



STYLERS

INTERNATIONAL LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DEC 31, 2023



COMPANY INFORMATION

Board of Directors

Mr. Javed Arshad Bhatti	Director/Chairman	Shares Registrar
Mr. Mian Muhammad Ahsan	Director	
Mr. Muhammad Umer	Director	F.D. Registrar Services (Pvt.) Limited
Mr. Muhammad Saqib	Director	Suite 1705-A 17th Floor, Saima Trade
Mr. Mustanser Ahmed	Director/CEO	Tower, I.I. Chundrigar Road,
Ms. Salma Bashir	Director-Independent	Karachi
Vacancy	Director-Independent	(92-21) 32271905-6, 32213243
Audit Committee		Registered Office
Ms. Salma Bashir (Interim)	Chairman	20-KM, Ferozepur Road, Glaxo Town,
Vacancy of Independent Director	Member	Lahore
Mr. Muhammad Umer	Member	Auditors
Mr. Tariq Mehmood	Secretary	M/s. Riaz Ahmad & Company
Human resource & Remuneration Committee		Chartered Accountants
Ms. Salma Bashir	Chairman	Legal Adviser
Mr. Muhammad Saqib	Member	M/s. Ahmer Bilal Soofi & Co.
Mr. Mustanser Ahmed	Member	
Mr. Umar Hameed	Secretary	Banks
		Meezan Bank Ltd
Chief Financial Officer		Bank Alfalah Ltd
Mr. Umer Kibria Majal		BankIslami Pakistan Limited
		Habib Metropolitan Bank Ltd
Company Secretary		United Bank Limited
Mr. Tariq Majeed		Habib Bank Limited
		Al-Baraka Bank
		Bank Al-Habib Limited

STYLERS

DIRECTORS' REVIEW REPORT

For The Quarter & Six Months Ended 31 December 2023

The Directors are pleased to present their review along with the condensed financial statements of the Company for the quarter and six months ended 31 December 2023.

As you are aware that as per court order dated 21 December 2023, AEL Textile Limited a listed company on Pakistan Stock Exchange (PSX) was merged into Stylers International and as a consequence your Company was listed on PSX from 22 January 2024. Since the effective date of merger was 31 March 2023, accordingly these financial statements are representing consolidated result of the two companies.

Financial Performance:

The first quarter of the year (July–Sept 2023) was very challenging for the company with lower export orders. Second quarter was much better resulting in improved sales over same period of last year. Net sales income for the six months was down by 20% on the back of lower volumes. However, net sales for the quarter ended December was 4% higher than same quarter of last year.

Effective margin management and strict control over costs improved gross profit ratio from 18% in 2022 to 23% in 2023. Accordingly, EPS for Q2 PKR 1.04 was significantly higher than same period last year. However, for six months EPS was PKR 1.62 which was lower than same period of last year.

Description	HALF YEAR ENDED		QTR ENDED	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
REVENUE	6,048,502,298	7,655,665,488	3,456,144,411	3,325,827,378
COST OF SALES	(4,642,062,153)	(6,220,489,730)	(2,584,805,569)	(2,834,440,734)
GROSS PROFIT	1,406,440,145	1,435,175,758	871,338,842	491,386,644
ADMIN/OTHER EXPENSES/INCOME	(585,004,329)	(517,994,302)	(340,753,168)	(309,776,977)
PROFIT BEFORE TAXATION	821,435,816	917,181,456	530,585,674	181,609,667
TAXATION	(114,764,342)	(100,669,240)	(82,301,756)	(53,263,717)
PROFIT AFTER TAXATION	706,671,474	816,512,216	448,283,918	128,345,950
EARNINGS PER SHARE	1.62	1.90	1.04	0.30

Cash Dividend

The Board of Directors in its meeting held on 26 February 2024, has approved an interim cash dividend of PKR 1.0 per shares i.e., 10% for the half year ended 31 December 2023 (2022: Interim Cash Dividend @ PKR NIL per share)

The Financial Statements for the half year ended 31 December 2023 do not include the effect of dividend, which will be accounted in subsequent period.

STYLERS INTERNATIONAL LTD.
20-KM Ferozepur Road, Glaxo Town, Lahore, Pakistan
Phone: + 92 42 3527 4471-3

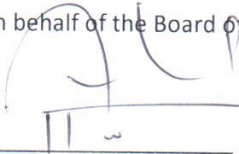
FUTURE OUTLOOK:

Pakistan continued to face significant challenges in 2023, with high inflation, widening fiscal deficit, and political uncertainty. However, positive developments including IMF funding, improved exports, and rising foreign exchange reserves offered the potential for a rebound in 2024. The government's continued commitment to energy, fiscal and external sector reforms is anticipated. While economic stabilization is expected in 2024, the pace of recovery hinges on stability on the political front, consistency in policies, successful implementation of planned / promised reforms and sustained external funding assurance.

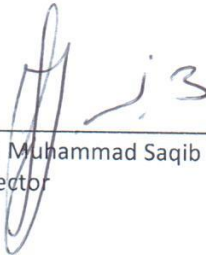
ACKNOWLEDGEMENT:

In conclusion, on behalf of the Board, I would like to express my sincere gratitude to Stylers International Limited's stakeholders for their continued support and to appreciate the commitment and valuable services rendered by the employees of the Company.

On behalf of the Board of Directors



Mr. Mustanser Ahmed
Chief Executive Officer
Dated:- 26 February 2024



Mr. Muhammad Saqib
Director

ڈائریکٹرز 31 دسمبر 2023 کو ختم ہونے والی سماہی اور ششماہی کے لیے کمپنی کے کنڈینسڈ مالی گوشواروں کے ہمراہ اپنا جائزہ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

جیسا کہ آپ جانتے ہیں کہ مورخہ 21 دسمبر 2023 کے عدالتی حکم کے مطابق AEL ٹیکسٹائل لمیٹڈ جو کہ پاکستان اسٹاک ایکسچینج (PSX) میں ایک Listed کمپنی تھی، کو اسٹاک زائمنٹیشنل میں ضم کر دیا گیا تھا اور اس کے نتیجے میں آپ کی کمپنی 22 جنوری 2024 سے PSX میں Listed ہو گئی۔ چونکہ انضمام کی مؤثر تاریخ 31 مارچ 2023 تھی، لہذا اس کے مطابق یہ مالیاتی گوشوارے دونوں کمپنیوں کے مربوط نتائج کی نمائندگی کر رہے ہیں۔

مالی کارکردگی

سال کی پہلی سماہی (جولائی تا ستمبر 2023) کم برآمدی آرڈرز کے ساتھ کمپنی کے لئے بہت مشکل رہی۔ دوسری سماہی بہت بہتر رہی جس کے نتیجے میں پچھلے سال کی اسی مدت کے مقابلے میں فروخت میں بہتری آئی۔ کم حجم کے باعث ششماہی کے لئے خالص فروخت آمدنی میں 20% کی کمی واقع ہوئی۔ تاہم دسمبر کو ختم ہونے والی سماہی کے دوران خالص فروخت گزشتہ سال کی اسی سماہی کے مقابلے میں 4% زیادہ رہی۔

مؤثر مارجن مینجمنٹ اور اخراجات پر سخت کنٹرول نے کل منافع (Gross Profit) کے تناسب کو 2022 میں 18% سے 2023 میں 23% تک بہتر بنایا۔ اس کے مطابق دوسری سماہی میں 1.04 روپے کا EPS گزشتہ سال کے اسی عرصہ کے مقابلے میں نمایاں طور پر زیادہ رہا۔ تاہم ششماہی کے لیے 1.62 EPS روپے تھا، جو گزشتہ سال کے اسی عرصہ کے مقابلے میں کم رہا ہے۔

31 دسمبر کو اختتام شدہ سماہی		31 دسمبر کو اختتام شدہ ششماہی		تفصیل
2022 (پاکستانی روپے)	2023 (پاکستانی روپے)	2022 (پاکستانی روپے)	2023 (پاکستانی روپے)	
3,325,827,378	3,456,144,411	7,655,655,488	6,048,502,298	آمدنی
(2,834,440,734)	(2,584,805,569)	(6,220,489,730)	(4,642,062,153)	فروخت کی لاگت
491,386,644	871,338,842	1,435,175,758	1,406,440,145	مجموعی منافع
(309,776,977)	(340,753,168)	(517,994,302)	(585,004,329)	انتظامی اور دیگر اخراجات / آمدنی
181,609,667	530,585,674	917,181,456	821,435,816	قبل از ٹیکس منافع
(53,263,717)	(82,301,756)	(100,669,240)	(114,764,342)	ٹیکس
128,345,950	448,283,918	816,512,216	706,671,474	بعد از ٹیکس منافع
0.30	1.04	1.90	1.62	فی شیئر آمدنی

کمپنی ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 26 فروری 2024 کو منعقد ہونے والے اپنے اجلاس میں، 31 دسمبر 2023 کو ختم ہونے والے ششماہی کے لئے 1.0 روپے فی شیئر یعنی 10% عبوری نقد منافع (NIL:2022) روپے فی شیئر عبوری نقد منافع) کی منظوری دی ہے۔

31 دسمبر 2023 کو ختم ہونے والی ششماہی کے مالی گوشواروں میں نقد منافع کا اثر شامل نہیں، جس کا شمار اگلی مدت میں کیا جائے گا۔

مستقبل کا نقطہ نظر

پاکستان کو 2023 میں بھی افراط زر میں اضافے، بڑھتے ہوئے مالیاتی خسارہ اور سیاسی غیر یقینی صورتحال کی نمایاں مشکلات کا سامنا رہا۔ تاہم آئی ایم ایف کی فنڈنگ، بہتر برآمدات اور زر مبادلہ کے بڑھتے ہوئے ذخائر سمیت مثبت پیش رفتوں نے 2024 میں بحالی کے امکانات پیش کیے ہیں۔ توانائی، مالیاتی اور بیرونی شعبوں میں اصلاحات کے لیے حکومت کے مسلسل عزم کی توقع ہے۔ اگرچہ 2024 میں معاشی استحکام متوقع ہے، لیکن بحالی کی رفتار کا انحصار سیاسی محاذ پر استحکام، پالیسیوں میں مستقل مزاجی، منصوبہ بند/ وعدہ کردہ اصلاحات کے کامیاب نفاذ اور مستقل بیرونی فنڈنگ کی یقین دہانی پر ہے۔

اظہار تشکر:

آخر میں، بورڈ کی جانب سے، میں اسٹاکرز انٹرنیشنل لمیٹڈ کے اسٹیک ہولڈرز کا ان کی مسلسل حمایت اور کہنی کے ملازمین کی طرف سے فراہم کردہ عزم اور قابل قدر خدمات کو سراہتا ہوں اور ان کا تہہ دل سے شکر گزار ہوں۔

3
جناب محمد طاہر
ڈائریکٹر

مجناب بورڈ آف ڈائریکٹرز
جناب مستنصر احمد
چیف ایگزیکٹو آفیسر
تاریخ: 26 فروری 2024ء

Riaz Ahmad & Company
Chartered Accountants

STYLERS INTERNATIONAL LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED
31 DECEMBER 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Stylers International Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of STYLERS INTERNATIONAL LIMITED 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 changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these 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 condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2023 and 31 December 2022 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 2023.

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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 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.

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Riaz Ahmad & Company

Chartered Accountants

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 26 February 2024

UDIN: RR202310158YIIVpJDAR

STYLERS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Unaudited 31 December 2023	Audited 30 June 2023	Note
	Rupees	Rupees	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
560,000,000 (30 June 2023: 560,000,000)			
ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up share capital			
430,487,420 (30 June 2023: 430,487,420)			
ordinary shares of Rupees 10 each			
Reserves			
Total equity	5,600,000,000	5,600,000,000	
	4,304,874,200	4,304,874,200	
	5,753,521,917	5,046,850,443	
	10,058,396,117	9,351,724,643	
LIABILITIES			
NON-CURRENT LIABILITIES			
Leave encashment	11,304,170	11,440,218	
Deferred taxation	4,479,429	5,498,437	
	15,783,599	16,938,655	
CURRENT LIABILITIES			
Trade and other payables	2,368,168,587	2,580,756,259	
Short term borrowings	1,482,922,318	890,750,000	
Current portion of lease liabilities	-	59,589,764	
Unclaimed dividend	31,348	31,348	
Taxation - net	49,227,776	5,780,582	
	3,900,350,029	3,536,907,953	
	3,916,133,628	3,563,846,608	
TOTAL LIABILITIES	13,974,529,745	12,905,571,251	
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	13,974,529,745	12,905,571,251	
The annexed notes form an integral part of these condensed interim financial statements.			

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CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	6,008,963,109	6,008,963,109	
Right-of-use assets	19,042,922	19,042,922	
Investment properties	408,485,000	408,485,000	
Intangible assets	120,451	186,150	
Long term investment	772,172,318	683,749,368	
Long term deposits	43,527,377	45,329,378	
Long term loan	1,479,725	-	
	8,770,067,263	7,165,755,927	6

CURRENT ASSETS

Stores, spare parts and loose tools	23,426,285	37,279,169	
Stock-in-trade	1,736,449,526	1,434,477,603	
Trade debts	1,236,121,176	1,468,042,322	
Loans, advances, deposits and prepayments	162,925,734	104,196,264	
Other receivables	107,889,859	113,486,139	
Net defined benefit asset	4,784,660	19,679,789	
Accrued profit	191,918	2,826,191	
Due from the Government	891,772,042	1,260,647,387	
Cash and bank balances	1,040,901,282	1,299,180,460	
	5,204,462,482	5,739,815,324	

TOTAL ASSETS

13,974,529,745 12,905,571,251

STYLERS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023
(UN-AUDITED)

	Note	HALF YEAR ENDED		QUARTER ENDED	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
------(Rupees)-----					
REVENUE	7	6,048,502,298	7,655,665,488	3,456,144,411	3,325,827,378
COST OF SALES	8	(4,642,062,153)	(6,220,489,730)	(2,584,805,569)	(2,834,440,734)
GROSS PROFIT		1,406,440,145	1,435,175,758	871,338,842	491,386,644
DISTRIBUTION COST		(239,434,426)	(388,812,612)	(132,631,257)	(244,982,007)
ADMINISTRATIVE EXPENSES		(228,973,751)	(160,140,755)	(150,437,275)	(85,227,159)
OTHER EXPENSES		(154,802,816)	(140,084,573)	(82,372,187)	(61,698,561)
		(623,210,993)	(689,037,940)	(365,440,719)	(391,907,727)
		783,229,152	746,137,818	505,898,123	99,478,917
OTHER INCOME		152,931,758	264,380,480	74,117,675	122,642,044
PROFIT FROM OPERATIONS		936,160,910	1,010,518,298	580,015,798	222,120,961
BANK AND OTHER CHARGES		(114,725,094)	(93,336,842)	(49,430,124)	(40,511,294)
PROFIT BEFORE TAXATION		821,435,816	917,181,456	530,585,674	181,609,667
TAXATION		(114,764,342)	(100,669,240)	(82,301,756)	(53,263,717)
PROFIT AFTER TAXATION		706,671,474	816,512,216	448,283,918	128,345,950
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	9	1.62	1.90	1.04	0.30

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



 CHIEF EXECUTIVE OFFICER



 DIRECTOR

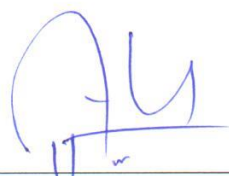


 CHIEF FINANCIAL OFFICER

STYLERS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2023
(UN-AUDITED)

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	------(Rupees)-----			
PROFIT AFTER TAXATION	706,671,474	816,512,216	448,283,918	128,345,950
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	<u>706,671,474</u>	<u>816,512,216</u>	<u>448,283,918</u>	<u>128,345,950</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

STYLERS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	SHARE CAPITAL	MERGER RESERVE	CAPITAL RESERVE Surplus on revaluation of property, plant and equipment	REVENUE RESERVE		TOTAL RESERVES	SHARE DEPOSIT MONEY	TOTAL EQUITY
				Unappropriated profits				
	(Rupees)							
Balance as at 30 June 2022 - audited	4,304,874,200	-	450,194,473	920,496,200	1,370,690,673	200,000,000	5,875,564,873	
Share deposit money repaid	-	-	-	-	-	(200,000,000)	(200,000,000)	
Profit for the period	-	-	-	816,512,216	816,512,216	-	816,512,216	
Other comprehensive income for the period	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	816,512,216	816,512,216	-	816,512,216	
Transferred from surplus on revaluation of operating fixed assets	-	-	(466,907)	466,907	-	-	-	
Balance as at 31 December 2022 - unaudited	4,304,874,200	-	449,727,566	1,737,475,323	2,187,202,889	-	6,492,077,089	
Reserve arise upon merger (Note 1.2)	-	64,536,002	-	-	64,536,002	-	64,536,002	
Profit for the period	-	-	-	1,701,823,413	1,701,823,413	-	1,701,823,413	
Other comprehensive income for the period	-	-	1,104,689,206	(11,401,067)	1,093,288,139	-	1,093,288,139	
Total comprehensive income for the period	-	-	1,104,689,206	1,690,422,346	2,795,111,552	-	2,795,111,552	
Transferred from surplus on revaluation of operating fixed assets	-	-	(29,590,989)	29,590,989	-	-	-	
Transferred from surplus on revaluation of operating fixed assets on disposal	-	-	(5,010)	5,010	-	-	-	
Balance as at 30 June 2023 - audited	4,304,874,200	64,536,002	1,524,820,773	3,457,493,668	5,046,850,443	-	9,351,724,643	
Profit for the period	-	-	-	706,671,474	706,671,474	-	706,671,474	
Other comprehensive income for the period	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	706,671,474	706,671,474	-	706,671,474	
Transferred from surplus on revaluation of operating fixed assets	-	-	(18,537,323)	18,537,323	-	-	-	
Transferred from surplus on revaluation of operating fixed assets on disposal	-	-	(43,544)	43,544	-	-	-	
Balance as at 31 December 2023 - Unaudited	4,304,874,200	64,536,002	1,506,239,906	4,182,746,009	5,753,521,917	-	10,068,396,117	

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


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

STYLERS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023
(UN-AUDITED)

	Note	HALF YEAR ENDED	
		31 December 2023	31 December 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	1,253,342,783	1,114,990,000
Defined benefit liability paid		(46,396,910)	(45,888,327)
Leave encashment paid		(2,658,367)	(3,783,360)
Bank and other charges paid		(114,725,094)	-
Workers' profit participation fund paid		(76,367,277)	-
Workers' welfare fund paid		-	(21,308,345)
Income tax paid		(72,336,156)	(114,033,582)
Loan to employee		(3,093,977)	-
Net decrease / (increase) in long term deposits		1,635,123	(1,300,000)
Net cash generated from operating activities		<u>939,400,125</u>	<u>928,676,386</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,671,381,036)	(395,196,914)
Proceeds from disposal of operating fixed assets		22,005,685	-
Long term investment made		(88,422,950)	(117,468,750)
Net cash used in investing activities		<u>(1,737,798,301)</u>	<u>(512,665,664)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money repaid		-	(200,000,000)
Short term borrowings obtained		692,172,318	-
Short term borrowings repaid		(100,000,000)	-
Repayment of lease liability		(41,535,084)	(138,693,396)
Net cash from / (used in) financing activities		<u>550,637,234</u>	<u>(338,693,396)</u>
Net (decrease) / increase in cash and cash equivalents		(247,760,942)	77,317,326
Net foreign exchange difference on translating cash and bank balances		(10,518,236)	-
Cash and cash equivalents at the beginning of the period		<u>1,299,180,460</u>	<u>614,515,008</u>
Cash and cash equivalents at the end of the period		<u><u>1,040,901,282</u></u>	<u><u>691,832,334</u></u>


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



 CHIEF EXECUTIVE OFFICER



 DIRECTOR



 CHIEF FINANCIAL OFFICER

STYLERS INTERNATIONAL LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023
(UN-AUDITED)

1 THE COMPANY AND ITS OPERATIONS

- 1.1** Stylers International Limited (the Company) was incorporated in Pakistan as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on 27 November 1991 and was converted into a public limited company with effect from 21 May 2021. The Company is listed on Pakistan Stock Exchange Limited. The Company is principally engaged in carrying out manufacturing, marketing of ready made garments and processing services.
- 1.2** The board of directors of the Company in its meeting held on 07 June 2023 and the board of directors of AEL Textiles Limited – (the then associated company) (AEL) in its meeting held on 07 June 2023 approved the Scheme of Arrangement (the Scheme) for merger of AEL with and into the Company. Pursuant to the Order of the Honourable Lahore High Court, Lahore dated 14 June 2023, the shareholders of the Company in their extraordinary general meeting duly held on 18 July 2023 and the shareholders of the AEL in their extraordinary general meeting duly held on 18 July 2023 also approved the Scheme. The Scheme has been sanctioned by Honourable Lahore High Court, Lahore vide order dated 21 December 2023. In terms of the Scheme, AEL together with all its assets, rights, privileges (including status of listing on Pakistan Stock Exchange Limited (PSX) and eligibility for induction with Central Depository Company) and all its liabilities and obligations) have been merged with and into the Company (the Merger). The effective date of the Scheme is 31 March 2023. Shares of the Company have been issued and allotted to the members of AEL on 10 January 2024 as consideration for the Merger. By filing of requisite documents/information with the PSX, the shares of the Company have been listed on the PSX as on 22 January 2024. As a consequence of the Merger and upon listing of the shares of the Company on PSX, AEL has been de-listed from the PSX and stands dissolved without winding up.

Since the merger of AEL with the Company is the business combination of entities under common control, the merger has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting, the acquired net assets of AEL are included in the financial statements of the Company at the same carrying values as recorded in AEL's audited financial statements as at 31 March 2023. The statement of financial position of AEL is consolidated prospectively from the date of merger.

- 1.3** The board of directors has approved an interim cash dividend for the year ending on 30 June 2024 of Rupees 1.00 per share at their meeting held on 26 February 2024. These condensed interim financial statements do not include the effect of the above dividend which will be accounted for in the period in which it is approved.

2 BASIS OF PREPARATION

- 2.1** 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 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 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 2023. These 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 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual financial statements of the Company for the year ended 30 June 2023.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these 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 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 financial statements of the Company for the year ended 30 June 2023.

5 CONTINGENCIES AND COMMITMENTS

a) Contingencies

There has been no material change in the status of the contingencies reported in the annual audited financial statements of the Company for the year ended 30 June 2023 except following:

i) Deputy Commissioner Inland Revenue (DCIR) issued notices under section 122 of Income Tax Ordinance, 2001 for the tax years 2018 and 2019 dated 21 September 2020. After various hearings, complete data was submitted by the Company on 18 August 2023. Order is still awaited for tax year 2019 whereas, for tax year 2018, DCIR passed an order creating a demand of Rupees 464.245 million. The Company has filed Appeal against the order before Commissioner Inland Revenue - Appeals (CIRA). Order from CIRA in this case is still pending.

ii) Post dated cheques of Rupees 2,278.139 million (30 June 2023: Rupees 2,397.493 million) are issued to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.

b) Commitments

i) Contracts for capital expenditure are approximately of Rupees 901.015 million (30 June 2023: Rupees 1,581.409 million).

ii) Letters of credit other than for capital expenditure are of Rupees 968.454 million (30 June 2023: Rupees 509.403 million).

6 PROPERTY, PLANT AND EQUIPMENT

	Un-audited 31 December 2023 Rupees	Audited 30 June 2023 Rupees
Operating fixed assets (Note 6.1)	4,105,892,321	4,127,940,746
Capital work-in-progress (Note 6.2)	3,438,390,071	1,881,022,363
	<u>7,544,282,392</u>	<u>6,008,963,109</u>
6.1 Operating fixed assets		
Opening book value	4,127,940,746	2,471,967,258
Add: Cost of additions during the period / year (Note 6.1.1)	114,013,328	760,214,338
Add: Assets transferred upon merger (Note 1.2)	-	54,058
Add: Surplus on revaluation incorporated during the period / year	-	1,108,390,195
	<u>4,241,954,074</u>	<u>4,340,625,849</u>
Less: Book value of deletions during the period / year (Note 6.1.2)	(12,050,889)	(14,794,254)
	<u>4,229,903,185</u>	<u>4,325,831,595</u>
Less: Depreciation charged during the period / year	(124,010,864)	(197,890,849)
	<u>4,105,892,321</u>	<u>4,127,940,746</u>
6.1.1 Cost of additions		
Freehold land	16,917,300	426,126,750
Buildings on freehold land	-	257,800,000
Plant and machinery	9,088,967	17,121,088
Electric installations	1,581,015	3,064,562
Tools and equipment	1,957,695	13,033,846
Furniture and fittings	551,592	15,314,448
IT equipment	7,904,742	13,775,326
Vehicles	75,836,682	13,936,318
Office equipment	175,335	42,000
	<u>114,013,328</u>	<u>760,214,338</u>
6.1.2 Book value of deletions		
Plant and machinery	223,421	6,364,363
Tools and equipment	16,545	-
IT equipment	301,943	188,849
Vehicles	11,508,980	8,241,042
	<u>12,050,889</u>	<u>14,794,254</u>
6.2 Capital work-in-progress		
Advances against purchase of land	-	6,000,000
Civil works	3,261,983,165	1,840,435,509
Plant and machinery	176,406,906	34,586,854
	<u>3,438,390,071</u>	<u>1,881,022,363</u>

7 REVENUE

7.1 In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

Description	Half year ended		Quarter ended		(Un-audited)
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	
	----- (Rupees) -----				
Region					
Europe	5,860,377,743	7,411,814,907	3,412,818,771	3,235,835,659	
America	-	17,500,224	-	4,506,857	
Pakistan	188,124,555	226,350,357	43,325,640	85,484,862	
	<u>6,048,502,298</u>	<u>7,655,665,488</u>	<u>3,456,144,411</u>	<u>3,325,827,378</u>	
Timing of revenue recognition					
Products and services transferred at a point in time	6,048,502,298	7,655,665,488	3,456,144,411	3,325,827,378	
Products and services transferred over time	-	-	-	-	
	<u>6,048,502,298</u>	<u>7,655,665,488</u>	<u>3,456,144,411</u>	<u>3,325,827,378</u>	
Major products / service lines					
Garments	5,996,001,321	7,571,622,388	3,443,581,893	3,300,834,533	
Processing Income	52,500,977	84,043,100	12,562,518	24,992,845	
	<u>6,048,502,298</u>	<u>7,655,665,488</u>	<u>3,456,144,411</u>	<u>3,325,827,378</u>	

7.2 Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers.

(UN-AUDITED)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2023	31 December 2022	31 December 2023	31 December 2022

(Rupees)

8 COST OF SALES

Raw materials consumed	3,194,638,237	4,339,465,406	1,756,677,605	1,902,465,012
Processing charges	18,104,745	166,099,933	10,421,980	20,717,276
Salaries, wages and other benefits	1,122,991,619	1,198,582,035	625,281,989	599,300,594
Stores, spare parts and loose tools consumed	38,577,208	44,063,891	24,587,160	19,366,361
Repairs and maintenance	26,629,293	26,957,023	14,375,303	11,493,891
Fuel and power	203,846,903	222,305,417	102,101,369	86,166,043
Insurance	2,573,786	2,622,717	1,397,969	1,788,183
Freight and octroi - inward	20,834,477	45,844,331	11,427,125	21,203,825
Rent, rates and taxes	900,006	-	600,004	-
Depreciation on property, plant and equipment	99,201,286	66,975,989	56,481,818	33,021,015
Depreciation on right-of-use asset	14,595,350	37,377,714	7,297,675	19,067,473
Other expenses	1,706,608	5,142,034	630,580	2,921,427
	4,744,599,518	6,155,436,490	2,611,280,577	2,717,511,100
Work-in-process				
Opening stock	658,267,601	1,054,948,284	560,569,857	951,919,360
Closing stock	(555,463,053)	(862,621,670)	(555,463,053)	(862,621,670)
	102,804,548	192,326,614	5,106,804	89,297,690
Cost of goods manufactured	4,847,404,066	6,347,763,104	2,616,387,381	2,806,808,790
Finished goods				
Opening stock	492,882,088	386,863,016	666,642,189	541,768,334
Closing stock	(698,224,001)	(514,136,390)	(698,224,001)	(514,136,390)
	(205,341,913)	(127,273,374)	(31,581,812)	27,631,944
	4,642,062,153	6,220,489,730	2,584,805,569	2,834,440,734

9 EARNINGS PER SHARE - BASIC AND DILUTED

(UN-AUDITED)

HALF YEAR ENDED	
31 December 2023	31 December 2022

There is no dilutive effect on the basic earnings per share which is based on:

Profit attributable to ordinary shareholders	(Rupees)	706,671,474	816,512,216
Weighted average number of ordinary shares	(Numbers)	435,287,420	430,487,420
Earnings per share	(Rupees)	1.62	1.90

- 9.1 Subsequent to reporting date, 4,800,000 ordinary shares of the Company have been issued and allotted to the members of AEL as consideration for merger on 10 January 2024. Effective date of the merger is 31 March 2023. Hence, 4,800,000 shares has also been considered in denominator of earnings per share calculation.

(UN-AUDITED)

HALF YEAR ENDED	
31 December 2023	31 December 2022
Rupees	Rupees

10 CASH GENERATED FROM OPERATIONS

Profit before taxation		821,435,816	917,181,456
Adjustments for non-cash charges and other items:			
Depreciation on property, plant and equipment (Note 6.1)		124,010,864	83,719,986
Depreciation on right-of-use assets		18,244,186	46,722,143
Amortization on intangible assets		65,700	666,783
Gain on disposal of property, plant and equipment		(9,954,796)	-
Gain on termination of lease liabilities		(17,255,945)	-
(Reversal) / provision for slow moving raw material		(19,280,828)	31,148,669
Provision for slow moving stores, spare parts and loose tools		3,249,700	1,908,217
Provision for leave encashment		2,522,319	1,639,140
Provision for defined benefit liability		61,292,039	60,047,836
Reversal of provision for duty drawback receivable		(5,127,448)	-
Provision against doubtful sales tax refundable		452,534	-
Doubtful security deposits written off		166,878	-
Bank and other charges		114,725,094	93,336,842
Provision for workers' profit participation fund		42,574,585	65,572,798
Provision for workers' welfare fund		16,763,996	-
Net exchange loss - unrealized		38,901,645	-
Working capital changes (Note 10.1)		60,556,444	(186,953,870)
		<u>1,253,342,783</u>	<u>1,114,990,000</u>

(UN-AUDITED)

HALF YEAR ENDED		
31 December 2023	31 December 2022	
Rupees	Rupees	
10.1 Working capital changes		
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	10,603,184	10,892,093
- Stock-in-trade	(282,691,095)	393,827,552
- Trade debts	218,882,189	633,957,582
- Advances, deposits and prepayments	(57,115,218)	156,986,337
- Other receivables	5,596,280	(90,818,914)
- Accrued profit	2,634,273	-
- Due from the Government	373,550,259	(43,731,841)
	271,459,872	1,061,112,809
(Decrease) / increase in trade and other payables		
	(210,903,428)	(1,248,066,679)
	60,556,444	(186,953,870)

11 FAIR VALUE MEASUREMENT- FINANCIAL INSTRUMENTS**Fair value hierarchy**

Certain financial assets and financial liabilities are 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. Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. These are explained as under:

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 maximize 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.

12 FAIR VALUE MEASUREMENT- NON-FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made for non-financial assets that are recognized and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

At 31 December 2023 - Un-audited	Level 1	Level 2	Level 3	Total
-----Rupees-----				
Property, plant and equipment:				
Freehold land	-	2,357,957,050	-	2,357,957,050
Buildings on freehold land	-	804,627,358	-	804,627,358
Plant and machinery	-	758,049,514	-	758,049,514
Investment properties	-	408,485,000	-	408,485,000
Total non-financial assets carried at fair value	-	4,329,118,922	-	4,329,118,922

At 30 June 2023 - Audited	Level 1	Level 2	Level 3	Total
-----Rupees-----				
Property, plant and equipment:				
Freehold land	-	2,341,039,750	-	2,341,039,750
Buildings on freehold land	-	826,596,799	-	826,596,799
Plant and machinery	-	830,725,158	-	830,725,158
Investment properties	-	408,485,000	-	408,485,000
Total non-financial assets carried at fair value	-	4,406,846,707	-	4,406,846,707

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

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.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for the items of property, plant and equipment carried at revalued amounts every three years. The management updates the assessment of the fair value of each item of property, plant and equipment carried at revalued amount, taking into account the most recent independent valuations. The management determines the value of items of property, plant and equipment carried at revalued amounts within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of plant and machinery is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new items of plant and machinery of similar nature and specifications.

The Company obtains independent valuations for its investment properties at least annually. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties.

Valuation processes

The Company engaged external, independent and qualified valuer to determine the fair value of the Company's investment properties and items of property, plant and equipment carried at revalued amount. As at 30 June 2023 and as at 31 March 2023, the fair value of the investment properties and items of property, plant and equipment respectively carried at revalued amount have been determined by Messers Surval (Private) Limited (approved valuer).

Changes in fair values are analyzed between the Chief Financial Officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, associated undertakings, staff retirement fund trust, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties other than which have been specifically disclosed elsewhere in these condensed interim financial statements are as follows:

(UN-AUDITED)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2023	31 December 2022	31 December 2023	31 December 2022

-----Rupees-----

i) Transactions

U.S. Apparel and Textiles (Private) Limited

Purchase of fabric and materials	41,485	14,001	-	14,001
Purchase of electricity	264,079	127,257	230,414	20,219
Services provided	39,117,226	-	2,144,566	-
Services obtained	36,811,287	533,194	20,367,846	339,898
Purchase of Laptop	-	139,922	-	139,922

U.S. Denim Mills (Private) Limited

Purchase of fabric and materials	1,033,839,276	627,282,985	517,241,098	294,278,958
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U.S. & Dynamo Mills (Private) Limited

Purchase of fabric and materials	75,918,972	45,233,681	28,470,613	45,233,681
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A.J. Holdings (Private) Limited

Short term borrowings obtained	252,172,318	-	252,172,318	-
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Naimat Saleem Trust

Lease rentals paid	18,934,986	19,560,940	9,467,496	8,108,899
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Automotive Plastics (Private) Limited

Loan advances	-	90,818,914	-	28,979
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US Footwear (Private) Limited

Loan of employee transferred from US Footwear (Private) Limited	1,166,667	-	1,166,667	-
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Leeds Logistics (Private) Limited

Sale of vehicle	14,808,980	-	14,808,980	-
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Mr. Javed Arshad Bhatti

Short term borrowings obtained	60,000,000	-	60,000,000	-
Short term borrowings repaid	60,000,000	-	60,000,000	-

(UN-AUDITED)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2023	31 December 2022	31 December 2023	31 December 2022

-----Rupees-----

Mian Muhammad Ahsan

Short term borrowings obtained	120,000,000	-	120,000,000	-
Short term borrowings repaid	40,000,000	-	40,000,000	-

Mr. Muhammad Saqib Bhatti

Short term borrowings obtained	60,000,000	-	60,000,000	-
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Mr. Muhammad Siddique Bhatti

Short term borrowings obtained	60,000,000	-	60,000,000	-
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Mian Salman Ahsan

Short term borrowings obtained	80,000,000	-	80,000,000	-
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SJ Holdings (Private) Limited

Short term borrowings obtained	60,000,000	-	60,000,000	-
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Employees' Gratuity Fund Trust

Contributions paid	46,396,910	74,159,509	2,389,758	56,000,000
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LAMA Retail (Private) Limited

Services provided	10,417,953	-	10,417,953	-
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As at 31 December 2023 (Un-audited)

Associated companies	Other related parties	Total
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-----Rupees-----

ii) Period end balances

Trade and other payables	434,910,097	-	434,910,097
Short term borrowings	832,172,318	650,750,000	1,482,922,318
Trade debts	1,364,138	-	1,364,138
Loans, advances, deposits and prepayments	14,808,980	-	14,808,980
Other receivables	107,889,859	-	107,889,859

As at 30 June 2023 (Audited)		
Associated companies	Other related parties	Total
------(Rupees)-----		

Trade and other payables	106,703,249	-	106,703,249
Short term borrowings	520,000,000	370,750,000	890,750,000
Trade debts	262,547	-	262,547
Other receivables	107,341,815	-	107,341,815

14 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company for the year ended 30 June 2023.

15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on 26 FEB 2024.

16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year. Further as more fully explained in note 1.2 of these condensed interim financial statement, AEL has been merged with and into the Company with effect from 31 March 2023. Hence, comparative figures of 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 are not comparable.

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

17 GENERAL

Figures have been rounded off to the nearest of Rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



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