



**HALF YEARLY REPORTT
(UN-AUDITED)
(6 MONTHS)
ENDED DECEMBER 31, 2022**

Contents

Corporate Information

BOARD OF DIRECTORS

- | | |
|--------------------------------|-------------------------------|
| 1. Mr. Imran Zaid | Chairman/Independent Director |
| 2. Ms. Javeria Malik | Independent Director |
| 3. Mr. Sana Malik | Non-Executive Director |
| 4. Mr. Muhammad Faheem Qureshi | Non-Executive Director |
| 5. Ms. Azra Perveen | Non-Executive Director |
| 6. Mr. Muhammad Sheraz | Executive Director |
| 7. Mr. Syed Jawed Ali | Chief Executive Office |

AUDIT COMMITTEE

- | | |
|--------------------------------|----------------------------------|
| 1. Ms. Javeria Malik | Chairperson/Independent Director |
| 2. Mr. Muhammad Faheem Qureshi | Member/Non-Executive Director |
| 3. Ms. Azra Perveen | Member/Non-Executive Director |
| 3. Mr. Muhammad Sheraz | Secretary |

HR & REMUNERATION COMMITTEE

- | | |
|--------------------------------|-------------------------------|
| 1. Mr. Imran Zaid | Chairman/Independent Director |
| 2. Ms. Sana Malik | Member/Non-Executive Director |
| 3. Mr. Muhammad Faheem Qureshi | Member/Non-Executive Director |
| 4. Mr. Syed Jawed Ali | Member/Executive Director |
| 5. Mr. Muhammad Sheraz | Secretary |

CHIEF FINANCIAL OFFICER

Mr. Muhammad Amin Shakir

COMPANY SECRETARY

Mr. Muhammad Sheraz

EXTERNAL AUDITORS

Ali Akhtar Adnan
Chartered Accountants

SHARE REGISTRAR

Corplink (Private) Limited

REGISTERED OFFICE

623-B PCSIR II, Lahore
www.zahurcotton.com

COMPANY REGISTRATION NO.

CUIN 0021566

Bankers:

MCB Bank Limited
Al Baraka Bank (Pakistan) Limited
Bank Al-Habib Limited
Habib Metropolitan Bank Limited

Contact Information:

Registered Office: +92 300 8416505, +92 321 6644337
Web Site: <http://www.zahurcotton.com/>

Director's Review Report

Dear Shareholders,

We are pleased to present the Half Year Directors' Review Report of Zahur Cotton Mills Limited (ZHCM), a company listed on the Pakistan Stock Exchange (PSX), for 6 Months ended 31st December 2022. The business revival of the Company is in process, accordingly, this report highlights important developments in our ongoing efforts to enhance the stakeholders' value.

Update on Potential Merger:

We are delighted to inform you that ZHCM is in advance stages of business acquisition/merger with the potential buyer M/s ITANZ Technology (Pvt) Limited through a scheme of arrangement. This scheme will be finalized and filed with the Honorable Lahore High Court, Lahore by aiming to facilitate a strategic acquisition/merger that benefits all stakeholders involved.

Upon successful implementation, ZHCM will operate under the merged entity, allowing us to leverage the strengths and resources of the M/s ITANZ Technology (Pvt) Limited. This merger will create growth opportunities and enhance our competitive position in the market. Furthermore, it is expected to transition ZHCM from defaulter counter to the regular counter of PSX Company Listings, demonstrating our commitment to compliance and good governance practices.

We assure you that our board of directors, in consultation with legal and financial advisors, will carefully evaluate the terms and conditions of the scheme of arrangement to ensure it aligns with the best interests of the company and its shareholders. We will keep you informed of any further developments as the discussions progress.

We are comfortable with Auditor's Qualification report.

Gratitude and Commitment:

We extend our heartfelt gratitude to our valued shareholders for their continued trust and support. Transparent communication and the diligent execution of our strategic initiatives remain our top priorities as we strive to create sustainable value for all stakeholders.

Yours sincerely,



Syed Jawed Ali
Chief Executive Officer



Muhammad Sheraz
Director

ڈائریکٹر ریویو رپورٹ

معزز سینئر ہولڈرز،

ہمیں پاکستان اسٹاک ایکسچینج (PSX) میں درج کمپنی ظہور کائن ملز لمیٹڈ (ZHCM) کی 31 دسمبر 2022ء کو ختم ہونے والے 6 ماہ کی ششماہی ڈائریکٹر کی جائزہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔ کمپنی کے کاروبار کی بحالی کا عمل جاری ہے۔ اس کے مطابق، یہ رپورٹ اسٹیک ہولڈرز کی قدر کو بڑھانے کے لئے ہماری جاری کوششوں میں اہم پیش رفت پر روشنی ڈالتی ہے۔

ممکنہ انضمام کے بارے میں تازہ کاری:

ہمیں آپ کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ ZHCM ایک اسکیم کے ذریعے ممکنہ خریدار میسرز ITANZ ٹیکنالوجی (پرائیویٹ) لمیٹڈ کے ساتھ کاروباری حصول / انضمام کے جدید مراحل میں ہے۔ اس اسکیم کو حتمی شکل دے کر معزز لائبر بانی کورٹ لائبر میں دائر کیا جائے گا جس کا مقصد اسٹریٹجک حصول / انضمام کو آسان بنانا ہے جس سے اس میں شامل تمام اسٹیک ہولڈرز کو فائدہ پہنچے گا۔

کامیاب نفاذ کے بعد ZHCM انضمام شدہ ادارے کے تحت کام کرے گا، جس سے ہمیں میسرز ITANZ ٹیکنالوجی (پرائیویٹ) لمیٹڈ کی طاقت اور وسائل سے فائدہ اٹھانے کا موقع ملے گا۔ اس انضمام سے ترقی کے مواقع پیدا ہوں گے اور مارکیٹ میں ہماری مسابقتی پوزیشن میں اضافہ ہوگا۔ مزید برآں، توقع ہے کہ ZHCM کو ڈیفالٹر کاؤنٹر سے PSX کمپنی لسٹنگ کے Regular کاؤنٹر میں منتقل کیا جائے گا، جس سے تعمیل اور گڈ گورننس کے طریقوں کے لئے ہمارے عزم کا اظہار ہوگا۔

ہم آپ کو یقین دلاتے ہیں کہ ہمارا بورڈ آف ڈائریکٹرز، قانونی اور مالیاتی مشیروں کی مشاورت سے، انتظامات کی اسکیم کی شرائط و ضوابط کا احتیاط سے جائزہ لے گا تاکہ یہ یقینی بنایا جاسکے کہ یہ کمپنی اور اس کے سینئر ہولڈرز کے بہترین مفادات کے ساتھ مطابقت رکھتا ہے۔ جیسے جیسے بات چیت آگے بڑھے گی ہم آپ کو مزید پیش رفت سے آگاہ رکھیں گے۔

ہم آئیڈرز کی Qualification کی رپورٹ کے ساتھ مطمئن ہیں۔

اظہار تشکر:

ہم اپنے قابل قدر سینئر ہولڈرز کا ان کے مسلسل اعتماد اور حمایت کے لئے تہ دل سے شکریہ ادا کرتے ہیں۔ شفاف مواصلات اور ہمارے اسٹریٹجک اقدامات پر تندی سے عملدرآمد ہماری اولین ترجیحات ہیں کیونکہ ہم تمام اسٹیک ہولڈرز کے لئے پائیدار قدر پیدا کرنے کی کوشش کرتے ہیں۔

SHERAZ

محمد شیراز

ڈائریکٹر

منجانب/ برائے


سید جاوید علی

چیف ایگزیکٹو آفیسر

**ZAHUR COTTON MILLS LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2022**



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBER OF ZAHUR COTTON MILLS LIMITED
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

ALI AKHTAR ADNAN
Chartered Accountants

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **ZAHUR COTTON MILLS LIMITED** ("the Company") as at December 31, 2022 and the related condensed interim statement of profit or loss and condensed interim statement of comprehensive income / loss, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed 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 financial statements based on our review.


The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income / loss for the quarters ended December 31, 2022 and 2021 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 December 31, 2022.

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 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.

Basis for Adverse Conclusion

1. The Company has accumulated losses standing at Rs. 137.248 million (June 30, 2022: Rs. 136.940 million) against issued, subscribed and paid up capital of Rs. 98.60 million as at December 31, 2022 (June 30, 2022: Rs. 98.60 million) and as of that date the Company's current liabilities exceeded its current assets by Rs. 38.716 million (June 30, 2022: Rs. 38.409 million) resulting in liquidity problems. The operations of Company have been ceased due to working capital constraints and unfavorable business conditions and the Company has also applied for Voluntarily Delisting from the Pakistan Stock Exchange on May 08, 2017 but decision is still pending. These factors along with other matters including disposal of whole factory described in the condensed interim financial statements may cast significant doubt about the Company's ability to continue as a going concern therefore the Company may be unable to realize

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ALI AKHTAR ADNAN
Chartered Accountants

its assets and discharge its liabilities in the normal course of business, for which no adjustments have been incorporated in the condensed interim financial statements. These situations along with non-availability of the complete form of the arrangement of acquisition / merger with M/s ITANZ Technology (Pvt) Limited indicate that the Company is no longer a going concern, the condensed interim financial statements of the Company shall be prepared on a basis other than a going concern however, the Company has prepared its condensed interim financial statements on going concern basis. Had the condensed interim financial statements been prepared on basis other than going concern, many elements in the condensed interim financial statements would have been materially affected. The effects on the condensed interim financial statements have not been determined.

2. The Company carried the liabilities on the account of trade creditors, accrued liabilities and advances from customers amounting to Rs. 2.788 million, Rs. 8.243 million and Rs. 1.602 million respectively as at December 31, 2022 (June 30, 2022: Rs. 2.788 million, Rs. 8.092 million and Rs. 1.602 million respectively) as per note 7 of the condensed interim financial statements. We were unable to perform the review procedures on trade creditors, accrued liabilities and advances from customers because we were not provided any related records.

Adverse Conclusion

Based on our review, as described in the Basis for adverse conclusion para of this report, the 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.

Other Matter

The condensed interim financial statements of the Company for the period ended December 31, 2021 were reviewed by another firm of auditors who had expressed an adverse conclusion thereon vide their report dated February 03, 2022.

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

ALI AKHTAR ADNAN
(CHARTERED ACCOUNTANT)

LAHORE

DATED: August 16, 2023

UDIN: RR202210097tgeR6zLB4

ZAHUR COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2022

	Note	31 DEC 2022 UN-AUDITED	30 JUNE 2022 AUDITED
----- Rupees -----			
ASSETS			
NON-CURRENT ASSETS			
Long Term Deposits	5	68,210	68,210
		68,210	68,210
CURRENT ASSETS			
Income Tax Refunds due from the Government		1,912	1,912
Cash and Bank Balances	6	11,161	23,426
		13,073	25,338
Total assets		81,283	93,548
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		200,000,000	200,000,000
20,000,000 (30 June, 2022: 20,000,000) ordinary shares of Rs. 10/- each			
Issued, subscribed and paid up share capital	7	98,600,000	98,600,000
9,860,000 (30 June, 2022: 9,860,000) ordinary shares of Rs. 10/- each fully paid in cash			
Capital reserve		-	-
Revenue reserve		(137,248,213)	(136,940,448)
Total Equity		(38,648,213)	(38,340,448)
Non-current liabilities			
		-	-
Current liabilities			
Trade and other payables	8	12,633,495	12,483,495
Short term borrowings	9	26,096,001	25,950,501
		38,729,496	38,433,996
Contingencies and commitments	10	-	-
Total liabilities		38,729,496	38,433,996
Total equity and liabilities		81,283	93,548

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

ZAHUR COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

	Note	SIX MONTHS ENDED 31 DECEMBER		THREE MONTHS ENDED 31 DECEMBER	
		2022	2021	2022	2021
		----- Rupees -----		----- Rupees -----	
Sales		-	-	-	-
Cost of sales		-	-	-	-
Gross Profit		-	-	-	-
Other Income		-	-	-	-
Administrative expenses	11	(307,500)	(2,203,017)	(110,500)	(1,152,720)
Profit / (Loss) from Operations		(307,500)	(2,203,017)	(110,500)	(1,152,720)
Finance Cost		(265)	(232)	(180)	(35)
Profit / (Loss) before taxation		(307,765)	(2,203,249)	(110,680)	(1,152,755)
Taxation		-	195,869	-	97,934
Profit / (Loss) after tax for the period		(307,765)	(2,007,380)	(110,680)	(1,054,821)
Loss per share - basic and diluted	12	(0.03)	(0.20)	(0.01)	(0.11)

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

ZAHUR COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME / (LOSS) (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2022

	SIX MONTHS ENDED 31 DECEMBER,		THREE MONTHS ENDED 31 DECEMBER	
	2022	2021	2022	2021
	----- Rupees -----		----- Rupees -----	
Profit / (Loss) after tax for the period	(307,765)	(2,007,380)	(110,680)	(1,054,821)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(307,765)</u>	<u>(2,007,380)</u>	<u>(110,680)</u>	<u>(1,054,821)</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

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ZAHUR COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

Note	31 DEC 2022 Un-AUDITED	31 DEC 2021 Un-AUDITED
----- Rupees -----		
Cash flows from operating activities		
Net Profit / (Loss) for the period before taxation	(307,765)	(2,203,249)
Adjustments for non cash items:		
- depreciation	-	1,235,374
- finance cost	265	232
	265	1,235,606
	<u>(307,500)</u>	<u>(967,643)</u>
Changes in working capital		
Increase in current liabilities		
- Trade and other payables	150,000	912,643
Cash used in operations	<u>(157,500)</u>	<u>(55,000)</u>
Finance cost	(265)	(232)
Net cash outflows from operating activities	<u>(157,765)</u>	<u>(55,232)</u>
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Short term borrowings	145,500	-
Net cash inflows from operating activities	<u>145,500</u>	<u>-</u>
Net decrease in cash/cash equivalents	(12,265)	(55,232)
Cash and cash equivalents at the beginning of the period	23,426	137,653
Cash and cash equivalents at end of the period	<u><u>11,161</u></u>	<u><u>82,421</u></u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

ZAHUR COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Issued, subscribed and paid up share capital	Share Deposit Money	Reserves		Total Equity
			Capital Reserves	Revenue Reserves	
			Revaluation surplus on Property, plant & equipment	(Accumulated Loss)	
----- Rupees -----					
Balance as at June 30, 2021 - Audited	98,600,000	20,066,240	45,256,439	(231,475,110)	(67,552,431)
Loss for the period	-	-	-	(2,007,380)	(2,007,380)
Other comprehensive income / (Loss) for the period	-	-	-	-	-
Incremental Depreciation - net of tax	-	-	(479,540)	479,540	-
Share deposit money transferred to short term borrowings	-	(20,066,240)	-	-	(20,066,240)
Balance as at December 31, 2021 - Un-audited	98,600,000	-	44,776,899	(233,002,950)	(89,626,051)
Balance as at June 30, 2022 - Audited	98,600,000	-	-	(136,940,448)	(38,340,448)
Loss for the period	-	-	-	(307,765)	(307,765)
Other comprehensive income / (Loss) for the period	-	-	-	-	-
Balance as at December 31, 2022 - Un-audited	98,600,000	-	-	(137,248,213)	(38,648,213)

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive



Chief Financial Officer



Director

ZAHUR COTTON MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

1 Corporate Information

1.1 Legal status and operations

Zahur Cotton Mills Limited (the Company) is a public limited company incorporated in Pakistan on April 21, 1990 under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). Its Ordinary Shares are quoted on Pakistan Stock Exchanges. The principal activity of the Company is manufacturing and selling of grey fabric. The company has ceased its operations in past and sold out all assets including plant & machinery and land & building. The Company is domiciled in Pakistan and its new registered office is situated at 623-B PCSIR II, Lahore.

2 Basis of preparation

2.1 Going concern assumption

The Company has accumulated losses stand at of Rs. 137.248 million (June 30, 2022: Rs. 136.940 million) as against issued, subscribed and paid up capital of Rs. 98.60 million as at December 31, 2022 (June 30, 2022: Rs. 98.60 million) and as of that date the Company's current liabilities exceeded its current assets by Rs. 38.716 million (June 30, 2022: Rs. 38.409 million) resulting in liquidity problems. The operations of Company have been ceased due to working capital constraints and unfavorable business conditions and the Company has also applied for Voluntarily Delisting from the Pakistan Stock Exchange on May 08, 2017 but decision is still pending. These factors along with other matters including disposal of whole factory described in the condensed interim financial statements may cast significant doubt about the Company's ability to continue as a going concern therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business, for which no adjustments have been incorporated in the condensed interim financial statements.

In spite of the huge accumulated losses and negative current ratio, the management is confident to obtain continued support from its sponsors and lenders and also confident about a binding acquisition / merger agreement with M/s ITANZ Technology (Pvt.) Limited, therefore, these Financial Statements have been prepared on a going concern basis.

2.2 Basis of accounting

2.2.1 These condensed interim financial statements comprise of the condensed interim statement of financial position of the Company as at 31 December 2022 and the related 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 together with the notes forming part thereof for the half year ended 31 December 2022.

2.2.2 These 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 comprises of:

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

Where the provision of and directives issues 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.

2.2.3 These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended 30 June 2022.

Ali

ZAHUR COTTON MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

2.2.4 Comparative statement of financial position numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2022, whereas comparative figures of statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows are extracted from unaudited condensed interim financial statements of the Company for the half year ended 31 December 2021.

2.2.5 These condensed interim financial statements are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act") and the Listing Regulations of Pakistan Stock Exchange Limited and are unaudited but subject to limited scope review by external auditors as required by the Act and Listed Companies (Code of Corporate Governance) Regulations, 2019.

3 Use of estimates and judgments

The preparation of the condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed interim financial statements, the significant judgments made by the management in applying accounting policies and the key source of estimation uncertainty are the same as those applied in the preparation of audited financial statements for the year ended 30 June 2022.

4 Statement of consistency in accounting policies

4.1 The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial statements are same as those applied in the preparation of the audited financial statements for the year ended 30 June 2022.

4.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period were either not relevant to the Company's operations or did not have any impact on the accounting policies of the Company.

ZAHUR COTTON MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

5 This represents security deposit with WAPDA.

31 DEC 2022 Un-AUDITED	30 JUNE 2022 AUDITED
----- Rupees -----	

6 Cash and Bank Balances

Cash in hand	1,695	1,695
Balance with banks		
Local currency:		
- Current accounts	6,443	18,708
- Demand deposits	2,120	2,120
- Savings accounts	903	903
	9,466	21,731
	<u>11,161</u>	<u>23,426</u>

7 Issued, subscribed and paid up capital

Issued, subscribed and paid-up capital 9,860,000 (June 30, 2022: 9,860,000) Ordinary Shares of Rs.10 each fully paid in cash.

31 DEC 2022 Un-AUDITED	30 JUNE 2022 AUDITED
----- Rupees -----	
98,600,000	98,600,000
<u>98,600,000</u>	<u>98,600,000</u>

7.1 No shares were issued or cancelled during the period (30-06-2022: Nil). Therefore, reconciliation of number of shares outstanding is not provided.

8 Trade and Other Payables

		31 DEC 2022 Un-AUDITED	30 JUNE 2022 AUDITED
		----- Rupees -----	
Trade creditors		2,788,771	2,788,771
Advances from customers - unsecured		1,602,002	1,602,002
Accrued liabilities and advances - unsecured	8.1	8,242,722	8,092,722
		<u>12,633,495</u>	<u>12,483,495</u>
8.1 Accrued liabilities and advances			
Advances	8.1.1	1,373,927	1,373,927
Accrued liabilities	8.1.2	6,868,795	6,718,795
		<u>8,242,722</u>	<u>8,092,722</u>

8.1.1 Advances represents Rs. 609,149, Rs. 18,153, and Rs. 746,625 (30-06-2022: 1,373,927) payable to CEO / director, other related party and the associated company (associated due to common directorship) respectively. These amounts relates to expenditure incurred by the Director, other related party and the associated company on the Company's behalf.

8.1.2 This includes 6.067 million (30-06-2022 6.067 million) payable to CEO of the Company on account of salaries. During the period an increase of Rs 150,000 was on account of salaries payable to CFO of the company.

ZAHUR COTTON MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2022

		31 DEC 2022 Un-AUDITED	30 JUNE 2022 AUDITED
----- Rupees -----			
9 Short term borrowings			
From related parties - unsecured			
Chief Executive	9.1	12,500,303	12,500,303
Directors	9.2	-	-
Others	9.3	13,450,198	13,450,198
From other than related parties - unsecured			
ITANZ Technology (Pvt.) Limited	9.5	145,500	-
		<u>26,096,001</u>	<u>25,950,501</u>
9.1 Loan From Chief Executive			
Balance at beginning of the year		12,500,303	37,687,575
Add:			
Transferred from share deposit money		-	20,066,240
Share transferred from Mukamila Javed		-	6,507,908
		-	26,574,148
		<u>12,500,303</u>	<u>64,261,723</u>
Less:			
Adjusted against purchase/transfer of land		-	45,299,900
Transferred / surrendered in favor of Ali Zahur		-	6,461,520
		-	51,761,420
Balance at end of the year		<u>12,500,303</u>	<u>12,500,303</u>
9.2 Loan From Directors			
Balance at beginning of the year		-	28,588,131
Add:			
Share transferred from Mukamila Javed		-	3,904,745
Transferred / surrendered from Hassan Zahur		-	6,218,755
		-	10,123,500
		-	38,711,631
Less:			
Transferred to loan from others		-	26,031,631
Adjusted against purchase / transfer of land		-	12,680,000
		-	38,711,631
Balance at end of the year		-	-
9.3 Loan From Other			
Balance at beginning of the year		13,450,198	48,308,455
Add:			
Transferred from director's loan during the year		-	26,031,631
Share transferred from Mukamila Javed		-	15,618,979
Transferred / surrendered from Javed Zahur		-	6,461,520
		-	48,112,129
		<u>13,450,198</u>	<u>96,420,584</u>

ZAHUR COTTON MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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Less:

Share transferred to others	-	26,031,631
Transferred / surrendered in favor of Rabia Zahur	-	6,218,755
Adjusted against purchase / transfer of land	-	50,720,000
	-	82,970,386
Balance at end of the year	13,450,198	13,450,198

9.4 These unsecured and interest free loans have been obtained from the related parties of the Company. These loans have been obtained to meet the working capital requirements of the Company and are repayable on demand.

9.5 Loan From ITANZ Technology (Pvt.) Limited

145,500	-
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9.5.1 These unsecured and interest free loans have been obtained from the ITANZ Technology (Pvt.) Limited which is situated at Office No 501-502, 5th Floor Fayyaz Centre, (SMCHS), Karachi, with which the Company intends to make acquisition/merger arrangement. These loans have been obtained to meet the working capital requirements of the Company and are repayable on demand.

10 Contingencies and Commitments

There were no material contingencies and commitments outstanding as at 31-12-2022 (30-06-2022: Nil).

11 Administrative Expense

	SIX MONTHS ENDED 31 DECEMBER,		QUARTER ENDED 31 DECEMBER,	
	2022	2021	2022	2021
	-----Rupees-----		-----Rupees-----	
Directors Remuneration	-	720,000	-	360,000
Salaries and Other Benefits	150,000	120,000	75,000	60,000
Communication Expenses	10,000	8,130	10,000	5,520
Legal and Professional Charges	110,000	88,513	-	78,513
Printing and Stationary	10,500	-	10,500	-
Advertisement	15,000	15,000	15,000	15,000
Vehicle Running and Maintenance	-	16,000	-	16,000
Miscellaneous Expenses	12,000	-	-	-
Depreciation	-	1,235,374	-	617,687
	307,500	2,203,017	110,500	1,152,720

12 Loss per share

	SIX MONTHS ENDED 31 DECEMBER,		QUARTER ENDED 31 DECEMBER,	
	2022	2021	2022	2021
	-----Rupees-----		-----Rupees-----	
12.1 Basic				
Net Profit / (Loss) after taxation	(307,765)	(2,007,380)	(110,680)	(1,054,821)
Weighted average number of ordinary shares at the end of the period	9,860,000	9,860,000	9,860,000	9,860,000
Loss per share	(0.03)	(0.20)	(0.01)	(0.11)

12.2 Diluted

There is no dilutive effect on the basic loss per share of the company.

ZAHUR COTTON MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

13 Financial Instruments and related disclosures

13.1 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 audited financial statements for the year ended 30 June 2022. The Company's financial risk management objective and policies are consistent with that disclosed in the audited annual financial statements of the Company for the year ended 30 June 2022.

13.2 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values. The Company analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows;

- Quoted prices [unadjusted] in active markets for identical assets or liabilities [level 1];
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly [i.e. as prices] or indirectly [i.e. derived from prices] [level 2]; and
- Inputs for the asset or liability that are not based on observable market data [level 3].

14 Transactions with related parties

The related parties comprise of subsidiary companies, associated companies, other related companies, directors of the Company and entities under common directorship, key management personnel and post employment benefit plans. Amounts due to related parties are shown under respective notes to these condensed interim financial statements. Other significant transactions and balances with related parties except those disclosed elsewhere are as follows:

Name of related party	Relationship	Detail of transactions	(UN-AUDITED) SIX MONTHS PERIOD ENDED 31 DECEMBER,	
			2022	2021
			Rupees	
Mr. Javed Zahur	Chief Executive	- Transferred of share deposit money to loan	-	20,066,240
		- Share of the loan transferred from Mukamilla Zahur (Late)	-	6,507,908
Ms. Mukamilla Zahur (Late)	Director	Transferred loan to other related parties	-	(26,031,631)
Rabia Zahur	Director	Share of the loan transferred from Mukamilla Zahur (Late)	-	3,904,745
Hassan Zahur	Son of CEO	Share of the loan transferred from Mukamilla Zahur (Late)	-	7,809,489
Ali Zahur	Son of CEO	Share of the loan transferred from Mukamilla Zahur (Late)	-	7,809,489

ZAHUR COTTON MILLS LIMITED
NOTES TO THE CONDEENSED INTERIM FINANCIAL STATEMENTS
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14.1 Company is currently doing business in the personal property of Chief Executive and he is not charging any rent or utilities to the company.

15 **Events after the reporting period**

- The Board of Directors have decided to write off the security deposits with WAPDA.
- The composition of the Board of Directors has changed after the reporting period, please refer to the company's corporate information for full name of directors.

16 **Date of Authorization**

These financial statements were authorized for issue on August 17, 2023 by the Board of Directors.

17 **General**

Figures in the financial statements have been rounded-off to the nearest rupee



Chief Executive



Chief Financial Officer



Director