A member firm of
THE Leading Edge ALLIANCE

RAFAQAT MANSHA
MOHSIN DOSSANI
MASOOM & CO.
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of Data Textiles Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **DATA TEXTILES LIMITED ('the Company')**, which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, and statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the 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 statement of financial position, statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the 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 June 30, 2021 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

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Chartered Accountants

Key audit matter	How the matter was addressed in our audit
Going Concern Refer to note 1.1 to the financial statements During the year ended June 30th, 2020 Company has incurred net loss Rs 1.843 Million and as of this date current liabilities have exceed its current assets Rs. 17.560 Million and accumulated losses stand at Rs. 155.751 Million. The management of Company made their assessment of going concern by preparing a cash flow forecast in which some key assumptions were applied. These key assumption included forecasts of sale volumes average selling prices, raw material costs, and necessary capital expenditure for products and the availability of banking and other financing facilities including financial support from directors. We identified the going concern assessment as key audit matter because there are event or conditions that may cast significant doubts on Company's ability to continue as going concern. A significant degree of management judgment is involved in making this assessment and in forecasting the future cash flows of the Company which are inherently uncertain.	Our audit procedures, amongst others, included the following; • Assessing and challenging , through involving over own specialist, the key assumption used by the management in cash flow forecast relating to projected growth rate, future selling prices and production volume sizes used and evaluating whether there were any indicators of management bias; • Comparing the cash flow forecast prepared in the prior year with the current year's performance of the Company to assess the reasonableness of prior year's cash flow forecast and making enquiries of management as to the reasons for any significant variation identified; • Assessing the availability of banking and other financing facilities during the forecast period by inspecting contracts or agreements signed with banks and other financial facilities up to the date of approval of financial statements and assessing their adequacy to meet Company's needs in the context of cash flows forecast.; and • Assessing the adequacy of disclosure made in the financial statements in accordance with the requirements of applicable accounting and reporting standards.

Key audit matter	How the matter was addressed in our audit
Contingencies The Company is subject to a legal regulatory matters, many of which are beyond its control. Consequently, the management makes judgments about the incidence and quantum of such liabilities arising from litigation and regulatory claims which are subject to future outcome of legal or regulatory processes. There are number of legal and regulatory matters for which no provision has been established, as discussed in note 8 to the financial statements. There is an inherent risk that legal exposure are not identified and considered for financial reporting purposes on timely basis. Importantly the decision to recognize a provision and the basis of measurement are judgmental.	• We assessed and tested the design and operating effectiveness of the controls over the identification, evaluation, provisioning and reporting of legal and regulatory matters. We determined that we could rely on these controls for the purpose of our audit. • In view of significant judgments required, we evaluated the Company's assessment of the nature and status of litigation, claims and provision assessments, and discussed with management to understand the legal position and the basis of material risk positions. • Specifically, we challenged the timing of recognition for cases where there was potential exposure but it was not clear that a provision should be raised. e.g where obtaining reliable estimates are not considered possible. • As set out in the financial statements the outcome of litigation and regulatory claims are dependent on the future outcome of continuing legal and regulatory processes and consequently the calculation of the provision are subject to inherent uncertainty.

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 opinion 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 are 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 aggregate, they could reasonably be expected to influence the economic decisions of users 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 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 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 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 statement of financial position, the statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the 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) No zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mohsin Nadeem, FCA.

Place: Lahore
Date: September 27, 2021

Rafaqat Mansha Mohsin Dossani Masoom & Co
Chartered Accountants
Engagement Partner: Mohsin Nadeem, FCA

RAFAQAT MANSHA MOHSIN DOSSANI MASOOM & CO. Chartered Accountants LAHORE.

DATA TEXTILES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	4	99,096,160	99,096,160
Unappropriated profit / (loss)		(155,751,519)	(153,908,423)
		(56,655,359)	(54,812,263)
NON - CURRENT LIABILITIES			
Long term finances	5	39,222,297	39,222,297
		39,222,297	39,222,297
CURRENT LIABILITIES			
Trade and other payables	6	19,544,078	17,725,984
Provision for taxation	7	1,389,905	1,389,905
		20,933,983	19,115,889
CONTINGENCIES AND COMMITMENTS	8	-	-
TOTAL EQUITY AND LIABILITIES		**3,500,921**	**3,525,923**

The annexed notes 1 to 19 form an integral part of these financial statements.

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CHIEF EXECUTIVE

Fassia Nawaz
DIRECTOR

DATA TEXTILES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	9	164,794	189,796
		164,794	189,796
CURRENT ASSETS			
Tax refund due from the Government	10	3,111,393	3,111,393
Cash and bank balances	11	224,734	224,734
		3,336,127	3,336,127
TOTAL ASSETS		**3,500,921**	**3,525,923**

The annexed notes 1 to 19 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

DATA TEXTILES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Sales - Net		-	-
Cost of sales		-	-
Gross (Loss)		-	-
Administrative expenses	12	1,843,096	2,541,267
Operating (Loss)		**(1,843,096)**	**(2,541,267)**
(Loss) before taxation		**(1,843,096)**	**(2,541,267)**
Taxation	13	-	-
(Loss) after taxation		**(1,843,096)**	**(2,541,267)**
Earning/(Loss) per share	14	(0.02)	(0.03)

The annexed notes 1 to 19 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

DATA TEXTILES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees	2019 Rupees
LOSS FOR THE YEAR	(1,843,096)	(2,541,267)	(2,529,633)
Other comprehensive income	-	-	-
Total comprehensive Income for the year	**(1,843,096)**	**(2,541,267)**	**(2,529,633)**

The annexed notes 1 to 19 form an integral part of these financial statements.

CHIEF EXECUTIVE

Fassia Nawaz
DIRECTOR

DATA TEXTILES LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before taxation		(1,843,097)	(2,541,268)
Adjustments for non cash charges & other items			
Depreciation		25,001	29,452
Financial charges		-	-
Gain/(loss) on disposal of fixed assets		-	-
(Gain)/Loss on settlemtent with creditors & unclaimed dividend		-	-
(Gain)/Loss on settlement with debtors		-	-
Operating profit /(loss) before working capital changes		(1,818,096)	(2,511,816)
Working capital changes			
(Increase) /Decrease in current assets			
Trade debts		-	-
Tax refund due from the Government		-	-
		-	-
Increase /(Decrease) in current liabilities			
Trade and other payables		1,818,094	2,511,816
Cash generated from /(utilized in) operation			
Financial charges paid		-	-
Income tax paid		-	-
		-	-
Net cash flow from /(utilized in) operating activities		-	-
CASH FLOW FROM INVESTING ACTIVITIES			
Security deposits		-	-
Proceeds from disposal of fixed assets		-	-
Net Cash flow from /(utilized in) investing activities		-	-
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts/ (payments) of long term loans		-	-
Net Cash flow from /(utilized in) financing activities		-	-
Net Increase / (Decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		224,734	224,734
Cash and cash equivalents at the end of the year	14	**224,734**	**224,734**
Cash & cash equivalents are			
Cash in hand		224,734	224,734
Cash at bank		-	-
		224,734	**224,734**

The annexed notes 1 to 19 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

DATA TEXTILES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

PARTICULARS	SHARE CAPITAL (Rs.)	REVENUE RESERVES (Rs.)	TOTAL (Rs.)
Balance as at June 30, 2019	**99,096,160**	**(151,367,156)**	**(52,270,996)**
Total comprehensive Income	-	(2,541,267)	(2,541,267)
Balance as at June 30, 2020	**99,096,160**	**(153,908,423)**	**(54,812,263)**
Total comprehensive Income	-	(1,843,096)	(1,843,096)
Balance as at June 30, 2021	**99,096,160**	**(155,751,519)**	**(56,655,359)**

The annexed notes 1 to 19 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

DATA TEXTILES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 THE COMPANY, OPERATIONS AND REGISTERED OFFICE

DATA TEXTILES LIMITED was incorporated in Pakistan uner the repealed Companies Ordinance, 1984 (Repealed with the enactment of Companies Act, 2017 on May 30, 2017) on March 20,1988 as a public limited company and is listed on Lahore and Karachi stock exchange. The main activity of the company is manufacturing and sale of yarn. Its registered office is located at 19-J, CCA, Phase V, DHA Lahore, province of Punjab, Pakistan.

1.1 Going concern Assumption

During the year, the Compny incurred loss amounting to Rs. 1.843 million (June 30, 2020: Rs. 2.541 million) and had reported accumulated losses amounting to Rs. 155.751 million (June 30, 2020: Rs. 153.908 million) at the year end against issued, subscribed and paid up capital of Rs. 99.096 million (June 30, 2020: 99.096 million) turning shareholder's equity to a negative balance of Rs. 56.655 million (June 30, 2020: Rs. 54.812 million). In addition, the Company's cuurent liabilities exceeds its current assets by Rs. 17.560 million (June 30, 2020: Rs 15.780 million) at the year end. These conditions along with adverse key financial ratios indicate the existance of material uncertainty which may cast significant doubt about the Company's ability to continue as agoing concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. However, these financial statements have been prepared on going concern basis based on the following:

a) Directors of the Company have agreed to financially support the company in the form of interest free loan.

b) The management is taking steps towards reduction of fixed cost and rationalization of other expenses including right sizing of man power, resource conservation and close monitoring of fixed cost.

c) We are also planning to trade in other profitable products and close the trading in loss making products. This will help us to have more profitability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention without any adjustment for the effect of inflation or reference to current values, except to the extent that land, building and certain plant and machinery have been included at revalued amounts and staff retirement benefits has been recognized at present value and no provision has been made to bring the other assets in line with current values.

2.2 Statement of compliance

"These 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 Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed."

2.3 Standards, interpretation and amendment adopted during the year

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The accounting policies adopted are consistent with those of the previous financial year, except for the following new amendments effective for annual period beginning on 01 July 2020, as listed below. The Company has not earlyadopted any amendment that has been issued but is not yet effective.

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New amendments

The Company has adopted the following revised standards and amendments to IFRSs which became effective for the current year

IAS 1 Presentation of Financial Statements: Definition of Material — (Amendments)
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material — (Amendments)

IFRS 3 Business Combinations: Definition of Business — (Amendments)
IFRS 9 Financial Instruments: Interest Rate Benchmark Reform — (Amendments)
IFRS 7 Financial Instruments Disclosures: Interest Rate Benchmark Reform— (Amendments)
IAS 39 Financial Instruments: Recognition and Measurement: Interest Rate Benchmark Reform — (Amendments)

IFRS 16 Covid-19-Related Rent Concessions (Amendments)
IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16
The adoption of above standards and amendments, will not have any material impact on the Company's financial statements.

Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Effective date (annual periods beginning on or after)
Standard or Interpretation

IFRS 3 Reference to conceptual framework — (Amendments) 01 January 2022
IAS 16 Property, plant and equipment: Proceeds before intended use — (Amendments) 01 January 2022

IAS 37 Onerous contracts - costs of fulfilling a contract — (Amendments) 01 January 2022
AIP IAS 41 Taxation in fair value measurements 01 January 2022
AIP IFRS 9 Fees in the '10 per cent' test for derecognition of financial liabilities 01 January 2022
IAS 1 Classification of liabilities as current or non-current — (Amendments) 01 January 2023
IAS 8 Definition of accounting estimates — (Amendments) 01 January 2023
IFRS 10 & Sale or Contribution of Assets between an Investor and its Associate or Joint
IAS 28 Venture – (Amendment) Not yet finalized
IAS 12 Deferred tax related to Assets and Liabilities arising from a Single Transaction — (Amendments) 01 January 2023

IAS 1 and IFRS Disclosure of accounting policies — (Amendments) 01 January 2023
Practice
Statement 2

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2022.

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Effective date (annual periods beginning on or after)
Standard or Interpretation

IFRS 17 Insurance Contracts 01 January 2023

IFRS 1 First-time Adoption of IFRS 01 July 2004

The Company expects that application of above standards will not have any material impact on the Company's financial statements.

2.4 Basis of preparation

These financial statements have been prepared under the historical cost convention without any adjustment for the effect of inflation or reference to current values, except to the extent that land, building and certain plant and machinery have been included at revalued amounts, staff retirement benefits recognized at present value and financial assets has been measured and recorded at fair value.

2.5 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presented currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees.

2.6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made.

Significant management estimates in these financial statements relate to the useful life and residual value of property, plant and equipment, provision for doubtful receivables, slow moving inventory , defined benefits plans, accrued liabilities, taxation etc. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

3 THE PRINCIPAL ACCOUNTING POLICIES ADOPTED ARE SET OUT AS BELOW

3.1 Staff retirement benefits

The company operates an unfunded gratuity scheme covering all eligible employees subject to completion of a prescribed qualifying period of service. The accounting policy has been changed in 2004 from self valuation to actuarial valuation in consonance with IAS 19' Employee Benefits. The provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and charge to profit and loss account. The most recent valuation was carried out by Nauman Associates as at June 30, 2006 using the Project Unit

The principal actuarial assumptions used in the valuation are as follows:

	2021	2020
Discount rate	-	-
Expected rate of increase in salaries	-	-
Expected mortality rate	-	-
Actuarial valuation method	-	-
Average expected remaining life of the employees	-	-

3.2 Property, plant and equipment

Own assets

Property, plant and equipment are stated at historical cost or revalued amount less accumulated depreciation and impairment in value.

Cost of operating fixed assets consists of purchase price/ construction cost (after trade discounts and rebates, refundable taxes/duties) and relevant directly attributable cost for bringing the asset into its intended use. Pre-production and trial run operation results are capitalized.

Depreciation is charged on diminishing balance method at the rates specified in Note. 9 so as to write off the cost of operating fixed assets over their useful lives. Full year depreciation is charged on assets in the year in which they are purchased/ transferred from leasehold assets. No depreciation is charged in the year of their disposal. Surplus on revaluation of fixed assets relating to incremental depreciation is directly charged to unappropriated profit and loss in accordance with section 235(2) read with SRO 45(1)/2003 dated January 13, 2003 issued by the Securities and Exchange Commission of Pakistan. Gain / (loss) on disposal of fixed assets, if any is taken to profit and loss account.

Repair & maintenance costs are charged to the profit and loss account in the year in which these are incurred. Major renewals and improvements are capitalized.

Gain or loss on disposal of assets are included in current income.

Leasehold assets

The leases, where all the risks and rewards incidental to ownership of the leased assets have been transferred to the company are classified as finance leases. Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets less accumulated depreciation and accumulated impairment losses, if any.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance leases. The liabilities are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to produce a constant periodic rate of interest on the balance outstanding. The interest element of the rental is charged to income over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of assets on reducing balance method at the same rates that are applicable to the owned assets . Depreciation of leased assets is charged to profit and loss account.

Full year depreciation, on additions in leased assets, is charged when an asset is acquired, while no depreciation, in the year in which the asset, is disposed off/ transferred to own assets.

3.3 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss and includes the expenditure on material,labour and appropriate overheads directly relating to the project. These costs are transferred to fixed assets as and when assets are available for intended use.

3.4 Intangible assets and amortization

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost and comprise the purchase price,non-refundable purchase taxes and any directly attributable expenditures.

After initial recognition, an intangible asset is carried at its cost less accumulated amortization. Amortization is charged to the income following the straight line basis for a maximum period of five years.

Subsequent expenditures on intangible assets after its purchase are recognized as an expense, when it is incurred unless the expenditure will enable the asset to generate future economic benefits in excess of its originally standard of performance.

3.5 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the company.

3.6 Stocks, Stores and Spares

Inventories are valued at lower of cost and net realizable value as per requirements of IAS-2. Cost of major stock items is determined as follows:

- Stores, spares and loose tools	At moving average cost.
- Raw Material	At annual average cost.
- Finished goods/ Work in process	Comprised of direct materials, labour and appropriate manufacturing overheads.
- Waste	At net realizable value.
- Material in transit.	Are stated at invoice value plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order

3.7 Cash and cash equivalents

For the purpose of cash flow statement ,Cash and cash equivalents comprise of cash in hand, cheques in hand and balance with banks on current and deposit accounts.

3.8 Taxation

Current
Provision for taxation in the accounts is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any. Minimum tax at 1 percent of turnover, is applicable when there is no taxable income.

Deferred
Deferred tax is recognized using the liability method, on major temporary differences at the balance sheet date calculated at the prevailing rates, between the tax bases of assets and liabilities and their carrying costs for the purposes of financial reporting. Deferred tax liabilities recognized for all taxable temporary differences and the deferred tax assets as required by IAS 12 (Income tax) are recognized to the extent that such differences will reserve in the due future and taxable income will be available for deducting temporary difference.

The carrying amount of deferred tax assets is reviewed on the balance sheet date and is reduced to the extent that it is no longer probable, that the sufficient taxable profit will be available to allow in all or part of it for the deferred tax asset.

3.9 Loans and advances

Loans and advances are recognized initially at cost and subsequently measured at amortized cost.

3.10 Impairment

The carrying amount of the company's assets are reviewed at each balance sheet date to determine, whether there is any indication of impairment. If any such indication exist, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

3.11 Related party transactions

Transactions and contracts with related parties (if any) are carried out at arm's length prices determined in accordance with comparable uncontrolled price method.

3.12 Financial assets and liabilities

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss, on derecognition of the financial assets and financial liabilities, is taken to profit and loss account currently.

Financial instruments carried on the balance sheet date include trade debts, loans and advances, deposits, prepayments, taxes due, cash and bank balances, trade and other payables, borrowings and accruals. The particular recognition method adopted is disclosed in the individual policy statements associated with each item.

Financial assets and liabilities are offset when the company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

3.13 Long and short term borrowings

Loans and borrowings are initially recorded at the proceeds received and subsequently at amortized cost. Finance costs are accounted for on accrual basis and are either added to the carrying amount of the instrument or included in the current liabilities to the extent of the amount remaining unpaid. Exchange gain and losses (if any) arising in respect of loan or borrowings in foreign currency are added to the carrying amount of the instrument.

3.14 Borrowing cost

All mark-up, interest and other charges are charged to current income, at accruals.

3.15 Foreign currency transaction

Transaction in foreign currencies are recorded in the books at the rate of exchange prevailing on the date of transaction. Assets and liabilities in foreign currencies are stated in rupees at the rate of exchange ruling on the balance sheet date except those which are covered under State Bank of Pakistan's exchange risk coverage scheme, which are translated at Covered rate. All exchange differences are included in the profit and loss account. However exchange differences on foreign currency loans are capitalized as a part of cost of plant and machinery acquired out of proceeds of such loans.

3.16 Revenue recognition

Revenue from local sales is recognized on dispatch of goods to customers. Sale of services is recognized when the services are rendered and the right of receivable is established.

3.17 Expense Recognition

Expenses are recognized on accrual basis, or otherwise as stated.

3.18 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on review of all outstanding amounts at year end. An estimate for doubtful debts is made when collection of full amount is no longer probable. Bad debts are

3.19 Provisions

A provision is recognized when the company has a present legal or constructive obligation as a result of past event and it is probable

that an outflow of resources embodying benefits will be required to settle the obligation of which reliable estimate can be made.

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	Notes	2021 Rupees	2020 Rupees
4 SHARE CAPITAL			
Authorized			
12,000,000 (2020: 12,000,000) ordinary shares of Rs. 10 each		120,000,000	120,000,000
Issued, subscribed and paid-up			
9,909,616 (2020: 9,909,616) ordinary shares of Rs. 10 each fully paid for cash consideration		99,096,160	99,096,160
4.1 Shares held by associates		**Number of Shares**	**Number of Shares**
Data Enterprises (Pvt.) Ltd Percentage of equity held 32.09% (2020: 32.09%)		3,180,000	3,180,000
5 LONG TERM FINANCING			
Long term loans			
- Loan from related parties-unsecured	5.1	39,222,297	39,222,297
		39,222,297	39,222,297

5.1 Loan from director

This loan is unsecured and has a limit of Rs. 40 Million. No repayment schedule has been determined and repayment depends upon the liquidity of the company.

RMDM

	Note	2021 Rupees	2020 Rupees
6 TRADE AND OTHER PAYABLES			
Accrued liabilities		1,673,163	1,673,163
Tax deduction at source		4,645,205	4,645,205
Other payable		13,225,710	11,407,616
		19,544,078	**17,725,984**

7 PROVISION FOR TAXATION

Opening balance		1,389,905	1,389,905
Add: Provision for the year		-	-
Less: Adjusted during the year		-	-
		1,389,905	**1,389,905**

8 CONTINGENCIES AND COMMITMENTS

8.1 The issue of taxation in respect of workers' welfare fund and gratuity is pending for adjudication. The issue was initially decided by the Commissioner of Income Tax in favour of the Company. However, the department being dissatisfied with the decision of the Commissioner filed a second appeal to the Income Tax Appellate Tribunal. Pending the matter for adjudication, no provision has been made in these accounts of disputed amount of Rs. 561,362.

8.2 The Additional Collector Customs, Sales Tax and Federal Excise, Multan, raised a Sales tax demand of Rs. 7,774,420 along with additional tax under the law and penalty @ 3% and @30% of the sales tax amount, due to claim of unpaid input tax on purchase of cotton lint. The Company filed first appeal to the Collector Customs, Sales tax and Federal Excise and could not succeed and filed second appeal to Appellate Tribunal of Customs, Sales Tax and Federal Excise, Lahore and confident that the case shall be decided in its favour, hence no provision has been made in these accounts.

8.3 The Securities & Exchange Commission of Pakistan has filed a winding up petition against the Company owing to the fact that Company was unable to hold its 2 consecutive AGMs and that Company operations are suspended since last many years. The petition is pending in Honourable Lahore High Court. The directors and management of Company has taken serious steps towards holding of AGMs and are further committed for revival of Company thus they are of strong view that the case will be dismissed without any further consequences.

9 PROPERTY, PLANT AND EQUIPMENT

	Note	2021 Rupees	2020 Rupees
Operating fixed assets	9.1	**164,794**	**189,796**

RMDM

DATA TEXTILES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

9.1 OPERATING FIXED ASSETS

	Owned assets					
	Freehold land	Building on freehold land	Furniture and fittings	Vehicles	Office equipment	Total
	-----------	-----------	-----Rupees-----	-----------	-----------	-----------
Year ended June 30, 2020						
Opening net book value	-	-	40,314	75,270	103,663	219,247
Additions	-	-	-	-	-	-
Surplus on revaluation of fixes assets	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Depreciation charged for year	-	-	4,031	15,054	10,366	29,452
Closing net book value	-	-	36,283	60,216	93,297	189,796
At June 30, 2020						
Cost	-	-	757,930	1,745,260	1,676,058	4,179,248
Accumulated depreciation	-	-	721,647	1,685,044	1,582,761	3,989,451
Net book value	-	-	36,283	60,216	93,297	189,796
Year ended June 30, 2021						
Opening net book value	-	-	36,283	60,216	93,297	189,796
Additions	-	-	-	-	-	-
Surplus on revaluation of fixes assets	-	-	-	-	-	-
Disposal during the year	-	-	-	-	-	-
Depreciation charged for year	-	-	3,628	12,043	9,330	25,001
Closing net book value	-	-	32,654	48,173	83,967	164,794
At June 30, 2021						
Cost	-	-	757,930	1,745,260	1,676,058	4,179,248
Accumulated depreciation	-	-	725,276	1,697,087	1,592,091	4,014,453
Net book value	-	-	32,654	48,173	83,967	164,794

Depreciation on operating fixed assets is charge at the following rates:	%
Building on free hold land	10
Plant and machinery	10
Furniture and fittings	10
Vehicles	20
Office equipment	10
Electric Installations	10
Tubewell	10

9.2 The depreciation for the year has been allocated as follows:

	2021	2020
Cost of goods sold	-	-
Administrative expenses	25,001	29,452
	25,001	**29,452**

	Note	2021 Rupees	2020 Rupees
10 TAX DUE FROM GOVERNMENT			
Tax due from Government		3,111,393	3,111,393
		3,111,393	**3,111,393**
11 CASH AND BANK BALANCES			
In hand		224,734	224,734
At banks- current account		-	-
		224,734	**224,734**
12 ADMINISTRATIVE EXPENSES			
Salaries, allowances & benefits		927,560	1,455,600
Telephone, postage & telegram		13,692	29,651
Rent, Rates & Taxes		180,000	240,000
Printing & Stationery		72,071	86,183
Entertainment		13,972	5,016
Legal & professional charges		345,000	115,000
Fee & subscription		165,800	480,365
Tax Consultancy & auditors remuneration	12.1	100,000	100,000
Depreciation	9.2	25,001	29,452
		1,843,096	**2,541,267**
12.1 Auditors Remuneration			
Audit fee		75,000	75,000
Tax fee		25,000	25,000
		100,000	**100,000**
13 TAXATION			
Current year		-	-
Prior years		-	-
DEFERRED			
Current year		-	-
Prior years		-	-
		-	-

RMDM

	Note	2021 Rupees	2020 Rupees

14 EARNING/(LOSS) PER SHARE

Basic

	2021	2020
Net loss after tax attributable to ordinary shareholders	(1,843,096)	(2,541,267)
Number of shares issued and subscribed at the end of the period	99,096,160	99,096,160
Basic Earning/(loss) per share	**(0.02)**	**(0.03)**

Diluted

There is no dilutive effect on the basic EPS of the company for the years ended June 30, 2021

15 TRANSACTION WITH ASSOCIATED UNDERTAKING

	2021	2020
Services rendered / received	**NIL**	**NIL**

16 REMUNERATION OF DIRECTORS AND EXECUTIVES

Annual basic salary of none of the executive employees of the company exceeded Rs. 500,000. Nill (2020: Rs. NIL) and of Chief Executives (NIL) (2020: Rs. NIL).

17 FINANCIAL INSTRUMENTS AND RELATED DISCLOSUERS

FINANCIAL RISK MANAGEMENT

The Company has exposure to the followings risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

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

COMPANY RISK MANGEMENT OBJECTIVES AND POLICIES

The Company risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through it's training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors and compliance with Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

17.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted and arise principally from trade receivables, loans and advances and trade deposits. Out of the total financial assets of Rs. 224,734 /-,(2017: Rs. 224,734 /-) financial assets which are subject to credit risk amount to Rs. Nil/- (2018:Rs Nil /-).

To manage exposure to credit risk in respect of trade receivables. Management maintains procedures covering the application for credit approvals, granting and renewal of counter parties limit taking into account the customer's financial position, past track record, credit rating and other factors. As a part of these processes, exposures of credit risk are regularly monitored, assessed and customer are persuaded for prompt recovery. In addition to this the company has established an allowances for impairment that is estimate of expected losses in respect of trade debts. This allowance is based on the management assessment of specific loss component that relate to significant exposures. Sales to customers are also made against advance payment to further prudently manage the credit risk.

The Company limits its exposure to credit risk by following the policies and procedures of approval and continuous monitoring of loan and advances extended to staff and suppliers and maintain bank account only with counterparty that have high degree of credit rating. Advance tax is adjustable or recoverable from FBR which is a State authority and have high credit rating. Given these high credit ratings, management do not expect that any of these counterparty fall to meet its obligations.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date was:

	2021 Rupees	2020 Rupees
Cash and Bank balances	224,734	224,734
	224,734	224,734

The trade debts as at the balance sheet date are classified by Geographical area as follows:

	2021 Rupees	2020 Rupees
Foreign	-	-
Domestic	-	-
	-	-

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Impairment Losses

The aging of trade debts at the reporting date was:

	2021		2020	
	Gross debts	Impaired	Gross debts	Impaired
Not past due	-	-	-	-
Past due0-30 days	-	-	-	-
Past due 30-60 days	-	-	-	-
Past due 60-90 days	-	-	-	-
Over 90 days	-	-	-	-
	-	-	-	-

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	2021	2020
	Rupees	Rupees
Balance at the beginning of the year	-	-
Provision made during the year	-	-
Written off during the year	-	-
Balance at the end of the year	-	-

Based on past experience and practice, consideration of financial position, past track records and recoveries, the Company believes that trade debtors past due to 60 days do not require any impairment allowance and no impairment loss is necessary in respect of remaining portion of past due over 90 days other than amount provided. Trade debts are essentially due from corporate entities and farmers and the Company is actively pursuing for prompt recovery of debts and does not expect these counter parties to fail to meet their obligations.

The allowance accounts in respect of trade receivables, loans and advances are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at that point the amount considered irrecoverable is written off against the financial asset directly. an amount of Bad debts of Rs. Nil/- has been written off against the provison and the remaing Bad debts amount Rs.Nil/-has been written off directly in P& L against debtor.

17.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity 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 maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	2021		2020	
	Carrying amount	Contractual Cash flows	Carrying amount	Contractual Cash flows
Loans and other borrowings - Unsecured	39,222,297		39,222,297	-
Trade and other payables - Unsecured	19,544,078	19,544,078	17,725,984	17,725,984
	58,766,375	19,544,078	56,948,281	17,725,984

The Company is not materially exposed to liquidity risk as substantially all obligations, commitments of the company are of short term and routine in nature (Accrued expense) and are restricted to the extent of available liquidity except the long term unsecured interest free loan obtained from the directors redeemable on the option of the Company. As a part of liquidity risk management policy Company follows effective cash flow, planning, controlling and management procedures to ensure availability of funds through effective working capital management and to appropriate measures for new requirements.

17.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will effect company's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market exposures within acceptable parameters, while optimizing the return on risk.

17.3.1 Foreign currency risk management

Foreign currency risk arises mainly where receivable and payables exist due to the transactions with foreign undertaking. Financial assets and financial liabilities of the company are not exposed to currency risk as a company has not entered into any transaction with any foreign undertakings.

17.3.2 Interest rate risk management:

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company has no significant long term interest bearing financial assets and liabilities whose fair value or cash flows will fluctuate because of changes in market interest rates. As there is no interest bearing financial asset and liability therefore disclosure requirement of effective rate of interest not attracted.

17.3.3 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The company manage its capital structure by effective cash flow management to ensure availability of funds and by monitoring return on net assets and make adjustments thereto in the light of changes in economic conditions. Consistent with others in the industry, the company manage its capital risk by monitoring its debt levels and liquid assets and keeping in view future requirements and expectations of the shareholders. Debt is calculating as total borrowings. Total capital comprises shareholders equity as shown in the balance sheet under share capital and reserves. In order to maintain or adjust the capital structure, the company may also adjust the amount of dividends paid to shareholders or issue new shares.

17.3.4 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

17.4 Fair value of financial assets and financial liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

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

17.5 Fair value estimation

IFRS 13 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measuring fair value of financial instruments.

Information about fair value hierarchy and asset classified under the hierarchy as follows.

- Level 1; Quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. drive from prices). The Company has no items to report in this level.

- Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

17.6 Financial instruments by category

The Company finances its operation through equity, borrowings and management of working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.
The accounting policies for financial instruments have been applied for line items as below:

As at june 30, 2021	Loans and Receivables	Held to matutity	Total 30-Jun-19
		Rupees	
Assets as per statement of financial position			
Cash and Bank	224,734	-	224,734
	224,734	-	224,734

	Financial Liabilities measured at amortized cost Rupees	Total 30-Jun-19 Rupees
Liabilities as per statement of financial position		
Loan from director	24,378,943	24,378,943
Trade & Other payables	17,642,317	17,642,317
	42,021,260	42,021,260

As at june 30, 2020	Loans and Receivables	Held to matutity	Total 30-Jun-18
		Rupees	
Assets as per statement of financial position			
Trade debts	34,120,028	-	34,120,028
Loans and advances	6,245,923	-	6,245,923
Security deposit	122,850	-	122,850
Cash and Bank	4,617,825	-	4,617,825
	45,106,626	-	45,106,626

	Financial Liabilities measured at amortized cost Rupees	Total June 30, 2018 Rupees
Liabilities as per statement of financial position		
Loan from director	39,222,297	39,222,297
Trade & Other payables	15,214,168	15,214,168
	54,436,465	54,436,465

18 CHANGES IN LIABILITIES ARISIING FROM FINANCING ACTIVITIES

	2021	Cash flow	2020
		...................Rupees...................	
Loan from director	39,222,297	-	39,222,297

19 DATE OF AUTHORIZATION FOR ISSUE

The financial statements have been authorized for issue on 04/10/2021 by the board of directors of the company.

The annexed notes 1 to 19 form an integral part of these financial statements.

CHIEF EXECUTIVE

Fassia Nawaz

DIRECTOR