



Half Yearly Accounts December 31, 2023
(Un-Audited)



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COMPANY INFORMATION

CHAIRMAN

Dr. Azhar Waheed

CHIEF EXECUTIVE

Mr. Mohammad Tariq

BOARD OF DIRECTORS

Dr. Azhar Waheed
 Mr. Muhammad Awais Qarni Chaudry
 Mr. Muhammad Hasnain Saeed Sohbin
 Mr. Mohammad Tariq
 Mrs. Zainab Malik (Independent Director)
 Mr. Shaukat Nazir Malik (Independent Director)

AUDIT COMMITTEE

Mr. Shaukat Nazir Malik	Chairman
Mr. Mohammad Tariq	Member
Mrs. Zainab Malik	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mrs. Zainab Malik	Chairperson
Mr. Muhammad Awais Qarni Chaudry	Member

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Muhammad Hasnain Saeed Sohbin

AUDITORS

M/S H.A.M.D. & Co.
 (Chartered Accountants)
 Member of ILAG.
 1st Floor, 2G (2/7),
 Mushtaq Ahmad Gurmani Road, Gulberg II
 Lahore.

LEGAL ADVISER

Salman Akram Raja.
 Raja Mohammad Akram & Co., Advocates &
 Legal Consultants.
 33-C Main Gulberg Lahore.

REGISTRAR OF THE COMPANY

Vision Consulting Ltd.
 3 - C , 1st floor, LDA Flats, Lawrance Road Lahore
 Ph: + 92 42 36283096 - 97

REGISTERED OFFICE

8 KM Manga Raiwind Road Raiwind District Kasur
 Ph: + 92 42 35393402, 35393461
 WEB: www.hiratex.com.pk

BUSINESS OFFICE

19 Ajbak Block New Garden Tower, Lahore.
 W: www.hiratex.com.pk

MILLS

8 KM Manga Raiwind Road Raiwind District Kasur



Directors' Report

The Directors are pleased to present the reviewed financial statements of the company for the half-year ended December 31, 2023.

Following are the Operating results of the Company.

	Six months ended 31 December 2023	Six months ended 31 December 2022
	Rupees	Rupees
Sales – Net	52,365,867	42,200,000
Gross Profit (Loss)	(74,824,346)	(80,501,696)
Operating Profit (Loss)	(86,263,952)	(51,813,627)
Profit/ (Loss) after Tax	(144,667,979)	(110,053,013)
(Loss) / Earning per Share	(1.67)	(1.27)

Review of business during this period and Future outlook

The Company's sales are Rs. 52.366 million as compared to Rs.42.200 million during the corresponding period of last year showing an increase of 24.09%. Gross Loss for the period is Rs.74.824 million as compared to the gross loss of Rs. 80.501 million in the corresponding period. The decrease in Gross Loss is mainly due to decrease in expenses. Loss from operations is Rs. 86.264 million as compared to operational loss of Rs. 51.813 million in the corresponding period. The increase in loss is attributed due to increase in expenses. After tax loss is Rs. 144.668 million as compared to loss of Rs. 110.053 million in the corresponding period. Loss per share for the six month period are Rs. (1.67) as compared to Rs. (1.27) during the corresponding period.

However, the management of the company is putting its best efforts forward by taking severe cost cutting measures to increase the profit margins and to improve the margins further through production and marketing strategies in the remaining six month of the year.

The Directors wish to express their appreciation the staff & workers of the Company for their dedication & devotion displayed in the success & sales growth of the company.

On behalf of the Board

Azhar Waheed

Dr. Azhar Waheed

Lahore

December 20, 2024

(Chairman)

M. Tariq

Muhammad Tariq

(Chief Executive)

ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2023 کو قائم ہونے والے ششماہی کے لیے آڈیٹرز سے جائزہ شدہ مالیاتی گوشوارے پیش کرنے پر خوش ہیں۔

کمپنی کے عملی مالیاتی نتائج درج ذیل ہیں۔

ششماہی 31 دسمبر 2022	ششماہی 31 دسمبر 2023	
روپے	روپے	
42,200,000	52,365,867	(Net) فروغ ٹنگی
(80,501,696)	(74,824,346)	مجموعی منافع (نقصان)
(51,813,627)	(86,263,952)	آپریٹنگ منافع (نقصان)
(110,053,013)	(144,667,979)	منافع (نقصان) بعد از ٹیکس
(1.27)	(1.67)	آمدن (نقصان) فی حصص

اس عرصے کے دوران کاروبار کا جائزہ اور مستقبل پر نظر

کمپنی کی زیر جائزہ مدت کے دوران فروخت شدہ مال کی مالیت 52.366 ملین روپے ہے۔ جو کہ گزشتہ سال کی اسی مدت کے دوران فروخت شدہ مال کی مالیت 42.200 ملین روپے تھی۔ جو کہ گزشتہ سال کے مقابلے میں 24.09 فیصد اضافہ دکھاتا ہے۔ اس مدت کے لیے مجموعی نقصان 74.824 ملین روپے ہے۔ جبکہ گزشتہ سال کی اسی مدت میں مجموعی نقصان 80.501 ملین روپے تھا۔ مجموعی نقصان میں کمی کی بنیادی وجہ اخراجات میں کمی ہے۔ جبکہ گزشتہ سال کی اسی مدت میں آپریٹنگ منافع (نقصان) 86.264 ملین روپے رہا جبکہ گزشتہ سال کی اسی مدت میں آپریٹنگ منافع (نقصان) 51.813 ملین روپے تھا۔ خسارے میں اضافے کی وجہ اخراجات میں اضافہ ہے۔ بعد از ٹیکس نقصان 144.668 ملین روپے ہے۔ جبکہ گزشتہ سال کی اسی مدت میں کے دوران نقصان 110.053 ملین تھا۔ دوران ششماہی کے لیے فی حصص نقصان (1.67) روپے ہے۔ جبکہ گزشتہ سال کی اسی مدت کے لیے فی حصص نقصان (1.27) روپے تھا۔

تاہم کمپنی کی انتظامیہ بقیہ دوسری ششماہی میں بہتر منافع کے حصول کے لیے اوریبل اوری لاگت میں کمی لانے کے لیے سخت اقدامات اٹھانے کے ساتھ ساتھ بہتر پیو اور ادارہ کارکنوں کی حکمت عملی کے ذریعے اپنی تمام تر صلاحیتوں کو بروئے کار لاتے ہوئے اس میں بہتری کے لیے پرعزم ہے۔

ڈائریکٹرز کمپنی کے عملی اور کارکنوں کی اپنے کام کی گن گوارا بنانے کے لیے جو انہوں نے کمپنی کی بہتری کے لیے کی ہیں کو تحسین کی نظر سے دیکھتے اور سراہتے ہیں۔

Azhar-Us-Sani

ڈائریکٹر انچارج

چیرمین

M. Jary

محمد طارق

چیف ایگزیکٹو

لاہور

20 دسمبر 2024



INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **HIRA TEXTILE MILLS LIMITED** [“the Company”] as at **31 December 2023** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the three-month period ended **31 December 2023** of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

Scope of Review

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

Basis for Disclaimer of Conclusion

1. As reported in note 2.2, the Company has incurred a loss after taxation of Rs. 144.667 million during the half year ended December 31, 2023. As at December 31, 2023, the Company has accumulated losses of Rs. 2991.65 million and negative equity of Rs. 440.82. Its current liabilities exceed current assets by Rs. 3,3385.83 million. The Company has not been able to make timely repayments of its debt finances and interest thereon. The providers of debt finances have filed recovery suits against the Company. Production and Sales of the Company have significantly curtailed. All borrowing facilities availed by the Company stand expired. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. While the Company has prepared and presented the annexed interim financial statements on going concern basis based on the factors explained in note 2.2. We consider that in the absence of any favorable settlement with the providers of debt finances, ability to obtain further financing and revival of its operations, the Company may not be able to settle its liabilities and realize its assets in the normal course of business. Consequently, the use of going concern assumption in the preparation of annexed financial statements is not appropriate and adjustments may be required to the amounts reported in the financial statements. These interim financial statements do not disclose this fact.



Chartered Accountants

TIAG.

- The Company was unable to make timely repayments of long-term finances and interest thereon. As a result, the Company breached provisions of long-term financing agreements with Askari Bank Limited, MCB Bank Limited, National Bank of Pakistan, Faysal Bank Limited, Habib Bank Limited, The Bank of Punjab, Bank Alfalah Limited and Faysal Bank Limited, whereby the entire liability under these agreements has become payable on demand. However, the Company continues to classify these finances as non current liabilities. Had these been classified as current liabilities, the total current liabilities of the Company as at the reporting date would have been higher by Rs. 1,586.268 million.

Disclaimer of Conclusion

Due to the significance of the matters described in the 'Basis for Disclaimer of Conclusion' paragraph, we were unable to obtain sufficient appropriate evidence to form a conclusion on the accompanying interim financial information for half year ended December 31, 2023. Accordingly, we do not express a conclusion on these interim financial statements.

The engagement partner on review resulting in this independent auditor's report is Waseem Ashfaq.

H.A.M.D & CO.
Chartered Accountants



Place: Lahore
Date: 20 December 2024
UDIN:



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023**

	<i>Note</i>	December 31, 2023	June 30, 2023
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-audited)</i>	<i>(Audited)</i>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
87,000,000 (June 30, 2023: 87,000,000) ordinary shares of Rs. 10 each		870,000,000	870,000,000
Issued, subscribed and paid-up capital		865,779,200	865,779,200
Share premium		82,500,000	82,500,000
Surplus on revaluation of property, plant and equipment		1,121,054,665	1,133,626,295
Accumulated Losses		(2,991,658,581)	(2,859,562,232)
Loan from directors and sponsors		481,500,000	481,500,000
TOTAL EQUITY		(440,824,716)	(296,156,737)
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances		1,586,268,141	1,586,268,141
Lease liability		2,387,302	2,387,302
Employees retirement benefits		-	-
Deferred interest		-	-
Deferred taxation		369,846,477	369,846,477
		1,958,501,920	1,958,501,920
CURRENT LIABILITIES			
Trade and other payables		447,200,493	410,722,045
Unclaimed dividend		2,757,215	2,757,216
Short term borrowings		334,970,742	334,970,742
Accrued interest		682,263,395	624,595,200
Current portion of non-current liabilities		66,308,683	66,308,683
		1,533,500,728	1,439,354,086
TOTAL LIABILITIES		3,492,002,648	3,297,856,006
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		3,051,177,932	3,001,699,269

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

M. Jang
Chief Executive

M. Haseem
Chief Financial Officer

Ashraf Wajid
Director



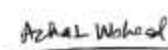
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	December 31, 2023	June 30, 2023
		Rupees (Un-audited)	Rupees (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	2,844,210,933	2,905,738,616
Right-of-use assets	8	50,291,731	51,765,379
Long term investments	9	-	-
Long term deposits		50,509,093	49,609,093
		2,945,011,757	3,007,113,088
CURRENT ASSETS			
Stores, spares and loose tools		-	202,011
Stock in trade		37,479,538	-
Trade debts		778,608	-
Advances, deposits, prepayments and other receivables		44,641,789	65,884,433
Advance income tax/income tax refundable		23,093,936	22,596,744
Cash and bank balances		172,216	5,902,963
		106,166,176	94,586,181
TOTAL ASSETS		3,051,177,932	3,101,699,269

The annexed notes from 1 to 18 form an integral part of these interim financial statements.


Chief Executive


Chief Financial Officer


Director



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2023

	Note	Six month ended		Three month ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		Rupees	Rupees	Rupees	Rupees
Sales - net	10	52,365,867	42,200,000	52,365,867	2,040,000
Cost of sales	11	(527,190,213)	(522,701,696)	(91,210,860)	(37,175,792)
Gross profit/(loss)		(74,824,346)	(80,501,696)	(38,844,993)	(35,135,792)
Distribution cost		-	-	-	-
Administrative expenses		(51,439,606)	(1,948,127)	(7,060,770)	(1,170,630)
Other income		(86,263,952)	(82,449,823)	(45,905,763)	(35,308,422)
Operating profit/(loss)		(86,263,952)	(51,013,027)	(45,905,763)	(20,796,770)
Finance cost		(57,870,527)	(57,711,886)	(28,836,430)	(26,834,227)
		(143,934,479)	(109,525,513)	(74,742,193)	(49,620,997)
Loss before taxation		(143,934,479)	(109,525,513)	(74,742,193)	(49,620,997)
Taxation	12	(733,500)	(527,500)	(733,500)	(25,500)
Loss after taxation		(144,667,979)	(110,053,013)	(75,475,693)	(49,646,497)
Loss per share - basic and diluted		(1.67)	(1.27)	(0.87)	(0.57)

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

M. Jaryq
Chief Executive

M. Haseem
Chief Financial Officer

Ashraf Waseem
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-
FOR SIX MONTH ENDED DECEMBER 31, 2023**

	Six month ended		Three month ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Rupees	Rupees	Rupees	Rupees
Other comprehensive income	-	-	-	-
Loss after taxation	(144,667,979)	(110,053,013)	(75,475,693)	(49,646,497)
Total comprehensive loss	(144,667,979)	(110,053,013)	(75,475,693)	(49,646,497)

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

M. Jang
Chief Executive

M. Hasany
Chief Financial Officer

Azhar Wabool
Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2023

	Share capital		Capital reserves		Revenue reserves	Total equity
	Issued subscribed and paid-up capital	Share premium	Revaluation Reserve	Loan from directors and sponsors	Retained Earnings	
	Rspees	Rspees	Rspees	Rspees	Rspees	
Balance as at June 30, 2022 - Audited	865,779,200	82,500,000	1,156,798,954	481,500,000	(2,518,460,411)	70,088,943
Comprehensive loss						
Loss after taxation	-	-	-	-	(110,062,013)	(802,944,298)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(110,062,013)	(802,944,298)
Incremental depreciation	-	-	(0,813,228)	-	0,813,228	-
Transaction with owners	-	-	-	-	-	-
Balance as at December 31, 2022 - Un-audited	865,779,200	82,500,000	1,152,156,328	481,500,000	(2,621,800,186)	(80,954,670)
Balance as at January 01, 2023 - Un-audited	865,779,200	82,500,000	1,162,166,328	481,500,000	(2,621,800,186)	(30,884,670)
Comprehensive loss						
Loss after taxation	-	-	-	-	(256,192,067)	(256,192,067)
Other comprehensive income/loss	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(256,192,067)	(256,192,067)
Incremental depreciation	-	-	(18,530,031)	-	18,530,031	-
Transaction with owners	-	-	-	-	-	-
Transferred from Long Term loan from Directors and Sponsors	-	-	-	-	-	-
Transferred from Short Term loan from Directors and Sponsors	-	-	-	-	-	-
Balance as at June 30, 2023 - Audited	865,779,200	82,500,000	1,133,026,295	481,500,000	(2,895,502,232)	(290,156,737)
Balance as at July 01, 2023 - Audited	865,779,200	82,500,000	1,133,026,295	481,500,000	(2,895,502,232)	(290,156,737)
Comprehensive loss						
Loss after taxation	-	-	-	-	(144,867,075)	(144,867,075)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(144,867,075)	(144,867,075)
Incremental depreciation	-	-	(12,971,830)	-	12,971,830	-
Transaction with owners	-	-	-	-	-	-
Balance as at December 31, 2023 - Un-audited	865,779,200	82,500,000	1,121,054,465	481,500,000	(2,991,458,581)	(440,024,716)

The annexed notes from 1 to 18 form an integral part of these interim financial statements.

M. Jang
Chief Executive

M. Haseem
Chief Financial Officer

Ashraf Wajid
Director



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Six month ended	
	December 31, 2023	December 31, 2022
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(143,934,479)	(109,525,513)
Adjustments for non-cash items		
Interest on borrowings	57,668,195	57,668,195
Depreciation	63,001,332	65,746,842
	-	-
	120,669,527	123,415,037
Operating profit/(loss) before changes in working capital	(23,264,952)	13,880,524
Changes in working capital		
Stores, spares and loose tools	202,011	3,976,846
Stock-in-trade	(37,479,538)	-
Trade debts	(778,698)	(9,849,512)
Advances, deposits, prepayments and other receivables	21,242,644	(114,838,991)
Trade and other payables	36,478,448	107,398,183
	19,664,867	(13,313,474)
Net cash generated from operations	(3,600,085)	578,050
Payments for		
Interest on borrowings	-	-
Income tax	(1,230,691)	-
Employees retirement benefits	-	-
Net cash (used in)/generated from operating activities	(4,830,776)	578,050
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	-	-
Long term deposits made	(900,000)	-
Proceeds from disposal of property, plant and equipment	-	-
Net cash used in investing activities	(900,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained/(repaid)	-	-
Repayment of lease liability	-	(667,242)
Net decrease in short term borrowings	-	-
Net cash generated from/(used in) financing activities	-	(667,242)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,730,776)	(91,192)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,902,993	874,810
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	172,216	783,617

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

M. Jang
Chief Executive

M. Hasany
Chief Financial Officer

Azhar Wabool
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2023

1 LEGAL STATUS AND OPERATIONS

Hira Textile Mills Limited (the Company) is incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 8-KM, Manga Raiwind Road, Raiwind, Distt. Kasur. The principal activity of the Company is manufacturing and sale of yarn. The manufacturing facility is located at Manga Raiwind Road, Tehsil and District Kasur in the province of Punjab.

2 BASIS OF PREPARATION

The interim financial statements are un-audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2023.

2.1 Statement of compliance

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

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

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

2.2 Appropriateness of the going concern assumption

The Company has been facing unfavorable market conditions, depressed yarn prices following weak demand of spun yarn, increase in raw material and production costs resulting in low margins for past few years. As a result, the Company has incurred loss after taxation of Rs. 144,667 million during the period ended December 31, 2023. As at December 31, 2023, the Company has accumulated losses of Rs.2,991.65 million as at the reporting date and its current liabilities exceed its current assets by Rs. 3,385.83 million. The Company has failed to make timely repayments of its debt finances and interest thereon due to which lenders have filed recovery suits against the Company. These factors raise doubts about the Company's ability to continue as a going concern and that the Company may not be able discharge its liabilities and realize its assets in normal course of business. However, these financial statements have been prepared on

- a) The management of the company is continuously negotiating with various banking companies for restructuring / rescheduling agreement of loan facilities. The management is confident that it will be able to secure a reasonable arrangement. Further, rounds of negotiations for debt restructuring with National Bank of Pakistan are also in process and the management expects to secure a favourable deal soon.
- b) The management is vigorously contesting the recovery suits filed by providers of debt finances. Further, the Company has filed counter-suits claiming an aggregate recovery of 3,053,244 million.
- c) The Company has continued financial support of its directors and sponsors. Upto June 30, 2022, the directors and sponsors of the Company has provided financial support amounting to Rs. 481.5 million.
- d) The Company has shifted its product mix from manufacturing of coarse count yarn to fine count yarn. This will lead to lower cost of raw material (primarily cotton) and reduction in manpower requirements, reduction in per spindle cost through savings in energy costs as well as upto 60% savings in labour costs. This, coupled with a company-wide cost-cutting drive, is expected to provide the much needed breathing room in terms of liquidity.

The management believes that in view of the above mentioned, the Company will able to continue as a going concern.

2.3 Basis of measurement

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

2.4 Judgments, estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2023

2.5 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

2.8 Date of authorisation for issue

This interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on _____, 2023.

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

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

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

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

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

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

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

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

3.4 Annual Improvements to IFRS Standards 2018–2020

The annual improvements have made amendments to the following standards:

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

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

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



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2023**

	Effective date (annual periods beginning on or after)
Sale or contribution of assets between an investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred indefinitely
Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)	January 01, 2023
Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)	January 01, 2023
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements)	January 01, 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 - Leases)	January 01, 2024
Non-current Liabilities with Covenants (Amendments to IAS 1 - Presentation of Financial Statements)	January 01, 2024

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

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 17 - Insurance contracts (2017)

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

5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2023.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no change in status and amount of contingencies since June 30, 2023.

6.2 Commitments

There are no commitments as at December 31, 2023.

7 FIXED ASSETS

Operating fixed assets

	December 31, 2023 Rupees (Un-Audited)	June 30, 2023 Rupees (Audited)
Net book value at the beginning of the period/year	2,905,738,616	2,036,411,814
Additions during the period/year		
Freehold land	-	-
Buildings on freehold land	-	-
Plant and machinery	-	-
Electric installation	-	-
Power house	-	-
Factory equipment	-	-
Computers	-	-
	-	-
Net book value of assets disposed during the period/year	-	(51,058)
Depreciation for the period/year	(61,527,664)	(130,622,140)
Net book value at end of the period/year	2,844,210,952	2,905,738,616



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2023**

		December 31, 2023	June 30, 2023
		Rupees (Un-Audited)	Rupees (Audited)
8	RIGHT-OF-USE ASSETS		
	Net book value at beginning of the period/year	51,765,379	54,962,279
	Depreciation for the period/year	(1,473,648)	(3,196,900)
	Net book value at end of the period/year	50,291,731	51,765,379
9	LONG TERM INVESTMENTS		
	This represents investment in ordinary shares of Hira Terry Mills Limited, an associated company.		
		December 31, 2023	December 31, 2022
		Rupees (Un-Audited)	Rupees (Audited)
	Percentage of ownership interest	46.90%	46.90%
	Cost of investment	184,500,000	184,500,000
	18,450,000 shares (June 30, 2020: 18,450,000 shares)		
	Bonus issued @ 20%	36,900,920	36,900,920
	Share of post acquisition losses	(221,400,920)	(221,400,920)
		-	-
		Six month ended	Three month ended
		December 31, 2023	December 31, 2022
		Rupees (Un-Audited)	Rupees (Un-Audited)
10	SALES - NET		
	Yarn	48,910,267	42,200,000
	Waste/Scrap	3,455,600	-
		52,365,867	42,200,000
11	COST OF SALES		
	Raw material consumed	68,700,825	-
	Packing material consumed	2,406,168	-
	Stones, spares and loose tools consumed	4,218,393	3,079,845
	Salaries, wages and benefits	4,539,451	25,074,798
	Insurance	-	-
	Fuel and power	31,292,850	29,210,148
	Depreciation	61,741,306	64,431,905
	Other manufacturing overheads	1,770,758	-
		164,669,751	122,701,696
	Work in process		
	As at beginning of the period	-	-
	As at end of the period	-	-
		-	-
	Cost of goods manufactured	164,669,751	122,701,696
	Finished goods		
	As at beginning of the period	-	-
	As at end of the period	(37,479,538)	-
		(37,479,538)	-
		127,190,213	122,701,696
12	PROVISION FOR TAXATION		
	Current taxation	12.1	(733,500)
	Deferred taxation	12.2	(527,500)
		(733,500)	(527,500)
		25,000	25,000



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2023**

- 12.1** Provision for taxation has been made under section 113 of the Income Tax Ordinance, 2001.
- 12.2** No provision for deferred tax has been made as the impact of the same is considered immaterial.
- 13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

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

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Hira Terry Mills Limited	Associated company	Investment	46.9000%
Muhammad Umer Virk	Key management personnel	Director (Retired)	27.2800%
Muhammad Hasnain Saeed Sohtan	Key management personnel	Director	0.0028%
Muhammad Tariq	Key management personnel	Director	0.0008%
Shahnaz Umer	Close family member of sponsor	Director (Retired)	6.6135%
Sadya Umair	Close family member of sponsor	Director (Retired)	6.5120%
Umair Umer	Close family member of sponsor	Director (Retired)	0.0000%
Umaira Umer	Close family member of sponsor	Director (Retired)	9.9400%

Transactions with key management personnel are limited to payment of short term employee benefits and office rent. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an ordinary transaction between market participants at the date of transaction. Detail of transactions and balances with related parties is as follows:

		Six month ended	
		December 31, 2023	December 31, 2022
		Rupees	Rupees
		(Un-Audited)	(Un-Audited)
13.1	Transactions with related parties		
Nature of relationship	Nature of transaction		
Associated companies	Sales	-	-
	Rental Income	-	30,636,196
Sponsors	Interest on borrowings charged	-	-
	Interest on borrowings waived	-	-
Provident fund trust	Contribution for the period	-	-
Key management personnel	Remuneration and other benefits	-	-
		December 31, 2023	June 30, 2023
		Rupees	Rupees
		(Un-Audited)	(Audited)
13.2	Balances with related parties		
Associated company	Advance against rent / Trade receivable	65,185,903	36,278,887
Sponsors	Borrowings	481,500,000	481,500,000
Key management personnel	Current Account	46,713,896	47,258,907
Provident fund trust	Payable to provident fund trust	1,699,457	1,699,457

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