

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Nishat (Chunian) Limited

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of NISHAT (CHUNIAN) LIMITED as at 31 December 2020 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2020 and 31 December 2019 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2020.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Syed Mustafa Ali.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 25 FEB 2021

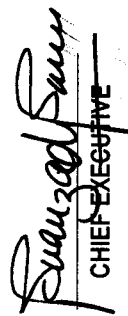
NISHAT (CHUNIAN) LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Un-audited Note 31 December 2020	Audited 30 June 2020	Un-audited 31 December 2020	Audited 30 June 2020
	Rupees	Rupees	Rupees	Rupees
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital	4,200,000,000	4,200,000,000	16,595,914,923	16,569,284,419
Issued, subscribed and paid-up share capital	2,401,190,290	2,401,190,290	103,000,910	93,072,385
Reserves	12,350,103,353	11,236,207,985	-	110,318
Total equity	14,751,293,643	13,637,398,275	1,886,681,200	1,886,681,200
			18,007,630	11,905,910
			31,351,595	31,689,760
			18,634,956,258	18,592,743,992

	Un-audited Note 31 December 2020	Audited 30 June 2020	Un-audited 31 December 2020	Audited 30 June 2020
	Rupees	Rupees	Rupees	Rupees
ASSETS				
NON-CURRENT ASSETS				
Fixed assets			1,542,063,579	934,214,456
Right-of-use assets			18,779,169,921	19,988,076,994
Intangible asset			6,098,633,658	4,686,630,353
Long term investments			3,218,004,843	1,106,668,001
Long term loans to employees			47,781,957	45,835,883
Long term security deposits			2,535,407,942	2,305,811,963
			284,606	5,321,600
			37,892,015	37,833,033
			64,371,068	47,467,302
			32,323,589,589	29,157,859,585
CURRENT ASSETS				
Stores, spare parts and loose tools				
Stock-in-trade				
Trade debts				
Loans and advances				
Short term prepayments				
Other receivables				
Accrued interest				
Short term investments				
Cash and bank balances				
			6,005,068,426	6,005,068,426
			71,968,923	71,968,923
			-	-
			6,077,037,349	6,077,037,349
			4,087,227,070	4,455,680,126
			311,056,006	463,028,006
			23,404,647,138	22,554,435,284
			1,977,776,675	512,310,173
			53,476,382	50,714,364
			29,834,183,271	28,036,167,953
			36,207,252,204	34,113,205,302
			50,958,545,847	47,750,603,577
			50,958,545,847	47,750,603,577

LIABILITIES				
NON-CURRENT LIABILITIES				
Long term financing				
Lease liabilities				
Deferred liabilities				
CURRENT LIABILITIES				
Trade and other payables				
Accrued mark-up / profit				
Short term borrowings				
Current portion of non-current liabilities				
Unclaimed dividend				
Total liabilities				
CONTINGENCIES AND COMMITMENTS				
TOTAL EQUITY AND LIABILITIES				

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


CHIEF EXECUTIVE

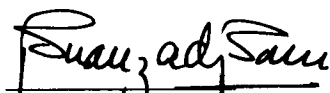

DIRECTOR

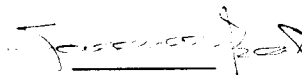

CHIEF FINANCIAL OFFICER

NISHAT (CHUNIAN) LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

Note	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
----- Rupees -----				
REVENUE	23,865,945,286	20,027,844,460	11,926,435,088	10,479,290,785
COST OF SALES	(21,111,657,923)	(17,482,189,477)	(10,447,759,170)	(9,129,290,260)
GROSS PROFIT	2,754,287,363	2,545,654,983	1,478,675,918	1,350,000,525
DISTRIBUTION COST	(562,420,969)	(465,728,745)	(279,721,348)	(238,321,283)
ADMINISTRATIVE EXPENSES	(125,026,843)	(173,934,618)	(56,869,210)	(96,336,858)
OTHER EXPENSES	(83,413,065)	(72,208,169)	(41,457,863)	(4,876,330)
	(770,860,877)	(711,871,532)	(378,048,421)	(339,534,471)
	1,983,426,486	1,833,783,451	1,100,627,497	1,010,466,054
OTHER INCOME	548,617,115	219,626,563	342,262,689	131,085,935
PROFIT FROM OPERATIONS	2,532,043,601	2,053,410,014	1,442,890,186	1,141,551,989
FINANCE COST	(886,184,261)	(1,276,823,390)	(427,176,319)	(657,933,762)
PROFIT BEFORE TAXATION	1,645,859,340	776,586,624	1,015,713,867	483,618,227
TAXATION	(291,844,943)	(254,400,703)	(142,011,159)	(134,699,578)
PROFIT AFTER TAXATION	1,354,014,397	522,185,921	873,702,708	348,918,649
EARNINGS PER SHARE - BASIC AND DILUTED	5.64	2.17	3.64	1.45

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


 CHIEF EXECUTIVE


 DIRECTOR


 CHIEF FINANCIAL OFFICER

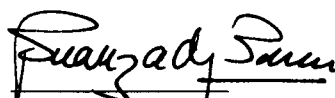
NISHAT (CHUNIAN) LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

HALF YEAR ENDED		QUARTER ENDED	
31 December 2020	31 December 2019	31 December 2020	31 December 2019

----- Rupees -----

PROFIT AFTER TAXATION	1,354,014,397	522,185,921	873,702,708	348,918,649
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,354,014,397	522,185,921	873,702,708	348,918,649

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


 CHIEF EXECUTIVE


 DIRECTOR


 CHIEF FINANCIAL OFFICER

NISHAT (CHUNIAN) LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	SHARE CAPITAL	CAPITAL RESERVE		REVENUE RESERVES		TOTAL RESERVES	TOTAL EQUITY
		Share premium	General reserve	Unappropriated profit	Sub - total		
Balance as at 30 June 2019 (Audited)	2,402,215,560	600,553,890	1,629,221,278	10,706,447,714	12,335,668,992	12,936,222,882	15,338,438,442
Transactions with owners:							
Buy-back of ordinary shares	(1,025,270)	-	-	(2,460,648)	(2,460,648)	(2,460,648)	(3,485,918)
Final dividend for the year ended 30 June 2019 @ Rupees 2.5 per share	-	-	-	(600,297,573)	(600,297,573)	(600,297,573)	(600,297,573)
	(1,025,270)	-	-	(602,758,221)	(602,758,221)	(602,758,221)	(603,763,491)
Profit for the half year ended 31 December 2019	-	-	-	522,185,921	522,185,921	522,185,921	522,185,921
Other comprehensive income for the half year ended 31 December 2019	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2019	-	-	-	522,185,921	522,185,921	522,185,921	522,185,921
Balance as at 31 December 2019 (Un-audited)	2,401,190,290	600,553,890	1,629,221,278	10,625,875,414	12,255,096,692	12,855,650,582	15,256,840,872
Loss for the half year ended 30 June 2020	-	-	-	(256,816,541)	(256,816,541)	(256,816,541)	(256,816,541)
Other comprehensive income for the half year ended 30 June 2020	-	-	-	-	-	-	-
Total comprehensive loss for the half year ended 30 June 2020	-	-	-	(256,816,541)	(256,816,541)	(256,816,541)	(256,816,541)
Transfer upon amalgamation	-	-	-	(1,362,626,056)	(1,362,626,056)	(1,362,626,056)	(1,362,626,056)
Balance as at 30 June 2020 (Audited)	2,401,190,290	600,553,890	1,629,221,278	9,006,432,817	10,635,654,095	11,236,207,985	13,637,398,275
Transaction with owners - Final dividend for the year ended 30 June 2020 @ Rupees 1.00 per share	-	-	-	(240,119,029)	(240,119,029)	(240,119,029)	(240,119,029)
Profit for the half year ended 31 December 2020	-	-	-	1,354,014,397	1,354,014,397	1,354,014,397	1,354,014,397
Other comprehensive income for the half year ended 31 December 2020	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2020	-	-	-	1,354,014,397	1,354,014,397	1,354,014,397	1,354,014,397
Balance as at 31 December 2020 (Un-audited)	2,401,190,290	600,553,890	1,629,221,278	10,120,328,185	11,749,549,463	12,350,103,353	14,751,293,643

Rupees

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


SAZAD SAMI
 CHIEF EXECUTIVE


 DIRECTOR


 CHIEF FINANCIAL OFFICER

NISHAT (CHUNIAN) LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	HALF YEAR ENDED	
		31 December 2020	31 December 2019
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	438,014,201	288,612,747
Finance cost paid		(1,008,481,364)	(1,221,335,368)
Income tax paid		(137,062,322)	(124,160,940)
Net (increase) / decrease in long term loans to employees		(9,938,177)	2,333,829
Net increase / (decrease) in long term security deposits		338,165	(941,155)
Net cash used in operating activities		(717,129,497)	(1,055,490,887)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(623,837,844)	(727,114,496)
Proceeds from disposal of operating fixed assets		35,586,692	12,162,829
Loans to subsidiary companies		(1,397,000,000)	(6,722,704,698)
Repayment of loans from subsidiary companies		817,000,000	4,916,448,430
Interest received		7,576,902	19,684,442
Net cash used in investing activities		(1,160,674,250)	(2,501,523,493)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,879,972,261	366,334,000
Repayment of long term financing		(573,703,948)	(546,899,450)
Repayment of lease liabilities		(24,415,643)	(13,383,876)
Payment for ordinary shares bought-back		-	(3,485,918)
Short term borrowings - net		850,211,854	4,393,482,720
Dividend paid		(237,357,011)	(600,175,017)
Net cash from financing activities		1,894,707,513	3,595,872,459
Net increase in cash and cash equivalents		16,903,766	38,858,079
Cash and cash equivalents at the beginning of the period		47,467,302	17,728,377
Cash and cash equivalents at the end of the period		64,371,068	56,586,456

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


 CHIEF EXECUTIVE


 DIRECTOR


 CHIEF FINANCIAL OFFICER

NISHAT (CHUNIAN) LIMITED
SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

1 THE COMPANY AND ITS OPERATIONS

Nishat (Chunian) Limited ("the Company") is a public limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at 31-Q, Gulberg II, Lahore. The Company is engaged in the business of spinning, weaving, dyeing, printing, stitching, processing, doubling, sizing, buying, selling and otherwise dealing in yarn, fabric and made-ups made from raw cotton, synthetic fiber and cloth, and to generate, accumulate, distribute, supply and sell electricity and steam.

2 BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2020. These unconsolidated condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2020 except for the changes in accounting policies as stated in note 3.2 to these unconsolidated condensed interim financial statements.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these unconsolidated condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2020.

	Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
4 LONG TERM FINANCING		
From banking companies / financial institutions - secured		
Long term loans (Note 4.1)	5,564,572,593	5,268,957,314
Long term musharaka (Note 4.2)	563,888,890	736,111,112
	<u>6,128,461,483</u>	<u>6,005,068,426</u>
4.1 Long term loans		
Opening balance	5,728,090,883	6,027,031,024
Add: Obtained during the period / year	1,879,972,261	1,124,999,375
Add: Adjustment due to impact of IFRS-9 during the period / year	23,458,996	-
	<u>7,631,522,140</u>	<u>7,152,030,399</u>
Less: Repayments during the period / year	573,703,948	1,423,939,516
Less: Deferred income - Government grant (Note 4.1.1)	79,161,223	-
	<u>6,978,656,969</u>	<u>5,728,090,883</u>
Less: Current portion shown under current liabilities	1,414,084,376	459,133,569
	<u>5,564,572,593</u>	<u>5,268,957,314</u>
4.1.1 This represents deferred income on initial recognition of loans obtained under SBP Refinance Scheme for payment of wages and salaries to workers.		
	Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
4.2 Long term musharaka		
Opening balance	761,111,112	1,080,555,556
Less: Repayments during the period / year	-	319,444,444
Closing balance	761,111,112	761,111,112
Less: Current portion shown under current liabilities	197,222,222	25,000,000
	<u>563,888,890</u>	<u>736,111,112</u>
5 LEASE LIABILITIES		
Total lease liabilities	114,101,592	100,145,527
Less: Current portion shown under current liabilities	42,245,896	28,176,604
	<u>71,855,696</u>	<u>71,968,923</u>
5.1 Reconciliation of lease liabilities		
Opening balance	100,145,527	-
Add: Adjustment on adoption of IFRS 16 on 01 July 2019	-	51,494,737
Add: Additions during the period / year	32,155,807	70,568,556
Add: Interest accrued on lease liabilities	6,215,901	9,684,288
Less: Payments during the period / year	(24,415,643)	(31,602,054)
Closing balance	114,101,592	100,145,527
Less: Current portion shown under non-current liabilities	42,245,896	28,176,604
Non-current portion	<u>71,855,696</u>	<u>71,968,923</u>

5.2 Implicit rate against lease liabilities ranges from 7.01% to 13.97% (30 June 2020: 11.10% to 13.97%) per annum.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2020 except for the following:

- i) Additional Commissioner Inland Revenue (ACIR) passed an order under section 122(5A) of the Income Tax Ordinance, 2001 creating an income tax demand to the tune of Rupees 189.375 million. No provision against this demand has been made in these unconsolidated condensed interim financial statements as the Company is hopeful for a favourable outcome of appeal based on the opinion of the tax advisor.
- ii) Guarantees of Rupees 756.671 million (30 June 2020: Rupees 782.085 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Lahore Electric Supply Company against electricity connections, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Director Pakistan Central Cotton Committee against cotton cess, and Nazir, Honourable High Court, Sindh against the notification in accordance with section 8 of OGRA Ordinance 2002, regarding system gas tariff on industrial and captive units.
- iii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 3,651.977 million (30 June 2020: Rupees 4,756.109 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheque issued as security shall be encashable.

6.2 Commitments

- i) Letters of credit other than for capital expenditure are amounting to Rupees 723.119 million (30 June 2020: Rupees 407.110 million).
- ii) Outstanding foreign currency forward contracts of Rupees 5,485.611 million (30 June 2020: Rupees 7,248.326 million).

Un-audited	Audited
31 December	30 June
2020	2020
Rupees	Rupees

7 FIXED ASSETS

Property, plant and equipment:

Operating fixed assets (Note 7.1)	15,920,527,520	16,282,580,673
Capital work-in-progress (Note 7.2)	675,387,403	286,703,746
	<u>16,595,914,923</u>	<u>16,569,284,419</u>

7.1 Operating fixed assets

Opening net book value	16,282,580,673	10,820,177,910
Add: Cost of additions during the period / year (Note 7.1.1)	235,154,187	1,705,070,585
Less: Book value of deletions during the period / year (Note 7.1.2)	33,631,084	43,888,077
Less: Book value of assets written off during the period / year (Note 7.1.3)	-	7,539,441
Add: Book value of assets transferred upon amalgamation during the period / year (Note 7.1.4)	-	4,720,588,324
Less: Depreciation charged during the period / year	563,576,256	911,828,628
Closing net book value	<u>15,920,527,520</u>	<u>16,282,580,673</u>

	Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
7.1.1 Cost of additions during the period / year		
Freehold land	23,828,011	215,991,523
Buildings on freehold land	7,791,629	43,683,483
Plant and machinery	114,007,613	1,344,165,642
Standby generators	-	626,351
Power generation equipment	28,897,877	-
Electric installations	11,636,701	25,012,910
Factory equipment	6,118,249	1,703,707
Furniture, fixture and equipment	16,939,952	7,079,835
Office equipment	7,863,085	11,912,266
Motor vehicles	18,071,070	54,894,868
	<u>235,154,187</u>	<u>1,705,070,585</u>
7.1.2 Book value of deletions during the period / year		
Cost of deletions		
Plant and machinery	70,746,228	166,478,717
Electric installations	-	400,000
Furniture, fixture and equipment	173,579	3,749,529
Office equipment	842,475	8,926,908
Motor vehicles	30,785,574	9,695,355
	<u>102,547,856</u>	<u>189,250,509</u>
Less: Accumulated depreciation	68,916,772	145,362,432
Book value of deletions during the period / year	<u>33,631,084</u>	<u>43,888,077</u>
	Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
7.1.3 Book value of assets written off during the period / year		
Cost		
Plant and machinery	-	2,415,293
Factory equipment	-	9,266,461
Electric installations	-	377,500
Furniture, fixture and equipment	-	2,337,411
Office equipment	-	4,078,590
Motor vehicles	-	43,069
	<u>-</u>	<u>18,518,324</u>
Less: Accumulated depreciation	-	10,978,883
Book value of assets written off during the period / year	<u>-</u>	<u>7,539,441</u>

	Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
7.1.4 Book value of assets transfer upon amalgamation during the period / year		
Cost of assets		
Freehold land	-	112,298,075
Buildings on freehold land	-	1,363,228,486
Plant and machinery	-	3,836,756,300
Electric installations	-	5,294,978
Furniture, fixture and equipment	-	360,840
Office equipment	-	1,852,321
Motor vehicles	-	30,236,510
	<u>-</u>	<u>5,350,027,510</u>
Less: Accumulated depreciation	-	629,439,186
Book value of deletions during the period / year	-	<u>4,720,588,324</u>

	Un-audited 31 December 2020 Rupees	Audited 30 June 2020 Rupees
7.2 Capital work-in-progress		
Civil works on freehold land	95,390,237	93,594,675
Plant and machinery	22,137,165	7,142,001
Electric installations	753,855	753,855
Advances for capital expenditures	543,939,806	177,154,598
Mobilization advances	13,166,340	8,058,617
	<u>675,387,403</u>	<u>286,703,746</u>

	Buildings Rupees
8 RIGHT-OF-USE ASSETS	
Net carrying amount as at 01 July 2020	<u>93,072,385</u>
Net carrying amount as at 31 December 2020	<u>103,000,910</u>
Depreciation expense for the period ended 31 December 2020	<u>22,227,282</u>
Additions during the period ended 31 December 2020	<u>32,155,807</u>

8.1 Lease of buildings

The Company obtained buildings on lease for its retail outlets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from two to five years.

8.2 There is no impairment against right-of-use asset.

Un-audited	Audited
31 December	30 June
2020	2020
Rupees	Rupees

9 INTANGIBLE ASSET

Opening net book value	110,318	669,454
Less: Amortization charged during the period / year	(110,318)	(559,136)
Closing net book value	<u>-</u>	<u>110,318</u>

UN-AUDITED			
HALF YEAR ENDED		QUARTER ENDED	
31 December	31 December	31 December	31 December
2020	2019	2020	2019

----- Rupees -----

10 COST OF SALES

Raw materials consumed	15,011,923,807	13,240,211,544	8,178,009,911	6,640,522,459
Packing materials consumed	688,145,316	485,263,061	377,587,694	255,519,273
Stores, spare parts and loose tools consumed	354,389,657	319,702,584	190,431,410	161,362,081
Processing charges	85,214,657	89,516,555	63,375,175	15,177,258
Salaries, wages and other benefits	1,426,411,572	1,331,338,735	713,450,410	659,217,625
Fuel and power	1,710,073,884	1,959,782,210	838,930,657	899,337,038
Insurance	49,500,509	30,808,764	25,872,860	15,914,693
Postage and telephone	439,797	462,379	221,370	224,333
Travelling and conveyance	2,470,665	961,555	1,479,945	426,651
Vehicles' running and maintenance	15,186,733	19,516,850	7,837,940	8,311,674
Entertainment	7,202,642	5,278,369	2,651,353	2,360,461
Depreciation on operating fixed assets	556,287,399	429,186,352	279,776,518	214,832,711
Repair and maintenance	222,592,596	228,621,763	111,130,550	117,408,503
Other factory overheads	72,117,075	36,232,772	46,515,862	(11,089,554)
	<u>20,201,956,309</u>	<u>18,176,883,493</u>	<u>10,837,271,655</u>	<u>8,979,525,206</u>

Work-in-process:

Opening stock	1,131,081,567	1,039,191,965	1,036,234,752	1,330,971,429
Closing stock	(1,436,695,649)	(1,220,706,264)	(1,436,695,649)	(1,220,706,264)
	<u>(305,614,082)</u>	<u>(181,514,299)</u>	<u>(400,460,897)</u>	<u>110,265,165</u>

Cost of goods manufactured

19,896,342,227	17,995,369,194	10,436,810,758	9,089,790,371
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Finished goods and waste - opening stocks:

Finished goods	4,098,769,328	2,538,481,385	2,988,218,760	3,049,583,422
Waste	175,341,896	60,348,016	81,525,180	101,925,585
	<u>4,274,111,224</u>	<u>2,598,829,401</u>	<u>3,069,743,940</u>	<u>3,151,509,007</u>
	24,170,453,451	20,594,198,595	13,506,554,698	12,241,299,378

Finished goods and waste - closing stocks:

Finished goods	(2,968,543,974)	(2,999,577,503)	(2,968,543,974)	(2,999,577,503)
Waste	(90,251,554)	(112,431,615)	(90,251,554)	(112,431,615)
	<u>(3,058,795,528)</u>	<u>(3,112,009,118)</u>	<u>(3,058,795,528)</u>	<u>(3,112,009,118)</u>
	<u>21,111,657,923</u>	<u>17,482,189,477</u>	<u>10,447,759,170</u>	<u>9,129,290,260</u>

UN-AUDITED	
HALF YEAR ENDED	
31 December 2020	31 December 2019
Rupees	Rupees

11 CASH GENERATED FROM OPERATIONS

Profit before taxation	1,645,859,340	776,586,624
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	563,576,256	433,380,577
Amortization on intangible asset	110,318	279,568
Depreciation on right-of-use assets	22,227,282	12,383,202
(Gain) / loss on sale of property, plant and equipment	(1,955,608)	2,924,604
Impact of derecognition of financial instrument carried at amortized cost	-	1,704,840
Interest income on loans to subsidiary companies	(353,405)	(173,770,414)
Return on bank deposits	(2,225,485)	(6,584,046)
Allowance / (reversal) for expected credit losses	36,322	(4,030,467)
Finance cost	886,184,261	1,276,823,390
Gain on remeasurement of deferred liability	(38,282,637)	-
Amortization of deferred income - Government grant	(20,209,587)	-
Working capital changes (Note 11.1)	(2,616,952,856)	(2,031,085,131)
	<u>438,014,201</u>	<u>288,612,747</u>

11.1 Working capital changes

(Increase) / decrease in current assets:

Stores, spare parts and loose tools	(607,849,123)	(123,699,350)
Stock-in-trade	1,208,907,073	(3,348,163,434)
Trade debts	(1,412,039,627)	624,638,964
Loans and advances	(1,527,500,385)	(148,309,974)
Short term prepayments	(1,946,074)	(21,516,531)
Other receivables	(384,378,600)	75,724,899
	<u>(2,724,806,736)</u>	<u>(2,941,325,426)</u>

Increase in current liabilities:

Trade and other payables	107,853,880	910,240,295
	<u>(2,616,952,856)</u>	<u>(2,031,085,131)</u>

12 SEGMENT INFORMATION

12.1 The Company has following reportable operating segments. The following summary describes the operation in each of the Company's reportable segments:

Spinning - Zone 1, 2 and 3:	Production of different quality of yarn using natural and artificial fibers.
Weaving - Unit 1 and 2:	Production of different qualities of greige fabric using yarn.
Processing and Home Textile:	Processing grey fabric for production of printed and dyed fabric and manufacturing of home textile articles.
Power Generation:	Generation and distribution of power.

13 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in this unconsolidated condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 31 December 2020	Level 1	Level 2	Level 3	Total
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----- Rupees -----

Financial assets

Derivative financial assets	-	105,666,566	-	105,666,566
Total financial assets	-	105,666,566	-	105,666,566

Recurring fair value measurements At 30 June 2020	Level 1	Level 2	Level 3	Total
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----- Rupees -----

Financial liabilities

Derivative financial liabilities	-	302,749,353	-	302,749,353
Total financial liabilities	-	302,749,353	-	302,749,353

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments.

14 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise subsidiary companies, associated undertakings, other related parties, key management personnel and post employment benefit plan. The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties are as follows:

i. Transactions

UN-AUDITED			
HALF YEAR ENDED		QUARTER ENDED	
31 December 2020	31 December 2019	31 December 2020	31 December 2019

----- Rupees -----

Subsidiary companies

Sale of goods	850,502,671	586,084,501	495,711,813	251,287,128
Purchase of electricity and steam	-	877,242,412	-	825,545,858
Common facilities cost charged	9,900,000	9,600,000	4,950,000	4,800,000
Disbursements of loans	1,397,000,000	6,722,704,698	1,047,000,000	3,944,632,698
Repayments of loans	817,000,000	4,916,448,430	467,000,000	4,053,871,876
Interest income	353,405	173,770,414	264,853	102,804,663

Associated undertakings

Mark up on borrowings	-	3,538,636	-	1,742,722
Long term loans repaid	-	15,031,250	-	5,031,250
Short term loans repaid	-	10,396,890	-	-
Insurance premium paid	-	52,031,109	-	19,462,460
Insurance claims received	-	5,398,231	-	1,476,181
Dividend paid	-	3,246,250	-	3,246,250
Donations paid	2,763,517	1,304,000	560,000	794,000

Other related parties

Purchase of goods	79,287,931	146,563,311	69,947,646	64,100,167
Sale of goods	1,257,620,281	1,428,518,676	482,849,964	811,126,116
Dividend paid	39,963,940	99,909,850	39,963,940	99,909,850
Contribution to employee's provident fund trust	82,040,122	65,217,634	39,920,518	36,020,256
Remuneration of key management personnel and executives	86,511,879	78,824,184	43,255,940	39,412,092

ii. Period end balances

As at 31 December 2020 (Un-audited)			
Subsidiary companies	Associated companies	Other related parties	Total

----- Rupees -----

Long term investments	1,886,681,200	-	-	1,886,681,200
Trade debts	862,497,838	-	40,771,073	903,268,911
Loans and advances	580,000,000	-	544,966	580,544,966
Other receivables	-	-	84,987,174	84,987,174
Accrued interest	264,606	-	-	264,606

As at 30 June 2020 (Audited)			
Subsidiary companies	Associated companies	Other related parties	Total

----- Rupees -----

Long term investments	1,886,681,200	-	-	1,886,681,200
Trade debts	879,865,266	-	215,718,793	1,095,584,059
Loans and advances	-	4,525,000	4,056,512	8,581,512
Other receivables	-	-	11,438,626	11,438,626
Accrued interest	5,321,600	-	-	5,321,600

15 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2020.

16 CORRESPONDING FIGURES

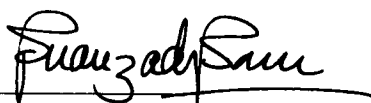
In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the unconsolidated condensed interim statement of financial position and unconsolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

17 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on

~~25 FEB 2021~~


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER