directors	Mr. Muhammad Zeid Yousuf Saigol
	Mr. Muhammad Omer Farooq

COMMITTEE'S

Detail of Committee's of Board is as under.

AUDIT COMMITTEE

Mr. Muhammad Asif	Chairman/Member
Mr. Muhammad Omer Farooq	Member
Mr. Muhammad Athar Rafiq	Member
Mrs. Sadaf Kashif	Member

HR & REMUNERATION COMMITTEE

Mr. Muhammad Asif	Chairman/Member
Mr. M. Naseem Saigol	Member
Mr. Muhammad Zeid Yousuf Saigol	Member

We wish to thank to the shareholders for their support. We are pleased to record our appreciation of the services rendered by the employees of the company and hope that the same spirit of devotion will continue in future.

For and on behalf of the Boards

Lahore
February 28, 2023

M. ZEID YOUSUF SAIGOL
Chief Executive

M. MURAD SAIGOL
Director

KOHINOOR POWER COMPANY LIMITED

ڈائریکٹرز رپورٹ:

کمپنی کے ڈائریکٹران نے کمپنی شیئر ہولڈرز کے سامنے ان کی رپورٹ ہمراہ عبوری مالی سٹیٹمنٹ برائے دورانیہ 31 دسمبر 2022 پیش کی۔

آپریشنل نتائج

زیرِغور دورانیہ میں کمپنی نے 8.926 ملین روپے کا ریونیو کمایا جبکہ گزشتہ سال اسی عرصے میں 8.660 ملین روپے کا ریونیو کمایا تھا۔کمپنی زیرِ جائزہ دورانیہ میں (0.110) ملین روپے نقصان میں رہی جو گزشتہ سال (1.897) روپے تھا، کے ساتھ فی حصص آمدنی (0.00) کے موازنہ میں (0.12) تھی۔اس نقصان میں کمی کی بڑی وجہ کمپنی کی ایکوئٹی مارکیٹ میں اپنی سرمایہ کاری کی قیمت میں اضافہ ہے۔

مستقبل کا نقطہ نظر

ہم پُر امید ہیں کہ مستقبل میں جیسے ہی اسٹاک مارکیٹ انڈیکس میں بہتری آئے گی، ایکویٹی اسٹاک میں سرمایہ کاری میں ہونے والے نقصان کا ازالہ ہو جائے گا۔

بورڈ کی ساخت

بورڈ آف ڈائریکٹرز کی ساخت درج ذیل ہے۔

کل ڈائریکٹرز کی تعداد	
مرد	6
عورت	1
ساخت	
آزاد ڈائریکٹرز / فیمیل ڈائریکٹر	جناب محمد آصف محترمہ صدف کاشف
نان ایگزیکٹو ڈائریکٹرز	جناب محمد نسیم سہگل جناب محمد مراد سہگل جناب محمد اطہر رفیق
ایگزیکٹو ڈائریکٹرز	جناب محمد زید یوسف سہگل جناب محمد عمر فاروق

کمیٹیز

بورڈ کی کمیٹیز کی تفصیل درج ذیل ہے۔

آڈٹ کمیٹی

جناب محمد آصف	چیئرمین / ممبر
جناب محمد عمر فاروق	ممبر
جناب محمد اطہر رفیق	ممبر
محترمہ صدف کاشف	ممبر

ایچ آر اینڈ ریمنریشن کمیٹی

جناب محمد آصف	چیئرمین / ممبر
جناب محمد نسیم سہگل	ممبر
جناب محمد زید یوسف سہگل	ممبر

ہم تمام حصہ داران کے بھرپور تعاون کے تہہ دل سے مشکور ہیں۔ہم یہ اعلان کرتے ہوئے خوشی محسوس کرتے ہیں کہ کمپنی اپنے ملازمین کو سراہتے ہوئے یہ امید کرتی ہے کہ وہ اسی انداز میں آئندہ بھی اپنے فرائض سرانجام دیتے رہیں گے۔

منجانب و برائے بورڈ:

چیف ایگزیکٹیو

ڈائریکٹر

لاہور

28 فروری، 2023

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

72-A, Faisal Town,
Lahore - 54770, Pakistan.

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INDEPENDENT AUDITOR'S REPORT

To the members of KOHINOOR POWER COMPANY LIMITED
Report on the Audit of the Interim Financial Statements

Opinion

We have audited the annexed financial statements of **KOHINOOR POWER COMPANY LIMITED** ['the Company'], which comprise the interim statement of financial position as at **31 December 2022**, the interim statement of profit or loss, the interim statement of comprehensive income, the interim statement of changes in equity, the interim statement of cash flows for the six-month period then ended, and notes to the interim financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the interim statement of financial position, the interim statement of profit or loss, the interim statement of comprehensive income, the interim statement of changes in equity and the interim statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **31 December 2022** and of the loss, other comprehensive income, the changes in equity and its cash flows for the six-month period then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ['ISAs'] as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan ['the Code'] and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the interim financial statements of the current period. We have determined that there are no key audit matters to report.

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies

Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of user taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the interim statement of financial position, the interim statement of profit or loss, the interim statement of comprehensive income, the interim statement of changes in equity and the interim statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **ALI RAZA JAFFERY.**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Lahore | 28 February 2023

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ ★ CHARTERED ACCOUNTANTS

UDIN: AR202210704EPcMZ1N9f

KOHINOOR POWER COMPANY LIMITED

INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31-Dec-22	30-Jun-22
		Rupees	*Rupees*
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	6	**200,000,000**	200,000,000
Issued share capital	7	**126,000,000**	126,000,000
Share premium	8	**34,000,000**	34,000,000
General reserve	9	**235,500,000**	235,500,000
Accumulated losses		**(266,887,592)**	(266,881,244)
TOTAL EQUITY		**128,612,408**	128,618,756
NON-CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Trade and other payables	10	**790,209**	731,726
Unclaimed dividend	11	**527,881**	527,881
		1,318,090	1,259,607
TOTAL LIABILITIES		**1,318,090**	1,259,607
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		**129,930,498**	129,878,363

The annexed notes from 1 to 43 form an integral part of these financial statements.

Director **Chief Financial Officer** **Chief Executive**

RSRIR
for identification only

KOHINOOR POWER COMPANY LIMITED

INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31-Dec-22	30-Jun-22
		Rupees	*Rupees*
ASSETS			
NON-CURRENT ASSETS			
Plant and equipment	13	**81,772,210**	84,602,586
Investment property	14	**3,098,384**	3,261,457
		84,870,594	87,864,043
CURRENT ASSETS			
Stores and spares	15	**1,000,020**	1,150,000
Lease rentals receivable	16	**11,033,470**	9,812,270
Advances and other receivables	17	**21,985,548**	20,585,952
Short term investments	18	**379,965**	2,178,745
Current taxation	19	**4,411,282**	3,762,038
Cash and bank balances	20	**6,249,619**	4,525,315
		45,059,904	42,014,320
TOTAL ASSETS		**129,930,498**	129,878,363

The annexed notes from 1 to 43 form an integral part of these financial statements.

Director

Chief Financial Officer

Chief Executive

RSRIR
for identification only

KOHINOOR POWER COMPANY LIMITED

INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Note	Six-month period ended		Three-month period ended	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		Rupees	*Rupees*	*Rupees*	*Rupees*
		[Audited]	[Un-Audited]	[Audited]	[Un-Audited]
Rental income	21	**8,926,011**	8,660,100	**4,462,956**	4,330,050
Direct cost	22	**(7,691,873)**	(7,415,692)	**(4,145,599)**	(3,609,892)
Gross profit		**1,234,138**	1,244,408	**317,357**	720,158
Administrative expenses	23	**(1,170,775)**	(882,768)	**(367,387)**	(458,503)
Other expenses	24	**(549,164)**	(2,339,493)	**(328,599)**	(1,177,662)
		(1,719,939)	(3,222,261)	**(695,986)**	(1,636,165)
		(485,801)	(1,977,853)	**(378,629)**	(916,007)
Other income	25	**375,593**	79,995	**194,757**	44,685
Operating loss		**(110,208)**	(1,897,858)	**(183,872)**	(871,322)
Finance cost	26	**(1,230)**	(812)	**-**	-
Loss before taxation		**(111,438)**	(1,898,670)	**(183,872)**	(871,322)
Provision for taxation	27	**105,090**	325,121	**160,878**	395,368
Loss after taxation		**(6,348)**	(1,573,549)	**(22,994)**	(475,954)
Loss per share - *basic and diluted*	28	**(0.00)**	(0.12)	**(0.00)**	(0.04)

The annexed notes from 1 to 43 form an integral part of these financial statements.

Director | Chief Financial Officer | Chief Executive

RSRIR
for identification only

KOHINOOR POWER COMPANY LIMITED

INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Six-month period ended		Three-month period ended	
	31-Dec-22	31-Dec-21	**31-Dec-22**	31-Dec-21
	Rupees	*Rupees*	***Rupees***	*Rupees*
	[Audited]	[Un-Audited]	**[Audited]**	[Un-Audited]
Other comprehensive income	-	-	-	-
Loss after taxation	**(6,348)**	(1,573,549)	**(22,994)**	(475,954)
Total comprehensive loss	**(6,348)**	(1,573,549)	**(22,994)**	(475,954)

The annexed notes from 1 to 43 form an integral part of these financial statements.

Director

Chief Financial Officer

Chief Executive

RSRIR
for identification only

KOHINOOR POWER COMPANY LIMITED

INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Share capital	Capital reserves			
	Issued share capital	Share premium	General reserve	Accumulated losses	Total equity
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*
As at 01 July 2022 - [Audited]	126,000,000	34,000,000	235,500,000	(263,643,162)	131,856,838
Comprehensive income					
Loss after taxation	-	-	-	(1,573,549)	(1,573,549)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(1,573,549)	(1,573,549)
Transaction with owners	-	-	-	-	-
As at 31 December 2021 - [Un-audited]	126,000,000	34,000,000	235,500,000	(265,216,711)	130,283,289
As at 01 January 2022 - [Un-audited]	126,000,000	34,000,000	235,500,000	(265,216,711)	130,283,289
Comprehensive income					
Loss after taxation	-	-	-	(1,664,533)	(1,664,533)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(1,664,533)	(1,664,533)
Transaction with owners	-	-	-	-	-
As at 30 June 2022 - [Audited]	126,000,000	34,000,000	235,500,000	(266,881,244)	128,618,756
As at 01 July 2022 - [Audited]	**126,000,000**	**34,000,000**	**235,500,000**	**(266,881,244)**	**128,618,756**
Comprehensive income					
Loss after taxation	**-**	**-**	**-**	**(6,348)**	**(6,348)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss	**-**	**-**		**(6,348)**	**(6,348)**
Transaction with owners	**-**	**-**	**-**	**-**	**-**
As at 31 December 2022 - [Audited]	**126,000,000**	**34,000,000**	**235,500,000**	**(266,887,592)**	**128,612,408**

The annexed notes from 1 to 43 form an integral part of these financial statements.

Director | Chief Financial Officer | Chief Executive

RSRIR
for identification only

KOHINOOR POWER COMPANY LIMITED

INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

	Note	Six-month period ended	
		31-Dec-22	31-Dec-21
		Rupees	*Rupees*
		[Audited]	[Un-Audited]
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	*29*	**868,862**	296,154
Payments for:			
Income tax		**(544,154)**	(456,848)
Net cash generated from operating activities		**324,708**	(160,694)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of short term investments		**(4,420,685)**	(99,471,603)
Proceeds from disposal of short term investments		**5,820,281**	100,514,997
Net cash used in investing activities		**1,399,596**	1,043,394
CASH FLOW FROM FINANCING ACTIVITIES		**-**	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,724,304**	882,700
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR		**4,525,315**	2,102,203
CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR	*30*	**6,249,619**	2,984,903

The annexed notes from 1 to 43 form an integral part of these financial statements.

Director | Chief Financial Officer | Chief Executive

RSRIR
for identification only

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

1 LEGAL STATUS AND OPERATIONS

Kohinoor Power Company Limited ['the Company'] was incorporated in Pakistan on 08 December 1991 as a Private Limited Company under repealed Companies Ordinance, 1984 (now Companies Act, 2017) and subsequently converted into Public Limited Company on 10 May 1992. Its shares are listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore, Pakistan. The Company was initially engaged in generation and sale of electric power.

Subsequently, the Company amended its memorandum of association to include in its objects, leasing out of its machinery and buildings under operating lease arrangements, as and when considered fit.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards ['IFRS'] issued by the International Accounting Standards Board ['IASB'] as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards ['IFAS'] issued by Institute of Chartered Accountants of Pakistan 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 from the IFRS and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Amalgamation with Saritow Spinning Mills Limited

The Board of Directors of the Company and Saritow Spinning Mills Limited in that respective meeting held on 06 October 2018 considered and, in principle, approved amalgamation of the Company into Saritow Spinning Mills Limited ['SSML'] in terms of provisions of the Companies Act, 2017.

The scheme of arrangement is being prepared for presentation to the Boards of both Companies and shall be subject to various legal/regulatory permissions, approvals and sanctions.

The proposed amalgamation, once affected, will result in amalgamation of the Company into SSML and is expected to benefit shareholders of both companies.

2.3 Appropriateness of the Going Concern Assumption

These interim financial statements have been prepared on going concern basis as the proposed amalgamation referred to in note 2.2 will not result in liquidation of the Company or ceasation of its operations, but instead the operations of the Company will be continued by SSML for the foreseeable future.

2.4 Basis of measurement

These interim financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Fair value/amortized cost
Machinery	Revalued amounts
Investment property	Cost less accumulated depreciation/impairment

2.5 Critical accounting judgements and key sources of estimation uncertainty

The preparation of interim financial statements requires management to make judgments, 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 judgments 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, 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.

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2.5.1 Critical accounting judgements

Judgments made by management in the application of accounting and reporting standards that have significant effect on the interim financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

(a) Business model assessment (see note 34.1)

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company determines the business model at a level that reflects how financial assets are managed to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortized cost or fair value that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

(b) Significant increase in credit risk (see note 35.1.1)

As explained in note 35.1.1, expected credit losses ['ECL'] are measured, based on the Company's risk grading framework, as an allowance equal to 12-month/lifetime ECL for 'performing' assets, or lifetime ECL for assets categorized as 'doubtful' or 'in default'. An asset is categorized as 'doubtful' when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

2.5.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

(a) Calculation of impairment allowance for expected credit losses on financial assets (see note 35.1.3)

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset. Estimating expected credit losses and changes there in requires taking into account qualitative and quantitative forward looking information. When measuring expected credit losses on financial assets the Company uses reasonable and supportable forward looking information as well as historical data to calculate the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements, if any. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. If the ECL rates on financial assets carried at amortized cost were higher (lower) by 10%, the loss allowance on those assets would have been higher (lower) by Rs. 2,223,585 (30-Jun-22: Rs. 1,769,771). Further information on the Company's credit risk management practices and credit quality and impairment of financial assets is referred to in note 36.1.3.

(b) Taxation provisions (see note 27)

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provisions for current tax and tax contingencies. The credit for current tax is estimated at Rs. 105,090 (31-Dec-21: Rs. 325,121). The management believes that the provision for current tax made in the interim financial statements is sufficient to discharge related tax liability.

Further information on the taxation provisions is referred to in note 27.

(c) Deferred tax assets on unused tax losses and credits (see note 27.5)

Deferred tax assets are recognized for unused tax losses and credits to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Company has Rs. 109.315 million (30-Jun-22: Rs. 116.344 million) of tax losses and credits carried forward as at the reporting date and available to the Company for utilization against future taxable profits. However, the Company has not recognised deferred tax assets amounting to Rs. 8.84 million (30-Jun-22: Rs. 10.53 million) as the temporary differences are not expected to reverse in forseeable future due to expected non-availibility of taxable profits against which temporary differences may be utilized.

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If the Company was able to recognize all unrecognized deferred tax assets, deferred tax assets and equity as at the reporting date would have increased by Rs.8.84 million (30-Jun-22: Rs. 10.53 million).

(d) Revaluation of plant and equipment (see note 13)

Revaluation of plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values. Further information on revalued amounts of plant and equipment is referred to in note 13. Refer to note 36.1.1 for an analysis of sensitivity of revalued amounts of plant and equipment.

(e) Valuation of stores and spares (see note 15).

Valuation of stores and spares is carried out by independent professional valuer by reference to replacement costs.

2.6 Functional currency

These interim financial statements have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these interim financial statements have been rounded to the nearest Rupees unless specified otherwise.

2.7 Date of authorization for issue

These interim financial statements were authorized for issue on 28 February 2023 by the Board of Directors of the Company.

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

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

3.1 Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations)

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

3.2 Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

3.3 Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

3.4 Annual Improvements to IFRS Standards 2018–2020

The annual improvements have made amendments to the following standards:

- **IFRS 1 - First Time Adoption of International Financial Reporting Standards** - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- **IFRS 9 - Financial Instruments** - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- **IFRS 16 - Leases** - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- **IAS 41 - Agriculture** - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

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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)
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
Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)	01 January 2023
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements).	01 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 - Leases)	01 January 2024
Non-current Liabilities with Covenants (Amendments to IAS 1 - Presentation of Financial Statements)	01 January 2024

Other than afore mentioned standards, interpretations and amendments, IASB 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 17 - Insurance contracts

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 not have a material impact on the Company's financial statements other than in presentation/disclosures.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these interim financial statements.

5.1 Plant and equipment

Machinery held for use in the production or supply of goods or services or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such machinery is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land, buildings and plant and machinery is recognized as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

All other items of property, plant and equipment (furniture and fixtures, office equipment and vehicles) are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized in profit or loss, using rates specified in note 13, so as to write off the cost of assets (other than freehold land and assets under construction) over their useful lives, using the reducing balance method. Depreciation commences from the month in which the item is ready for intended use and is discontinued from the month in which the asset is disposed or classified as held for disposal.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Incremental depreciation being the difference between depreciation based on the revalued amounts recognized in profit or loss and depreciation based on the historical cost, net of tax, is reclassified from the revaluation reserve to retained earnings. On the subsequent disposal or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

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An item of plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. The gain or loss arising on the disposal or retirement of such items is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

5.2 Stores and spares

These are generally held for internal use and are valued at cost. Cost is determined on the basis of moving average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held exclusively for capitalization are classified as plant and equipment.

5.3 Employee benefits

5.3.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the accounting and reporting standards as applicable in Pakistan. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

5.3.2 Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to income statement with the exception of remeasurements which are recognized in other comprehensive income. The amount recognized on statement of financial position represents the present value of defined benefit obligation.

5.4 Financial instruments

5.4.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

5.4.2 Classification

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial liabilities are classified in accordance with the substance of contractual provisions. The Company determines the classification of its financial instruments at initial recognition as follows:

(a) Financial assets at amortized cost

These are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cashflows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income

These are:

(i) financial assets held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and

(ii) investments in equity instruments, that are not held for trading nor contingent consideration recognized by the Company as acquirer in a business combination, for which the Company makes an irrevocable election at initial recognition to present changes in fair value on subsequent measurement in other comprehensive income.

(c) Financial assets at fair value through profit or loss

These are financial assets which have not been classified as 'financial assets at amortized cost' or as 'financial assets at fair value through other comprehensive income', are mandatorily measured at fair value through profit or loss or for which the Company makes an irrevocable election at initial recognition to designate as 'financial asset at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

(d) Financial liabilities at amortized cost

These are financial liabilities which are not derivates, financial guarantee contracts, commitments to provide loans at below-market interest rate, contingent consideration payable to an acquirer in a business combination or financial liabilities that arise when transfer of a financial asset does not qualify for derecognition.

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(e) Financial liabilities at fair value through profit or loss

These are financial liabilities which have not been classified as 'financial liabilities at amortized cost' or for which the Company makes an irrevocable election at initial recognition to designate as 'financial liabilities at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

5.4.3 Measurement

The particular measurement methods adopted are disclosed in individual policy statements associated with each financial instrument.

5.4.4 Derecognition

A financial asset is derecognized when the Company's contractual rights to the cash flows from the financial assets expire or when the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the financial asset. A financial liability is derecognized when the Company's obligations specified in the contract expire or a discharged or cancelled.

5.4.5 Off-setting

A financial asset and financial liability is offset and the net amount reported in the statement of financial position if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.4.6 Regular way purchases or sales of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

5.5 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

5.6 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

5.7 Investments in listed equity securities

Investments in listed equity securities held for trading are classified as 'financial assets at fair value through profit or loss'. On initial recognition, these are measured at fair value on the date of acquisition. Subsequent to initial recognition, these are measured at fair value. Changes in fair value are recognized in profit or loss. Gains and losses on de-recognition are recognized in profit or loss. Dividend income is recognized in profit or loss when right to receive payment is established.

5.8 Trade and other payables

5.8.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.8.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

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5.9 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

5.10 Receivables

5.10.1 Financial assets

These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at fair value at the date of transaction, plus attributable transaction costs, except for lease rentals receivable that do not have a significant financing component, which are measured at undiscounted invoice price. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.10.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

5.11 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses, except for freehold land, which is not depreciated.

Properties in the course of construction to earn rentals and/or for capital appreciation are carried at cost, less any recognized impairment loss. Cost includes the cost of material, labour and appropriate overheads directly relating to the construction of the property and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these properties, determined on the same basis as other properties of the same class, commences when the properties are ready for their intended use.

Depreciation is recognized in profit or loss, using rates specified in note 14, so as to write off the cost of properties (other than freehold land and properties under construction) over their useful lives, using the reducing balance method. Depreciation commences from the month in which the property is ready for intended use and is discontinued from the month in which the property is disposed or classified as held for disposal.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss in the period in which the property is derecognised.

5.12 Leases as 'lessor'

The Company enters into lease agreements as a lessor with respect to its investment property. The Company also leases out its machinery.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

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Subsequent to initial recognition, the Company regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9 - Financial Instruments, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Company applies IFRS 15 – Revenue from Contracts with Customers to allocate the consideration under the contract to each component.

5.13 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income ['OCI']. OCI comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by accounting and reporting standards as applicable in Pakistan, and is presented in 'statement of comprehensive income'.

5.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

5.15 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

5.15.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

5.15.2 Deferred taxation

Deferred tax is accounted for using the' balance sheet approach' providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by The Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5.16 Earnings per share ['EPS']

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5.17 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks.

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5.18 Segment reporting

Segment reporting is based on the operating segments that are reported in the manner consistent with internal reporting of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Company is a single operating segment based on internal reporting to the Chief Executive Officer of the Company.

5.19 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

5.20 Impairment

5.20.1 Financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset.

Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to twelve months' expected credit losses, with the exception of lease rentals receivable, for which the Company recognizes lifetime expected credit losses estimated using internal credit risk grading based on the Company's historical credit loss experience, adjusted for factors that are specific to receivables, general economic conditions, and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognized in profit or loss.

5.20.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

5.21 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's interim financial statements in the year in which the dividends are approved by the Company's shareholders.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

5.22 Fair value measurements

'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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in 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:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

6 AUTHORIZED SHARE CAPITAL

31-Dec-22	30-Jun-22		**31-Dec-22**	30-Jun-22
No. of shares	*No. of shares*		***Rupees***	*Rupees*
20,000,000	20,000,000	Ordinary shares of Rs. 10 each	**200,000,000**	200,000,000
20,000,000	20,000,000		**200,000,000**	200,000,000

7 ISSUED SHARE CAPITAL

31-Dec-22	30-Jun-22		**31-Dec-22**	30-Jun-22
No. of shares	*No. of shares*		***Rupees***	*Rupees*
		Ordinary shares of Rs. 10 each		
8,000,000	8,000,000	Issued for cash	**80,000,000**	80,000,000
4,600,000	4,600,000	Issued as bonus shares	**46,000,000**	46,000,000
12,600,000	12,600,000		**126,000,000**	126,000,000

8 SHARE PREMIUM

This represents premium on issue of right ordinary shares recognized under section 83(1) of the repealed Companies Ordinance, 1984.

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9 GENERAL RESERVE

General reserve is primarily being maintained to have adequate resources for future requirements and business operations.

	31-Dec-22	30-Jun-22
	Rupees	*Rupees*
10 TRADE AND OTHER PAYABLES		
Trade creditors	**15,753**	13,732
Accrued liabilities	**684,000**	630,000
Other payables	**90,456**	87,994
	790,209	731,726

11 UNCLAIMED DIVIDEND

This represent dividend on ordinary shares declared in the previous years but not claimed by the shareholders. The Company is in the process of opening a separate bank account for the amount unclaimed in compliance with section 244 of the Companies Act, 2017.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There are no known contingencies other than those related to tax matters as referred to in note 27 to the interim financial statements.

12.2 Commitments

There are no known commitments as at the reporting date.

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13 PLANT AND EQUIPMENT

31-Dec-22

	COST/REVALUED AMOUNT				DEPRECIATION/IMPAIRMENT						Net book
	As at 01-Jul-22	Additions	Disposals	As at 31-Dec-22	Rate	As at 01-Jul-22	For the period	Adjustment	Impairment	As at 31-Dec-22	value as at 31-Dec-22
	Rupees	*Rupees*	*Rupees*	*Rupees*	%	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Machinery	**312,660,853**	-	-	**312,660,853**	**5**	**228,910,853**	**2,093,750**	-	**656,250**	**231,660,853**	**81,000,000**
Furniture and fixtures	**55,792**	-	-	**55,792**	**10**	**50,895**	**245**	-	-	**51,140**	**4,652**
Office equipment	**725,014**	-	-	**725,014**	**10**	**632,247**	**4,639**	-	-	**636,886**	**88,128**
Vehicles	**10,883,935**	-	-	**10,883,935**	**20**	**10,129,013**	**75,492**	-	-	**10,204,505**	**679,430**
	324,325,594	-	-	**324,325,594**		**239,723,008**	**2,174,126**	-	**656,250**	**242,553,384**	**81,772,210**

30-Jun-22

	COST/REVALUED AMOUNT				DEPRECIATION/IMPAIRMENT						Net book
	As at 01-Jul-21	Additions	Disposals	As at 30-Jun-22	Rate	As at 01-Jul-21	For the year	Adjustment	Impairment	As at 30-Jun-22	value as at 30-Jun-22
	Rupees	*Rupees*	*Rupees*	*Rupees*	%	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Machinery	312,660,853	-	-	312,660,853	5	224,310,853	4,417,500	-	182,500	228,910,853	83,750,000
Furniture and fixtures	55,792	-	-	55,792	10	50,351	544	-	-	50,895	4,897
Office equipment	725,014	-	-	725,014	10	621,939	10,308	-	-	632,247	92,767
Vehicles	10,883,935	-	-	10,883,935	20	9,940,283	188,730	-	-	10,129,013	754,922
	324,325,594	-	-	324,325,594		234,923,426	4,617,082	-	182,500	239,723,008	84,602,586

	Note	**31-Dec-22**	30-Jun-22
		Rupees	*Rupees*
13.1 The depreciation charge for the year has been allocated as follows:			
Cost of sales	*22*	**2,093,750**	4,417,500
Administrative expenses	*23*	**80,376**	199,582
		2,174,126	4,617,082

13.2 The Company has leased out machinery amounting to Rs. 81 million (30-Jun-22: Rs. 83.75 million) to a related party.

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13.3 Revaluation of plant and equipment

Most recent valuation of machinery was carried out by an independent valuer, Medallion Services (Private) Limited, on 31 December 2022 and was incorporated in the interim financial statements for the year ended 31 December 2022. For basis of valuation and other fair value measurement disclosures refer to note .

Had there been no revaluation, the cost, accumulated depreciation and net book value of revalued items would have been as follows:

	31-Dec-22		
	Cost *Rupees*	**Accumulated depreciation** *Rupees*	**Net book value** *Rupees*
Machinery	**312,660,853**	**222,083,881**	**90,576,972**

	30-Jun-22		
	Cost *Rupees*	Accumulated depreciation *Rupees*	Net book value *Rupees*
Machinery	312,660,853	219,761,395	92,899,458

13.4 As per most recent valuation, forced sale values of machinery are as follows:

	Rupees
Machinery	68,850,000

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14 INVESTMENT PROPERTY

	31-Dec-22						
	NET BOOK VALUE				DEPRECIATION		Net book value as at 31-Dec-22
	As at 01-Jul-22	Additions	Disposals	As at 31-Dec-22	Rate	For the year	
	Rupees	*Rupees*	*Rupees*	*Rupees*	%	*Rupees*	*Rupees*
Building	**3,261,457**	**-**	**-**	**3,261,457**	**10**	**163,073**	**3,098,384**
	3,261,457	**-**	**-**	**3,261,457**		**163,073**	**3,098,384**

	30-Jun-22						
	NET BOOK VALUE				DEPRECIATION		Net book value as at 30-Jun-22
	As at 01-Jul-21	Additions	Disposals	As at 30-Jun-22	Rate	For the year	
	Rupees	*Rupees*	*Rupees*	*Rupees*	%	*Rupees*	*Rupees*
Building	3,623,841	-	-	3,623,841	10	362,384	3,261,457
	3,623,841	-	-	3,623,841		362,384	3,261,457

14.1 This represents Company building transferred from operating fixed assets at net book value. The fair value of the building valued by an independent valuer, Medallion Services (Private) Limited as at 31 December 2022 amounts to Rs. 16,531,250 (30-Jun-22: Rs. 16,531,250) and the forced sale value as at 31 December 2022 amounts to Rs. 14,051,563 (30-Jun-22: Rs. 14,051,563). The Company has leased out this investment property under operating lease arrangement to a related party.

14.2 Building of the Company is located at College Road, Madina Town, Faisalabad with a covered area of 14,375 Sq.ft (30-Jun-22: 14,375 Sq.ft).

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	Note	31-Dec-22	30-Jun-22
		Rupees	*Rupees*
15 STORES AND SPARES			
Stores and spares		**2,830,575**	2,830,575
Impairment allowance	*15.2*	**(1,830,555)**	(1,680,575)
	15.3	**1,000,020**	1,150,000

15.1 There are no spare parts held exclusively for capitalization as at the reporting date.

	Note	31-Dec-22	30-Jun-22
		Rupees	*Rupees*
15.2 Movement in impairment allowance			
As at the beginning of the year		**1,680,575**	1,593,044
Recognized during the year	*24*	**149,980**	87,531
As the end of the year		**1,830,555**	1,680,575

15.3 The fair value of the stores and spares determined by an independent valuer, Medallion Services (Private) Limited as at 31 December 2022 amounts to Rs. 1,000,020 (30-Jun-22: Rs. 1,150,000) and the forced sale value as at 31 December 2022 amounts to Rs. 850,017 (30-Jun-22: Rs. 977,500).

	Note	31-Dec-22	30-Jun-22
		Rupees	*Rupees*
16 LEASE RENTALS RECEIVABLE			
Lease rentals receivable	*16.1*	**11,033,470**	9,812,270
Impairment allowance for expected credit loss		**-**	-
		11,033,470	9,812,270

16.1 This represents rent receivable from a related party. Maximum balance due from related party at any time during the year amounted to Rs. 11,824,213 (30-Jun-22: Rs. 9,812,270).

	Note	31-Dec-22	30-Jun-22
		Rupees	*Rupees*
17 ADVANCES AND OTHER RECEIVABLES			
Advance to stock broker	*17.1*	**5,047,676**	3,648,080
Sales tax refundable		**16,937,872**	16,937,872
		21,985,548	20,585,952

17.1 These represents advances given to stock broker of the Company against investments in listed equity securities.

18 SHORT TERM INVESTMENTS

These represent investments in listed equity securities. These, being held for trading, are required to be measured at fair value through profit or loss mandatorily. Accordingly, these have been classified as 'financial assets at fair value through profit or loss'. Particulars of investments are as follows:

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	31-Dec-22		30-Jun-22	
	Carrying value	Fair value	Carrying value	Fair value
	Rupees	*Rupees*	*Rupees*	*Rupees*
Haseeb Waqas Sugar Mills Limited 76,500 (30-Jun-22: 76,500) ordinary shares of Rs. 10 each Market value: nil (30-Jun-22: Rs. nil) per share	-	-	-	-
Nishat Chunian Power Limited 2,000 (30-Jun-22: 2,000) ordinary shares of Rs.10 each Market value: 14.23 (30-Jun-22: Rs. 14.91) per share	**29,820**	**28,460**	30,040	29,820
First National Equities Limited 500 (30-Jun-22: 500) ordinary shares of Rs. 10 each Market value: 4.01 (30-Jun-22: 5.85) per share)	**2,925**	**2,005**	5,190	2,925
Ghani Global Glass Limited 50,000 (30-Jun-22: Nil) ordinary shares of Rs. 10 each Market value: 6.99 (30-Jun-22: 11.04) per share)	**638,430**	**349,500**	-	-
Byco Petroleum Pakistan Limited Nil (30-Jun-22: 200,000) ordinary shares of Rs. 10 each Market value: 6.17 (30-Jun-22: Rs. 6.17) per share	-	-	1,489,516	1,234,000
K-Electric Limited Nil (30-Jun-22: 300,000) ordinary shares of Rs. 10 each Market value: 2.70 (30-Jun-22: Rs. 3.04) per share	-	-	1,066,590	912,000
	671,175	**379,965**	2,591,336	2,178,745

		Note	31-Dec-22	30-Jun-22
			Rupees	*Rupees*
19	**CURRENT TAXATION**			
	Advance income tax/income tax refundable		**4,524,357**	3,980,203
	Provision for taxation	*27*	**(113,075)**	(218,165)
			4,411,282	3,762,038
20	**CASH AND BANK BALANCES**			
	Cash in hand		**94,915**	287,959
	Cash at banks			
	Current accounts - *local currency*		**113,539**	113,539
	Deposit/saving accounts - *local currency*	*20.1*	**6,041,165**	4,123,817
			6,154,704	4,237,356
			6,249,619	4,525,315

20.1 Effective interest rate in respect of deposit/saving accounts ranges from 12.25% to 14.5% (30-Jun-22: 5.5% to 12.25%) per annum.

		Six-month period ended		Three-month period ended	
		31-Dec-22	31-Dec-21	**31-Dec-22**	31-Dec-21
		Rupees	*Rupees*	***Rupees***	*Rupees*
		[Audited]	[Un-Audited]	**[Audited]**	[Un-Audited]
21	**RENTAL INCOME**				
	Building rent	**2,926,011**	2,660,100	**1,462,956**	1,330,050
	Machinery rent	**6,000,000**	6,000,000	**3,000,000**	3,000,000
		8,926,011	8,660,100	**4,462,956**	4,330,050

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		Note	Six-month period ended		Three-month period ended	
			31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
			Rupees	Rupees	Rupees	Rupees
			[Audited]	[Un-Audited]	[Audited]	[Un-Audited]
22	**DIRECT COST**					
	Operating costs		4,778,800	5,022,549	2,360,936	2,414,921
	Stores and spares consumed		-	3,201	-	-
	Depreciation	13.1 & 14	2,256,823	2,389,942	1,128,411	1,194,971
	Impairment loss on plant and equipment		656,250	-	656,250	-
			7,691,873	7,415,692	4,145,597	3,609,892
23	**ADMINISTRATIVE EXPENSES**					
	Traveling and conveyance		400,000	-	-	-
	Repair and maintenance		-	220,000	-	110,000
	Postage and telegram		15,250	90,000	15,250	25,000
	Entertainment		19,649	12,900	19,649	12,900
	Legal and professional		414,100	390,577	55,899	216,208
	Auditor's remuneration	23.1	150,000	-	150,000	-
	Advertisement		86,400	44,500	86,400	44,500
	Depreciation	13.1	80,376	99,791	40,188	49,895
	Miscellaneous expenses		5,000	25,000	-	-
			1,170,775	882,768	367,386	458,503
23.1	**Auditor's remuneration**					
	Annual statutory audit		-	-	-	-
	interim reviews/audits		150,000	-	150,000	-
	Review report on corporate governance		-	-	-	-
			150,000	-	150,000	-
24	**OTHER EXPENSES**					
	Loss on financial instruments					
	Changes in fair value of short term investments classified as FVTPL		291,210	593,012	170,160	(26,623)
	Loss on disposal of short term investments classified as FVTPL		107,974	1,746,481	8,460	1,204,285
			399,184	2,339,493	178,620	1,177,662
	Other expenses					
	Impairment loss on stores and spares	15.2	149,980	-	149,980	-
			549,164	2,339,493	328,600	1,177,662
25	**OTHER INCOME**					
	Gain on financial instruments					
	Return on bank deposits		355,593	79,995	194,757	44,685
	Dividend Income		20,000	-	-	-
			375,593	79,995	194,757	44,685
26	**FINANCE COST**					
	Bank charges		1,230	812	-	-
			1,230	812	-	-

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	Note	Six-month period ended		Three-month period ended	
		31-Dec-22	31-Dec-21	**31-Dec-22**	31-Dec-21
		Rupees	*Rupees*	***Rupees***	*Rupees*
		[Audited]	[Un-Audited]	**[Audited]**	[Un-Audited]
27 PROVISION FOR TAXATION					
Current taxation					
for the year	*27.1*	**113,075**	108,251	**55,788**	38,004
prior year		**(218,165)**	(433,372)	**(218,165)**	(433,372)
		(105,090)	(325,121)	**(162,377)**	(395,368)
Deferred taxation	*27.5*	**-**	-	**-**	-
		(105,090)	(325,121)	**(162,377)**	(395,368)

27.1 Provision for current tax has been made in accordance with section 5 and 113 (30-Jun-22: section 37, 113 and 151) of the Income Tax Ordinance 2001 ['the Ordinance']. There is no relationship between the aggregate tax expense and accounting profit and accordingly, no numerical reconciliation has been presented.

27.2 Assessments for and up to the tax years 2022 are deemed assessments in terms of Section 120 (1) of the Ordinance, as per returns filled by the Company except as explained in note 27.3 and 27.4.

27.3 In respect of tax year 2015, the Deputy Commission Inland Revenue (Audit) ['DCIR(A)'] passed an order dated 15 June 2021 in which addition of Rs. 13.588 million was made to declared results for alleged unexplained bank credits. The Company had filed an appeal against the order before the Commissioner Inland Revenue (Appeals) ['CIR (A)'] vide application dated 13 July 2021. The CIR(A), vide order dated 26 May 2022, rejected the appeal against which the Company filed an appeal before Appellate Tribunal Inland Revenue ['ATIR'] in July 2022 which is yet to be fixed for hearing.

27.4 The CIR(A) vide order dated 30 June 2021 imposed a penalty of Rs. 4.484 million under section 182(2) against which the Company has filed an appeal before CIR(A) vide application dated 13 July 2021 which is yet to be fixed for hearing.

27.5 Unrecognized deferred tax assets

The Company has Rs. 109.315 million (30-Jun-22: Rs. 116.344 million) of tax losses and credits carried forward as at the reporting date and available to the Company for utilization against future taxable profits. However, the Company has not recognised deferred tax assets amounting to Rs. 8.84 million (30-Jun-22: Rs. 10.53 million) as the temporary differences are not expected to reverse in forseeable future due to expected non-availibility of taxable profits against which temporary differences may be utilized.

Unused tax losses and credits for which no deferred tax asset has been recognized expire as follows:

Tax year	Nature	31-Dec-22	30-Jun-22
		Rupees	*Rupees*
2024	Tax losses	**3,062,080**	11,540,363
2025	Tax losses	**5,097,695**	5,097,695
2026	Tax losses	**211,825**	211,825
		8,371,600	16,849,883
2025	Tax credits	**-**	218,165
2026	Tax credits	**111,575**	-
		111,575	218,165
		8,483,175	17,068,048

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	Unit	Six-month period ended		Three-month period ended	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		[Audited]	[Un-Audited]	[Audited]	[Un-Audited]
28 LOSS PER SHARE - BASIC AND DILUTED					
Loss attributable to ordinary shareholders	*Rupees*	**(6,348)**	(1,573,549)	**(22,994)**	(475,954)
Weighted average number of ordinary shares outstanding during the year	*No. of shares*	**12,600,000**	12,600,000	**12,600,000**	12,600,000
Loss per share - *Basic*	*Rupees*	**(0.00)**	(0.12)	**(0.00)**	(0.04)

There is no anti-dilutive effect on the basic loss per share of the Company.

	Note	Six-month period ended	
		31-Dec-22	31-Dec-21
		Rupees	*Rupees*
		[Audited]	[Un-Audited]
29 CASH GENERATED FROM OPERATIONS			
Loss before taxation		**(111,438)**	(1,898,670)
Adjustments for non-cash and other items			
Impairment loss on stores and spares		**149,980**	-
Impairment loss on plant and equipment		**656,250**	-
Changes in fair value of short term investments FVTPL		**291,210**	593,012
Loss on disposal of short term investments		**107,974**	1,776,654
Depreciation		**2,337,199**	2,489,733
		3,542,613	4,859,399
Operating profit before changes in working capital		**3,431,175**	2,960,729
Changes in working capital			
Stores and spares		**-**	3,201
Lease rentals receivable		**(1,221,200)**	(977,451)
Advances and other receivables		**(1,399,596)**	(1,073,567)
Trade and other payables		**58,483**	(616,758)
		(2,562,313)	(2,664,575)
Cash generated from operations		**868,862**	296,154
30 CASH AND CASH EQUIVALENTS			
Cash and bank balances	*20*	**6,249,619**	4,525,315
		6,249,619	4,525,315

31 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and key management personnel. 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 year 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
Pak Elektron Limited	Associated company	Common directorship	23.10%
Saritow Spinning Mills Limited	Associated company	Common directorship	0.00%
Red Communication Arts (Private) Limited	Associated company	Common directorship	0.00%

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Transactions with associated companies are limited to provision of rental income receivable to the Company. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

Details of transactions and balances with related parties is as follows:

			Six-month period ended	
			31-Dec-22	31-Dec-21
			Rupees	*Rupees*
			[Audited]	[Un-Audited]
31.1	**Transactions with related parties**			
	Nature of relationship	**Nature of transactions**		
	Associated companies	Advertising expenses	**86,400**	44,500
		Rental income	**8,926,011**	8,660,100

			31-Dec-22	30-Jun-22
			Rupees	*Rupees*
31.2	**Balances with related parties**			
	Nature of relationship	**Nature of balances**		
	Associated companies	Lease rentals receivable	**11,033,470**	9,812,270

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS, AND EXECUTIVES

No amount was charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances, perquisites and post employment benefits.

33 CAPITAL MANAGEMENT

The objectives of the Company, while managing capital are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meet stakeholders' expectations. The Company's objective is to ensure its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising option of issuing right shares or, where possible, repurchasing shares, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating dividend payout. The Company is not subject to externally imposed capital requirements.

34 FINANCIAL INSTRUMENTS

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

		Note	**31-Dec-22**	30-Jun-22
			Rupees	*Rupees*
34.1	**Financial assets**			
	Cash in hand	*20*	**94,915**	287,959
	Financial assets at amortized cost			
	Lease rentals receivable	*16*	**11,033,470**	9,812,270
	Advance to stock broker	*17*	**5,047,676**	3,648,080
	Cash at banks	*20*	**6,154,704**	4,237,356
			22,235,850	17,697,706
	Financial assets mandatorily measured at fair value through profit or loss			
	Short term investments	*18*	**379,965**	2,178,745
			22,710,730	20,164,410

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	Note	31-Dec-22	30-Jun-22
		Rupees	*Rupees*
34.2 Financial liabilities			
Financial liabilities at amortized cost			
Trade creditors	*10*	**15,753**	13,732
Accrued liabilities	*10*	**684,000**	630,000
		699,753	643,732

35 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses, assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

35.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

35.1.1 Credit risk management practices

In order to minimize credit risk, the Company has adopted a policy of only dealing with creditworthy counterparties and limiting significant exposure to any single counterparty. The Company only transacts with counterparties that have reasonably high external credit ratings. Where an external rating is not available, the Company uses an internal credit risk grading mechanism. Particularly for customers, a dedicated team responsible for the determination of credit limits uses a credit scoring system to assess the potential as well as existing customers' credit quality and assigns or updates credit limits accordingly. The ageing profile of lease rentals receivable and individually significant balances, along with collection activities are reviewed on a regular basis.

The Company reviews the recoverable amount of each financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordance with the assessment of credit risk for each financial asset.

The Company considers a financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due in the normal course of business based on history with the counterparty.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. This is usually the case with various customers of the Company where the Company has long standing business relationship with these customers and any amounts that are past due by more than 30 days in the normal course of business are considered 'performing' based on history with the customers. Therefore despite the foregoing, the Company considers some past due lease rentals receivable to have low credit risk where the customer has a good history of meeting its contractual cash flow obligations and is expected to maintain the same in future.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.

The Company considers 'default' to have occurred when the financial asset is credit-impaired. A financial asset is considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery.

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The Company's credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing ECL
Performing	The counterparty has low credit risk	Lease rentals receivable: Lifetime ECL Other assets: 12-month ECL
Doubtful	Credit risk has increased significantly since initial recognition	Lifetime ECL
In default	There is evidence indicating the assets is credit-impaired	Lifetime ECL
Write-off	There is no realistic prospect of recovery	Amount is written-off

35.1.2 Exposure to credit risk

Credit risk principally arises from the Company's debt instruments. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	**31-Dec-22**	30-Jun-22
		Rupees	*Rupees*
Financial assets at amortized cost			
Lease rentals receivable	*16*	**11,033,470**	9,812,270
Advance to stock broker	*17*	**5,047,676**	3,648,080
Cash at banks	*20*	**6,154,704**	4,237,356
		22,235,850	17,697,706

35.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to internal credit risk grading. The credit quality of the Company's financial assets exposed to credit risk is as follows:

	Note	External rating	Internal credit risk grading	12-month or life-time ECL	Gross carrying amount	Loss allowance
					Rupees	*Rupees*
Lease rentals receivable	*16*	N/A	Performing	Lifetime ECL	**11,033,470**	-
Advances to stock broker	*17*	N/A	Performing	12-month ECL	**5,047,676**	-
Cash at banks	*20*	A1-A1+	N/A	12-month ECL	**6,154,704**	-
					22,235,850	-

(a) Lease rentals receivable

For lease rentals receivable, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on lease rentals receivable by using internal credit risk gradings. As at the reporting date, all lease rentals receivable are considered 'performing' including those past due as there is no significant increase in credit risk in respect of these receivable since initial recognition. The ageing analysis of lease rentals receivable as at the reporting date is as follows:

	31-Dec-22	30-Jun-22
	Rupees	*Rupees*
Neither past due nor impaired	**209,257**	182,259
Past due by up to 30 days	**208,405**	39,636
Past due by 31 days to 180 days	**1,025,433**	1,492,547
Past due by 181 days or more	**9,590,375**	8,097,828
	11,033,470	9,812,270

(b) Advances to stock broker

These are considered to have no credit risk due to strict regulatory oversight by Securities and Exchange Commission of Pakistan and Pakistan Stock Exchange Limited over stock brokers aimed at protecting the interest of brokers' clients. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

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(c) Cash at banks

The bankers of the Company have reasonably high credit ratings as determined by various independent credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect any credit loss. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

35.1.4 Concentration of credit risk

There are no significant concentrations of credit risk, except for lease rentals receivable. All lease rentals receivable as at the reporting date are due from a single customer. This significant customer is a related party and has a good payment record and accordingly non-performance by this customer is not expected.

35.1.5 Collateral held

The Company does not hold any collateral to secure its financial assets.

35.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

35.2.1 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, receivables and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer.

35.2.2 Exposure to liquidity risk

The following presents the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The analysis have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

			31-Dec-22		
	Carrying amount *Rupees*	**Contractual cash flows** *Rupees*	**One year or less** *Rupees*	**One to five years** *Rupees*	**More than five years** *Rupees*
Trade creditors	**15,753**	**15,753**	**15,753**	-	-
Accrued liabilities	**684,000**	**684,000**	**684,000**	-	-
	699,753	**699,753**	**699,753**	-	-

			30-Jun-22		
	Carrying amount *Rupees*	Contractual cash flows *Rupees*	One year or less *Rupees*	One to five years *Rupees*	More than five years *Rupees*
Trade creditors	13,732	13,732	13,732	-	-
Accrued liabilities	630,000	630,000	630,000	-	-
	643,732	643,732	643,732	-	-

35.3 Market risk

35.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions and resulting balances that are denominated in a currency other than functional currency. The Company is not exposed to currency risk.

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35.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

(a) Interest rate risk management

The Company manages interest rate risk by analysing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

(b) Interest bearing financial instruments

The effective interest rates for interest bearing financial instruments are mentioned in relevant notes to the interim financial statements. The Company's interest bearing financial instruments as at the reporting date are as follows:

	31-Dec-22	30-Jun-22
	Rupees	*Rupees*
Fixed rate instruments	-	-
Variable rate instruments		
Financial assets	**6,041,165**	4,123,817
Financial liabilities	-	-

(c) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

(d) Cash flow sensitivity analysis for variable rate instruments and cash flow hedges

An increase of 100 basis points in interest rates as at the reporting date would have increase profit for the year by Rs. 60,412 (30-Jun-22: Rs. 41,238). A decrease of 100 basis points wound have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

35.3.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is exposed to price risk in respect of its investments in equity securities.

(a) Equity price risk management

The Company manages equity price risk by investing a diversified portfolio of securities to reduce the risk of loss from volatility in equity price of an individual security.

(b) Sensitivity analysis

A one percent appreciation in prices of equity securities as at reporting date would have increased profit for the year by Rs. 3,800 (30-Jun-22: Rs. 21,787). A one percent diminution in prices of equity securities as at the reporting date would have had equal but opposite effect on profit and equity. The analysis assumes that all other variables remain constant and ignores the impact, if any, on provision for taxation for the year.

36 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value. The fair value hierarchy of assets measured at fair value and the information about how the fair values of these assets are determined are as follows:

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

36.1 Financial Instruments

36.1.1 Financial instruments measured at fair value

a) Recurring fair value measurements

Nature of asset	Hierarchy	Valuation techniques/Key inputs	31-Dec-22	30-Jun-22
			Rupees	*Rupees*
Investments				
Investments in equity securities	Level 1	Quoted prices in an active market	**379,965**	2,178,745

b) Non-recurring fair value measurements

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

36.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

36.3 Assets and liabilities other than financial instruments.

36.3.1 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	31-Dec-22	30-Jun-22
				Rupees	*Rupees*
Machinery	-	81,000,000	-	**81,000,000**	83,750,000
Stores and spares	-	1,000,020	-	**1,000,020**	1,150,000

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

	Valuation technique	Significant inputs	Sensitivity
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 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 plant and machinery by Rs. 4.05 million (30-Jun-22: Rs. 4.19 million).
Stores and spares	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and impairment. There was no change in valuation technique during the year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition.	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 stores and spares by Rs. 50,001 (30-Jun-22: Rs. 57,500).

Reconciliation of fair value measurements categorized in Level 2 is presented in note 13, 14 and 15.

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

36.3.2 Non-recurring fair value measurements

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

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37 SEGMENT INFORMATION

37.1 The Company is a single reportable segment.

37.2 All non-current assets of the Company are situated in Pakistan.

37.3 Information about major customers

	Six-month period ended	
	31-Dec-22	31-Dec-21
	Rupees	*Rupees*
	[Audited]	[Un-Audited]
Revenue derived from Pak Elektron Limited	**2,926,011**	2,660,100
Revenue derived from Saritow Spinning Mills Limited	**6,000,000**	6,000,000

38 MINIMUM LEASE PAYMENTS UNDER OPERATING LEASE

The Company has leased out plant and machinery and investment property under operating lease arrangements to related parties. Amounts of minimum lease payments receivable under the lease agreements are as follows:

	31-Dec-22	30-Jun-22
	Rupees	*Rupees*
- not later than one year	**3,463,055**	11,655,173
- later than one year but not later than five years	**-**	-
- later than five years	**-**	-
	3,463,055	11,655,173

39 NUMBER OF EMPLOYEES

The Company has no employee on its payroll.

40 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.

41 SHARES IN THE COMPANY HELD BY RELATED PARTIES

Ordinary shares in the Company held by related parties, other than chief executive and directors, are as follows:

	31-Dec-22	30-Jun-22
	No. of shares	*No. of shares*
Pak Elektron Limited	**2,910,600**	2,910,600
Kohinoor Industries Limited	**2,835,000**	2,835,000
	5,745,600	5,745,600

42 EVENTS AFTER THE REPORTING PERIOD

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

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43 **GENERAL**

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.

Director	Chief Financial Officer	Chief Executive

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