ADM
ARTISTIC DENIM MILLS

QUARTERLY REPORT

SEPTEMBER 30, 2026

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COMPANY INFORMATION

Board of Directors	
Chief Executive Officer	Mr. Muhammad Faisal Ahmed
Chairman	Mr. Muhammad Iqbal Ahmed
Directors	Mr. Muhammad Yousuf Ahmed
	Ms. Zahra Faisal Ahmed
	Mr. Yazdani Zia
	Mr. Muneer Ahmed
	Mr. Muhammad Ozair Qureshi
Audit Committee	
Chairman	Mr. Yazdani Zia
Members	Mr. Muhammad Iqbal Ahmed
	Mr. Muneer Ahmed
Human Resource and Remuneration Committee	
Chairman	Mr. Muneer Ahmed
Members	Mr. Muhammad Faisal Ahmed
	Ms. Zahra Faisal Ahmed
Chief Financial Officer	Mr. Sagheer Ahmed
Company Secretary	Mr. Muhammad Ozair Qureshi
Chief Internal Auditor	Mr. Muhammad Rashid Mughal
Auditors	M/s. Reanda Haroon Zakaria Aamir Salman Rizwan & Company Chartered Accountants
Legal Advisor	Monawwer Ghani Advocate
Share Registrar	M/s F. D. Registrar Services (Pvt.) Limited 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi. Tel: (+92-21) 35478192-3 / 32271905-6
Bankers	Allied Bank Limited Bank Al Habib Limited Bank Alfalah Limited BankIslami Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited National Bank of Pakistan Standard Chartered Bank (Pakistan) Limited United Bank Limited Woori Bank
Registered Office	Plot No. 5-9, 23-26, Sector 16, Korangi Industrial Area, Karachi. UAN: 111 236 236, Fax No. 3505 4652 www.admdenim.com
Mills	Korangi Industrial Area, Karachi.

DIRECTORS' REVIEW

Dear Shareholders,

The Board of Directors of **Artistic Denim Mills Limited** (the Company) is pleased to present the Directors' Review Report together with the un-audited condensed interim financial statements of the Company for the first quarter ended September 30, 2026.

PERIOD UNDER REVIEW

The Company's financial performance for the quarter ended September 30, 2026, compared with the corresponding period of the previous year, is summarized below:

Particulars	September 30, 2026 Rs. in ('000')	September 30, 2025 Rs. in ('000')
Sales - net	**4,104,549**	4,298,439
Gross profit	**410,271**	267,391
Finance costs	**238,935**	195,971
Net Profit / (Loss)	**1,245**	(149,596)
Earnings/(loss) per share (Rs. per share)	**0.01**	(1.78)

During the period under review, the Company recorded net sales of Rs. 4,105 million, compared to Rs. 4,298 million in the corresponding period last year. The decline in sales was primarily attributable to subdued demand, competitive pricing pressures in export markets, and a relatively stable exchange rate. Continued geopolitical uncertainties and disruptions in international trade and supply chains also contributed to volatility in global markets conditions.

Notwithstanding the lower sales volume, the Company achieved a significant improvement in gross profitability. Gross profit increased to Rs. 410.271 million compared with Rs. 267.391 million in the corresponding period, while the gross profit margin improved to 10% from 6.22%. The improvement reflects the benefits of tighter cost controls, enhanced operational efficiencies, improved product mix and synergies arising from the consolidation of manufacturing facilities. This improvement in underlying operating performance remains encouraging and provides a stronger base for the subsequent quarters.

Finance costs increased to Rs. 238.935 million, compared with Rs. 195.971 million in the corresponding period of the previous year. The increase was mainly attributable to higher working capital requirements associated with business operations, delays in the realization of tax refunds and the increase in the SBP policy rate from 10.50% to 11.50% effective April 28, 2026. Management continues to closely monitor working capital and liquidity, with particular focus on the timely realization of receivables and tax refunds.

As a result of the improvement in gross profitability and continued cost discipline, the Company achieved near break-even profitability, recording a net profit after levies and income tax of Rs. 1.245 million, compared with a net loss of Rs. 149.596 million in the corresponding period of the previous year. Accordingly, earnings per share stood at Rs. 0.01, compared with a loss per share of Rs. 1.78 in the corresponding period.

FUTURE OUTLOOK AND CHALLENGES

The Company continues to operate in a challenging business environment characterized by subdued global demand, intense competition, pricing pressures and elevated energy and financing costs. Geopolitical developments, particularly in the Middle East, together with uncertainty regarding energy prices, shipping routes and global supply chains, continue to present challenges for export-oriented businesses. Domestically, high energy costs and delays in the realization of tax refunds remain key challenges for the textile sector.

Against this backdrop, Management remains focused on strengthening order flows, improving capacity utilization, optimizing working capital, enhancing operational efficiencies and maintaining disciplined cost management.

The resumption of business with a key customer is a particularly encouraging development and is expected to provide improved visibility for capacity utilization and revenue generation during the remaining quarters. Management is actively pursuing additional business opportunities with existing and prospective customers, while continuing to focus on higher-value-added products and strengthening long-term customer relationships.

Furthermore, the Company's continued investment in solar energy is expected to support the reduction of energy costs. 6.034 MW of solar capacity has been installed, with a further 1.110 MW under installation.

Management remains cautiously optimistic about the Company's prospects and expects that improved order flows, better capacity utilization, operational efficiencies and energy-cost savings will support further improvement in business performance during the remaining quarters of the financial year.

ACKNOWLEDGEMENTS

The Board of Directors sincerely appreciates the continued confidence and support of the Company's shareholders, financial institutions, customers and suppliers. The Board also acknowledges the dedication, commitment and contribution of the Company's employees.

On behalf of the BOARD of DIRECTORS

MUHAMMAD FAISAL AHMED
CHIEF EXECUTIVE OFFICER

YAZDANI ZIA
DIRECTOR

Karachi: October 29, 2026

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2026 (UN-AUDITED)

	Note	September 30, 2026 (Un-audited)	June 30, 2026 (Audited)
		----------(Rupees in '000)----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**10,289,469**	10,515,306
Long-term loans		**26,475**	19,928
Long-term deposits		**1,957**	1,957
Deferred tax	6	**-**	-
		10,317,901	10,537,191
CURRENT ASSETS			
Stores and spares		**346,172**	251,131
Stock-in-trade		**7,817,491**	7,703,293
Trade debts - considered good		**3,249,651**	3,443,998
Loans and advances		**164,862**	100,440
Trade deposits and prepayments		**24,860**	1,745
Other receivables		**176,301**	176,759
Short term investments		**449**	449
Sales tax refundable		**257,622**	243,321
Taxation - net		**400,613**	436,580
Cash and bank balances		**491,500**	208,002
		12,929,521	12,565,718
TOTAL ASSETS		**23,247,422**	23,102,909
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
500,000,000 (June 30, 2026: 500,000,000) ordinary shares of Rs. 10/- each		**5,000,000**	5,000,000
Issued, subscribed and paid-up	7	**840,000**	840,000
Reserves		**6,463,475**	6,462,230
		7,303,475	7,302,230
NON-CURRENT LIABILITIES			
Long-term financing		**3,833,012**	3,947,210
Deferred liability		**407,291**	389,939
		4,240,303	4,337,149
CURRENT LIABILITIES			
Trade and other payables		**2,104,985**	2,006,334
Unclaimed dividend		**3,757**	3,760
Accrued mark-up		**205,190**	165,729
Short-term borrowings - secured		**8,882,217**	8,760,851
Current maturity of non-current liabilities		**507,495**	526,856
		11,703,644	11,463,530
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		**23,247,422**	23,102,909

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

Muhammad Faisal Ahmed
Chief Executive Officer

Sagheer Ahmed
Chief Financial Officer

Yazdani Zia
Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED SEPTEMBER 30, 2026 (UN-AUDITED)

	September 30, 2026	September 30, 2025
	----------(Rupees in '000)----------	
TURNOVER - NET	**4,104,549**	4,298,439
Cost of sales	**(3,694,278)**	(4,031,048)
GROSS PROFIT	**410,271**	267,391
Distribution costs	**(77,496)**	(116,921)
Administrative expenses	**(59,969)**	(63,663)
Other operating expenses	**(3,872)**	-
Other income	**22,553**	13,638
	(118,784)	(166,946)
OPERATING PROFIT	**291,487**	100,445
Finance costs	**(238,935)**	(195,971)
PROFIT / (LOSS) BEFORE LEVIES AND INCOME TAX	**52,552**	(95,526)
Levies	**(51,307)**	(54,070)
PROFIT / (LOSS) BEFORE INCOME TAX	**1,245**	(149,596)
Income tax expense	**-**	-
NET PROFIT / (LOSS) FOR THE PERIOD	**1,245**	(149,596)
EARNINGS / (LOSS) PER SHARE		
- Basic and diluted (Rs. per share)	**0.01**	(1.78)

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

Muhammad Faisal Ahmed
Chief Executive Officer

Sagheer Ahmed
Chief Financial Officer

Yazdani Zia
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2026 (UN-AUDITED)

	September 30, 2026	September 30, 2025
	----------(Rupees in '000)----------	
Net profit / (loss) for the period	**1,245**	(149,596)
Other comprehensive income	**-**	-
Total comprehensive income / (loss) for the period	**1,245**	(149,596)

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

Muhammad Faisal Ahmed
Chief Executive Officer

Sagheer Ahmed
Chief Financial Officer

Yazdani Zia
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2026 (UN-AUDITED)

	Share Capital	Revenue Reserves			
	Issued, subscribed and paid-up	Unappropriated profit	Acturial gain / (loss) on defined benefit plan	Total	Total equity
	(Rupees in '000)				
Balance as at July 01, 2025	840,000	6,794,884	34,697	6,829,581	7,669,581
Net loss for the period ended September 30, 2025	-	(149,596)	-	(149,596)	(149,596)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	(149,596)	-	(149,596)	(149,596)
Balance as at September 30, 2025	**840,000**	**6,645,288**	**34,697**	**6,679,985**	**7,519,985**
Balance as at July 01, 2026	840,000	6,359,097	103,133	6,462,230	7,302,230
Net profit for the period ended September 30, 2026	-	1,245	-	1,245	1,245
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	1,245	-	1,245	1,245
Balance as at September 30, 2026	**840,000**	**6,360,342**	**103,133**	**6,463,475**	**7,303,475**

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

Muhammad Faisal Ahmed
Chief Executive Officer

Sagheer Ahmed
Chief Financial Officer

Yazdani Zia
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2026 (UN-AUDITED)

	September 30, 2026	September 30, 2025
CASH FLOW FROM OPERATING ACTIVITIES	----------(Rupees in '000)----------	
Profit / (loss) before levies and income tax	**52,552**	(95,526)
Adjustments for non cash charges and other items:		
Depreciation / amortization	**243,340**	257,350
Provision for gratuity	**28,773**	33,440
Finance costs	**238,935**	195,971
Dividend income	**-**	(2)
Gain on disposal of operating fixed assets	**-**	(3,559)
	511,048	483,200
Profit before working capital changes	**563,600**	387,674
(Increase) / decrease in current assets		
Stores and spares	**(95,041)**	(2,735)
Stock-in-trade	**(114,198)**	834,849
Trade debts	**194,347**	(357,577)
Loans and advances	**(64,422)**	(6,832)
Trade deposits and prepayments	**(23,115)**	(12,706)
Other receivables	**458**	33,454
Sales tax refundable	**(14,301)**	(59,316)
	(116,272)	429,137
Increase / (decrease) in current liabilities		
Trade and other payables	**98,651**	(662,931)
Cash generated from operations	**545,979**	153,880
Income tax paid - net	**(9,190)**	(85,194)
Gratuity paid	**(10,880)**	(9,525)
Finance costs paid	**(199,474)**	(145,115)
	(219,544)	(239,834)
Net cash generated / (used in) from operating activities	**326,435**	(85,954)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	**(17,503)**	(37,807)
Long-term loans	**(6,547)**	2,092
Short-term investment	**-**	(2)
Dividend received	**-**	2
Sale proceeds from disposal of operating fixed assets	**-**	5,570
Net cash used in investing activities	**(24,050)**	(30,145)
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term financing repaid	**(140,250)**	(139,636)
Dividend paid	**(3)**	-
Short-term borrowings (repaid) / acquired - net	**121,366**	31,487
Net cash used in financing activities	**(18,887)**	(108,149)
NET INCERASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**283,498**	(224,248)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**208,002**	595,922
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**491,500**	371,674

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

Muhammad Faisal Ahmed
Chief Executive Officer

Sagheer Ahmed
Chief Financial Officer

Yazdani Zia
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2026 (UN-AUDITED)

1 THE COMPANY AND ITS OPERATIONS

Artistic Denim Mills Limited (the Company) was incorporated in Pakistan on May 18, 1992 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and is currently listed on Pakistan Stock Exchange Limited. The principal activity of the Company is to manufacture and sell recycled fiber, yarn, rope dyed denim fabric, garments and value added textile products.

The registered office and factory premises of the Company is situated at Plot No. 5-9, 23-26, Sector 16, Korangi Industrial Area, Karachi.

1.1 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS FACILITIES

The Company has two factory locations with manufacturing facility1 located at Plot No. 5-9, 23-26, Sector 16, Korangi Industrial Area, Karachi and manufacturing facility 2 located at Plot No. 426-428, Deh Phihai of Sub Division Landhi, Korangi, Karachi.

2 BASIS OF PREPARATION

These condensed interim financial statements of the Company for the first quarter ended September 30, 2026 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interm 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.

These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2026.

3 MATERIAL ACCOUNTING POLICIES INFORMATION

The accounting policies and the methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the audited annual financial statements of the Company for the year ended June 30, 2026.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan for interim reporting requires the management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended June 30, 2026,

	Note	September 30, 2026	June 30, 2026
		----------(Rupees in '000)----------	
		(Un-audited)	(Audited)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	**10,168,846**	10,404,381
Capital work-in-progress	5.2	**120,623**	110,925
		10,289,469	10,515,306
5.1 The additions and disposals in property, plant and equipment are as follows:			
Opening net written down value		**10,404,381**	10,988,490
Additions during the period / year	5.1.1	**7,805**	465,926
Disposals, at their written down values during the period / year		**-**	(5,790)
Depreciation / amortization charge during the period / year		**(243,340)**	(1,044,245)
		(243,340)	(1,050,035)
		10,168,846	10,404,381
5.1.1 The following additions were made during the period / year			
Building on leasehold land		**-**	13,122
Plant & machinery		**7,805**	448,430
Factory equipment		**-**	2,980
Office equipment, including computers		**-**	1,394
		7,805	465,926

		Note	September 30, 2026 (Un-audited)	June 30, 2026 (Audited)
			----------(Rupees in '000)----------	
5.2	**Capital work-in-progress**			
	Balances at the beginning of the period / year		**110,925**	273,798
	Additions during the period / year			
	Civil works		**6,949**	-
	Plant and machinery		**10,449**	198,337
	Factory equipment		**-**	2,980
	Advances to suppliers		**105**	100,342
			17,503	301,659
	Transfers to operating fixed assets		**(7,805)**	(464,532)
			120,623	110,925

6 DEFERRED TAX

Deferred tax	6.1	**-**	-

6.1 As per the guidelines issued by ICAP on application of IAS 12 'Application Guidance on Accounting for Minimum Taxes and Final Taxes', no deferred tax is required to be booked as the Company, based on the projections of taxable income, expected to be taxed under Minimum Tax u/s 113 of the Income Tax Ordinance, 2001 for the foreseeable future. Hence the Company has not recorded any deferred tax asset or liability as at September 30, 2026.

7 SHARE CAPITAL

No. of shares			September 30, 2026	June 30, 2026
September 30, 2026 (Un-audited)	June 30, 2026 (Audited)		----------(Rupees in '000)----------	
			(Un-audited)	(Audited)
		Issued, subscribed and paid-up capital		
		Ordinary shares of Rs.10 each		
14,000,000	14,000,000	Issued for cash	**140,000**	140,000
70,000,000	70,000,000	Issued as fully paid bonus shares	**700,000**	700,000
84,000,000	84,000,000		**840,000**	840,000

8 CONTINGENCIES AND COMMITMENTS

Contingencies

8.1 On July 25, 2019, SECP had issued a show cause notice under section 256 of the companies Act, 2017 and also a notice of hearing dated 19.9.2019 due to the complaints and insistence of certain minority shareholders on misplaced allegations pertaining to the manner in which the business of the company is being managed and seeking certain declaration. However, before the hearing of the show cause notice or an inspection or investigation was ordered / initiated, the company filed suit no. 1506 of 2019 before the Honourable High Court of Sindh which, vide its order dated 25.09.2019 restrained SECP from further proceedings in pursuance to the aforementioned notices. The Honourable High Court further directed SECP to maintain status quo. Pursuant to the Sindh Civil Courts (Amendment) Act, 2025 and the consequent jurisdiction changes, the said suit has been transferred to the Honourable District Court of the 6th Senior Civil Judge (East), Karachi, and renumbered as Suit No. 3779 of 2025, where it remains pending adjudication as at the reporting date.

The company believes that there is no merit in the aforesaid proceedings and based on the view of the legal advisor there appears to be no liability expected on the company on account of the above litigation.

		September 30, 2026 (Un-audited)	June 30, 2026 (Audited)
		----------(Rupees in '000)----------	
8.2	Outstanding counter guarantees - conventional banks	**1,051,995**	1,051,995

Commitments

8.3 Commitments in respect of plant & machinery and building on leasehold land at the end of the period amounted to Rs. 6.903 million (June 30, 2026: Rs. 3.800 million).

8.4 Outstanding letters of credit at the end of the period amounted to Rs. 402.244 million (June 30, 2026: Rs. 333.237 million).

8.5 Post dated cheques issued in favour of Custom Authorities and Sui Southern Gas Company Limited aggregating to Rs. 418.652 million (June 30, 2026: Rs. 425.576 million) and Rs. 178.779 million (June 30, 2026 Rs. 178.683 million) against various statutory notifications.

9 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise associated companies, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties, are given below:

		September 30, 2026 (Un-audited)	September 30, 2025 (Un-audited)
		----------(Rupees in '000)----------	
Relationship	**Nature of transactions**		
Key management personnel	Managerial remuneration and others	**6,855**	6,825
Common directorship	Sales	**3,472**	-
Common directorship	Purchases	**12,805**	48,849
Common directorship	Services rendered	**258**	3,290
Relatives of a director	Sales	**1,178,050**	1,058,012
Relatives of a director	Reimbursement of expenses	**16,022**	-

The above transactions are at arm's length using admissible valuation methods.

10 FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2026. There have been no change in any risk management policies since the year end.

The carrying value of all financial and non-financial assets and liabilities measured at other than amortised cost in these condensed interim financial statements approximate their fair values.

11 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue on October 29, 2026 by the Board of Directors of the Company.

12 GENERAL

12.1 In order to comply with the requirements of IAS 34, the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of immediately preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable periods of immediately preceding financial year.

12.2 Corresponding figures have been reclassified, wherever necessary for the purpose of compliance, comparison and better presentation. However, no significant re-arrangements have been made.

12.3 Figures have been rounded-off to the nearest thousand rupees.

Muhammad Faisal Ahmed
Chief Executive Officer

Sagheer Ahmed
Chief Financial Officer

Yazdani Zia
Director

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74900 Karachi, Pakistan
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