

# *Half Yearly Accounts*

*for the Period ended*

**December  
31, 2023**

**NAZIR**  
**COTTON MILLS LTD.**

## COMPANY'S INFORMATION

**Board of Director** Mian Shahzad Aslam Chief Executive Officer  
Mian Farrukh Naseem  
Mian Aamir Naseem  
Mr. Maqbool Hussain Bhutta  
Mr. Asim Mehmood Bhatti  
Mr. Muhammad Abbas  
Mr. Muhammad Irfan

**Audit Committee:** Mr. Muhammad Irfan Chairman  
Mr. Muhammad Abbas Member  
Mr. Asim Mehmood Bhatti Member

**HR & R Committee:** Mr. Asim Mehmood Bhatti Chairman  
Mr. Muhammad Irfan Member  
Mr. Muhammad Abbas Member

**Chief Financial Officer:** Mr. Maqbool Hussain Bhutta

**Company Secretary:** Mr. Ahsan Raza

**Auditors:** Kamran & Co  
Chartered Accountants  
Apartment No. A/2 Ingola Apartment 24 Jail Road Lahore

**Bankers:** National Bank Of Pakistan  
Habib Bank Limited  
Muslim Commercial Bank Ltd.

**Share Registrar** Corplink (Pvt) Ltd.  
1-K Commercial Modal Town, Lahore.  
Tel: 042-3561714, 35839182, 35916719

**Registered Office:** 61-K, Gulberg III, Lahore.  
Ph: 042-35763736 Fax: 042-35763768

**Mill:** 8-Km, Faisalabad Road, Aslamabad,  
Khaareyanwala, Sheikhpura.  
Ph: 056-3544053

## **DIRECTORS REPORT TO THE SHAREHOLDER**

The results for the half year under review show a loss after tax amounting to Rs. 2.043 Million after accounting for administrative expenses of Rs. 13.596 Million including depreciation of Rs. 6.196 million and other operating expenses were Rs. Nil and financial cost was Rs. 0.006 million

During the period ended December 31, 2023 the operation of the mills remained Closed, however the operation of Dairy was operative. Although the management has change the main line of business from Textile to Dairy and Real Estate.

But the Management is still trying to obtain electricity connection to restart the Main Line of Business i.e. the Spinning. In this regard, the Management of the Company is hopeful that the operation of the Mill will be restarted in near future.

For and on behalf of the Board of Directors  
Chief Executive Officer

Lahore  
February 28, 2024

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
NAZIR COTTON MILLS LIMITED  
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

**INTRODUCTION**

We have reviewed the accompanying condensed interim statement of financial position of “**NAZIR COTTON MILLS LIMITED**” as at 31 December 2023 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with notes forming part thereof (her-in-after referred to as the interim financial statements) for the half year period ended. Management is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting 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 figure for the condensed interim statement of profit or loss / statement of comprehensive income for the quarter ended 31 December 2023 have not been reviewed, 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 engagement 2410, “Review of interim financial information by the independent auditor of the entity “. A review of interim financial statements consists of making inquiries, primarily of the 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 Standard 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**

a) The Company has ceased its textile manufacturing operations The Company without any adjustments for points below incurred loss during the year amounting to Rs 2.043 million (Dec 31, 2022: Rs 15.371 million resulting in accumulated losses of Rs. 405.345 million (June 30, 2023: Rs. 407.067 million) at the close of the period ended 31 Dec 2023. The Company’s current liabilities exceed its current assets by Rs.182.079 million (June 30, 2023: Rs. 184.148 million). Moreover, short term borrowings from financial institutions remained unpaid along with accrued markup which is in litigation. The Company has been unable to arrange fresh financing for working capital and other purposes. The management of the Company did not provide us its assessment for going concern assumption used in preparation of these financial statements and the future financial projections indicating the economic viability of the Company. Moreover, the management has been unable to satisfy us with respect to:

- the willingness of the litigant financial institutions to restructure the terms and conditions and repayments of their existing loans.

- letter of support as well as financial ability of sponsors and related parties for further cash injection
- hiring of specialized staff for recommencing of operations
- progress on negotiations with new financial institutions for working capital and BMR activities

Based on the audit evidence obtained, we believe that the Company will not be able to meet its obligations in the ordinary course of business. Accordingly, we do not agree with management's preparation and presentation of the financial statements on a going concern basis. However, the financial statements, are prepared on going concern basis. Had the financial statements been prepared on a non-going concern basis of accounting, we believe that it would have had a significant negative effect on the Company's financial position and financial performance.

b) The Company has not provided for mark-up on loans from financial institutions owing to the dispute with financial institutions since the litigation, and no provision for cost of funds had been accounted for in the financial statements. In the absence of detailed working and the opinion of legal counsel (sought directly) of the Company in this regard we were unable to determine the amount of provision required on account of accrued mark-up.

c) The Company revalued its certain fixed assets on June 30, 2021, however Company incorporated the revaluation adjustment in year 2022. Moreover, the Company has not properly accounted for the revaluation surplus in prior years based on previous revaluation report as well and accordingly fixed assets, revaluation surplus, depreciation expense and deferred tax has not been properly accounted for in the financial statements during the year as well in prior years. We are unable to quantify the impact of the same due to limited information available.

d) The company made an investment in Sajjad Textile Mills Limited which has negative equity of Rs 388.749 million as at June 30, 2022. The Company has still shown this investment in long term investments in current as well in prior years. In our opinion this amount should have been impaired in prior years as equity is negative. No impairment has been recognized in the financial statement against such investment in current year as well. Had the impairment been recognized in the financial statement, the company equity would have been reduced by Rs. 3.838 million with similar decrease in long term investments.

e) The Company's filed its annual income tax return for the last year without charging minimum tax as provided for in the financial statements and hence does not reconcile. Moreover, in our opinion the tax depreciation schedule as per income tax return does not match. However, due to absence of confirmation from tax advisor of the Company, we are unable to quantify the difference and also confirm the status of any tax litigations.

f) We have not received confirmation from legal advisor of the Company, and hence unable to comment on the contingencies and various cases against the company. Moreover, Company has booked arrears paid to WAPDA amounting to Rs 12.418 million as per the decision of Lahore High Court and booked the same as advance. We are of the opinion, that in the absence of any stay order from competent authority, the amount may be disclosed in the financial statements but should not be recognized. However, we have not received any confirmation from the legal advisor of the Company.

g) The Company is not in compliance with certain requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and rules of Pakistan Stock Exchange and we have issued an adverse review report on the statement of compliance. We are unable to determine any financial implication of the same.

- h) The Company gave advance in respect of dairy equipment for construction of dairy farm, however we have not received any direct confirmation from the party. This amount is appearing since 2020 and is transferred to property, plant & equipment in current year. In our opinion should be written off. Had the impairment been recognized in the financial statement, the company equity would have been reduced by Rs. 3.019 million with similar decrease in property plant & equipment.
- i) The company's operations have remained closed for the past many years. Similarly, plant and machinery remained idle during these years. Resultantly, it is expected that there will be an allowance for obsolescence as there has been no movement in the quantities of stores, spares and loose tools. We believe that a provision for obsolescence amounting to Rs. 1.535 million be recognized in the financial statements in prior years. Had this provision been recognized in the financial statement, the company equity would have been reduced by Rs. 1.535 million with similar decrease in stores, spares and loose tools.
- j) The Company have trade debts amounting to Rs 1.033 million with minimal movement since 2019, however we have not received any direct confirmation from the debtors. In our opinion this should be written off in prior years. Had the provision been recognized in the financial statement, the company equity would have been reduced by Rs. 1.033 million with similar decrease in trade debts.
- k) The cash flow statement for the prior year shows cash inflow of Rs 12.26 million from sale of biological assets, whereas the same amount was derecognized from the biological assets as appearing in note 14 to the financial statements. The amount derecognized should have been the fair value of the biological assets sold. Accordingly, fair value gain booked is not accurate. In the absence of related information, we are unable to quantify the difference.
- l) The Company has not provided for employee retirement benefits and other labour laws requirement, and we are unable to quantify any financial impact of the same.
- m) We have not been provided with adequate information regarding nature of capital & revenue reserve appearing in the financial statements.
- n) The Company has sponsor loan of Rs 123.144 million payable on demand and recognized as current liability, however the Company does not have sufficient current assets to repay such liability on demand.

#### **ADVERSE CONCLUSION**

Our review indicates that, because of the significance of the effects of the matters as described in paragraph (a) to (n) of the “Basis for Adverse Conclusion” section of our report, this interim financial information does not give the true and fair view of the financial position of the Company as at December 31, 2023 and of its financial performance and its cash flows for the six-month period then ended in accordance with the accounting and financial reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Kamran Fatah (FCA).

**KAMRAN & CO.**  
**CHARTERED ACCOUNTANTS**

**LAHORE**  
**28<sup>th</sup> FEBRUARY 2024**  
UDIN # RR202310181PrSAL2vVK

**NAZIR COTTON MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

	Note	Un-Audited 31/Dec/2023 Rupees	Audited 30/Jun/2023 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	5	230,000,000	230,000,000
<b>Capital reserve</b>			
Surplus on revaluation of property, plant and equipment		302,918,358	306,683,595
-(Deficit) / surplus on remeasurement of available for sale investments		(479,125)	(479,125)
-Capital reserve		434,000	434,000
<b>Revenue reserve</b>			
Accumulated loss		(405,345,355)	(407,067,537)
Revenue reserve - general		45,829,500	45,829,500
		<u>173,357,378</u>	<u>175,400,433</u>
<b>Non-current liabilities</b>			
Deferred liabilities		11,051,057	12,588,971
<b>Current liabilities</b>			
Trade and other payables		5,074,017	1,004,764
Income tax liability		179,537	179,537
Short term borrowings	6	207,866,985	206,896,985
		<u>213,120,539</u>	<u>208,081,286</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	-	-
		<u>397,528,974</u>	<u>396,070,690</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	358,546,258	361,977,354
Capital work in progress		-	3,019,890
Biological assets		4,103,210	3,302,307
Long term investment		3,838,000	3,838,000
		<u>366,487,468</u>	<u>372,137,551</u>
<b>Current assets</b>			
Stores, spare parts and loose tools		1,534,873	1,534,873
Trade debts		1,033,034	1,016,924
Deposits, prepayments and other receivables		13,516,693	12,736,571
Cash and bank balances		14,956,906	8,644,771
		<u>31,041,506</u>	<u>23,933,139</u>
		<u>397,528,974</u>	<u>396,070,690</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

**NAZIR COTTON MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2023**

	Half year ended		Quarter ended	
	31/Dec/2023	31/Dec/2022	31/Dec/2023	31/Dec/2022
	Rupees		Rupees	
Sales - net	-	2,805,495	-	614,005
Cost of sales	-	5,304,342	-	2,828,897
Gross loss	-	(2,498,847)	-	(2,214,892)
Other Income	10,015,498	497,256	5,086,447	245,217
Administrative and general expenses	(13,595,771)	(13,750,363)	(9,819,361)	(8,635,524)
Finance cost	(696)	(406)	-	(406)
Loss before taxation	(3,580,969)	(15,752,360)	(4,732,914)	(10,605,605)
Taxation	(1,537,914)	(381,345)	-	(381,345)
Loss after taxation	(2,043,055)	(15,371,015)	(4,732,914)	(10,224,260)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss</b>	<b>(2,043,055)</b>	<b>(15,371,015)</b>	<b>(4,732,914)</b>	<b>(10,224,260)</b>
<b>Loss per share - basic and diluted</b>	<b>(0.09)</b>	<b>(0.67)</b>	<b>(0.21)</b>	<b>(0.44)</b>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

Chief Executive Officer



**NAZIR COTTON MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2023**

	Reserves					Total Equity	
	Share capital	Capital reserves	Capital surplus on remeasurement of available for sale	Revaluation surplus on property, plant and equipment	General Reserve - General		Revenue
Balance as at 30 June 2022	230,000,000	434,000	(479,125)	315,050,789	45,829,500	(391,716,397)	199,118,767
<b>Total comprehensive loss for the six months period ended 31 December 2022</b>							
Total comprehensive loss	-	-	-	-	-	(15,371,015)	(15,371,015)
Incremental depreciation on revaluation of assets for the year (net of tax)	-	-	-	(4,183,597)	-	4,183,597	-
Balance as at 31 December 2022	230,000,000	434,000	(479,125)	310,867,192	45,829,500	(402,903,815)	183,747,752
<b>Total comprehensive income for the six months period ended 30 June 2023</b>							
Total comprehensive income	-	-	-	-	-	(8,347,319)	(8,347,319)
Incremental depreciation on revaluation of assets for the year (net of tax)	-	-	-	(4,183,597)	-	4,183,597	-
Revaluation surplus on property, plant and equipment for the year (net of tax)	-	-	-	-	-	-	-
Balance as at 30 June 2023	230,000,000	434,000	(479,125)	306,683,595	45,829,500	(407,067,537)	175,400,433
<b>Total comprehensive income for the six months period ended 31 December 2023</b>							
Loss for the period	-	-	-	-	-	(2,043,055)	(2,043,055)
Incremental depreciation on revaluation of assets for the year (net of tax)	-	-	-	(3,765,237)	-	3,765,237	-
Balance as at 31 December 2023	230,000,000	434,000	(479,125)	302,918,358	45,829,500	(405,345,385)	173,357,378

Rupees-----

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

**NAZIR COTTON MILLS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2023**

	----- Six months ended -----	
	31/Dec/2023 Rupees	31/Dec/2022 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(3,580,969)	(15,752,360)
Adjustments for non-cash charges / items:		
Depreciation of property, plant and equipment	6,340,347	6,885,478
Provision for doubtful debt	-	1,066,924
Provision for stores, spares and loose tools	-	1,534,873
Gain on sale of fixed assets	(7,314,361)	-
Gain on sale of biological assets	(476,283)	-
Finance cost	696	406
	(1,449,601)	9,487,681
(Loss) / profit before working capital changes	(5,030,570)	(6,264,679)
Working capital changes		
(Increase) in current assets	(780,122)	(124,588)
Decrease / (increase) in trade and other payables	4,069,253	-
	3,289,131	(124,588)
Cash generated (used in) / from operations	(1,741,439)	(6,389,267)
Income tax paid	(16,110)	-
Finance cost paid	(696)	(406)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,758,245)</b>	<b>(6,389,673)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of biological assets	(4,103,210)	(1,186,900)
Proceeds from disposal of fixed assets	7,425,000	-
Proceeds from disposal of biological assets	3,778,590	1,884,000
<b>Net cash out flow from investing activities</b>	<b>7,100,380</b>	<b>697,100</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds of short term borrowings	970,000	-
<b>Net cash in flow from financing activities</b>	<b>970,000</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>6,312,135</b>	<b>(5,692,573)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>8,644,771</b>	<b>20,758,133</b>
<b>Cash and cash equivalents at end of period</b>	<b>14,956,906</b>	<b>15,065,560</b>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

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# NAZIR COTTON MILLS LIMITED

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

### FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2023

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#### 1 STATUS AND ACTIVITIES

1.1 Nazir Cotton Mills Limited (the "Company") was incorporated in Pakistan as a public limited company under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is quoted on Pakistan Stock Exchange.

The principle business of the Company is manufacturing and sale of yarn and the other related / allied operations. The members of the Company has authorised to enter into a new line of business of dairy farming.

Registered office of the Company is situated at 61K, Gulberg III, Lahore. The manufacturing facility of the Company is located at 8 KM, Faisalabad Road, Aslamabad, Kharianwala, Sheikhpura.

#### 1.2 Going concern assumption

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

The Company incurred a net loss for the period ended of Rs. 2,043,055 (Dec 2022: Rs. 15,371,015) resulting in accumulated losses at the end of the period of Rs. 405,345,355 (June 2023: Rs. 407,067,537). The Company's current liabilities exceed its current assets at reporting date by Rs. 182,079,033 (June 2023: Rs. 184,148,147).

The Company had ceased its operations from many years due to working capital. However, subsequent to the reporting date, the management is taking steps to recommence operations and are in negotiations with financial institutions to obtain funds to manage working capital requirements. The Company managed its liquidity constraints thru financing from its sponsors and its ability to continue as a going concern is dependent on continued financing from sponsors. Management is of view that the company will restart its commercial production in foreseeable future. Management's efforts for obtaining finances from financial institutions are not so far materialized, however, management is confident that efforts will be realized and that the Company will be able to continue as a going concern.

#### 2 STATEMENT OF COMPLIANCE

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 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 provisions of and directives issued under the Companies Act, 2017 differ from the IAS 34 and IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required by the Code of Corporate Governance, and should be read in conjunction with the audited annual financial statements of the Company for the year ended 30 June 2023.

#### 3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In this condensed interim financial information, except for the cash flow statements, all the transactions have been accounted for on accrual basis.

**NAZIR COTTON MILLS LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2023**

**4 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and method for computation adopted for the preparation of this condensed interim financial information is the same as those applied in preparation of the financial statements for the year ended June 30, 2023.

	<b>Un-Audited</b>	<b>Audited</b>
	<b>31/Dec/2023</b>	<b>30/Jun/2023</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>5 SHARE CAPITAL</b>		
<b>Authorized capital</b>		
Ordinary shares of Rs. 10 each	<b>250,000,000</b>	250,000,000
<b>Issued, subscribed and paid-up share capital</b>		
20,312,530 (June 30, 2023: 20,312,530) ordinary shares of Rs 10/- each fully paid in cash	<b>203,125,300</b>	203,125,300
2,317,470 (June 30, 2023: 2,317,470) ordinary shares of Rs 10/- each fully paid as bonus shares	<b>23,174,700</b>	23,174,700
370,000 (June 30, 2023: 370,000) ordinary shares of Rs 10/- each fully paid in consideration of Property and assets of Sargodha Textile Mills Limited as per bifurcation scheme approved by the Honorable High Court in 1974.	<b>3,700,000</b>	3,700,000
	<b>230,000,000</b>	230,000,000
<b>6 SHORT TERM FINANCES</b>		
<b>-From financial institutions</b>		
-Islamic Investment Bank Limited - note 6.1	<b>71,464,211</b>	71,464,211
-Habib Bank Limited - note 6.2	<b>13,258,000</b>	13,258,000
<b>-From others</b>		
Sponsor's loan - note 6.3	<b>123,144,774</b>	122,174,774
	<b>207,866,985</b>	206,896,985

**6.1** The loan was repayable in sixteen quarterly installments w.e.f. April 1, 1999. It carries mark-up @ 20% per annum. Accrued mark-up has been frozen and kept in a separate account. The new mark-up on diminishing principal is also being kept in same account and repayment of this mark-up would start subject to the entire repayment of the principal amount. This loan and mark-up account are secured by Personal guarantees of directors except nominee director and mortgage of fixed assets to the tune of Rs.20 million. The liquidator of Islamic Investment Bank has been appointed. The management is of the opinion that as the bank is a shareholder in the profit/(losses) and that the matter is pending in the Peshawar court of law of the Company, therefore, no markup is payable. The company has filed a suit against the bank to recover the share of losses amounting to Rs. 110.0 million.

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**NAZIR COTTON MILLS LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2023**

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- 6.2** The loan is secured against first E/M charge for PKR 69.325 million on land measuring 35 Kanals 12 Marlas, together with factory building, plant & machinery located at 11 K.M. Sheikhpura, Faisalabad Road Kharianwala, Distt. Sheikhpura and hypothecation charge of PKR 243.860 million on current assets of the Company. This loan was earlier settled by the State Bank of Pakistan in December 29, 2004 which had resulted in reduction of the liability by Rs. 3.580 million with no further markup to be provided subject to provisions that if the Company failed to repay any of the installment than the agreement would stand cancelled and the bank would be entitled to recover the original outstanding amount without any reduction. The Company failed to repay the installments and the Bank filed a suite for recovery of its original liability for Rs. 39,741,015 on October 22, 1999 which was consent decreed for PKR 40,080,000 on January 26, 2001. The management believes that Bank is only entitled to recover its original outstanding liability without any further markup, hence no markup has been provided.
- 6.3** This represents unsecured and interest free loan obtained from sponsors of the Company to meet the Company's past B.M.R. plans and liquidity problems, this loan is repayable on demand. The maximum aggregate amount due at the end of any month during the year was Rs. 123.144 million (2022: Rs. 122.17 million).

**7 CONTINGENCIES AND COMMITMENTS**

***Contingencies and Commitments***

Execution petition No. 231-E/2007 titled Habib Bank Limited vs. Nazir Cotton Mills Limited for recovery of Decretal amount of Rs. 39,741,015 filed by Habib Bank Limited against Nazir Cotton Mills Limited and others on January 12, 2007 before the Banking Court No. II, Lahore. The appeal is filed by Nazir Cotton Mills Limited before the Lahore High Court Lahore against the order dated March 16, 2015 passed by Banking Court No. II, Lahore in Execution No. 231-E/2007. The management is hopeful that there is substantial likelihood of the judgement in their favour.

WAPDA had filed a suit against the company for recovering of arrears amounting to Rs. 12.4 million before the Lahore High Court Lahore. The Lahore High Court had decided the case in favor of WAPDA. The company had deposited Rs. 12.4 million with WAPDA for electricity case as per orders of the Lahore High Court and has filed an appeal for recovery of the said amount from WAPDA in the Supreme Court. The management is hopeful of a decision in their favour.

Islamic Investment Bank (in liquidation) and case has been shifted from Lahore High Court to Peshawar High Court because, the liquidation process will be completed in Peshawar. This loan and mark-up account are secured by Personal guarantees of directors except nominee director and mortgage of fixed assets to the tune of Rs.20.0 million. The liquidator of Islamic Investment Bank has been appointed. The management is of the opinion that as the bank is a shareholder in the profit/(losses), therefore, the company has filed a suit against the bank to recover the share of losses amounting to Rs. 110.0 million and that the matter is pending in the Peshawar High Court, hence, no markup is payable. Now case is transferred to Lahore High Court.

Pakistan Stock Exchange had placed the Company in defaulter's segment due to non compliances with the regulations of Pakistan Stock Exchange.

Other than above, there is no known contingent liability and commitments as on period end.

**NAZIR COTTON MILLS LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2023**

	<b>Un-Audited</b> <b>31/Dec/2023</b> <b>Rupees</b>	<b>Audited</b> <b>30/Jun/2023</b> <b>Rupees</b>
<b>8 PROPERTY PLANT AND EQUIPMENT</b>		
Opening net book value	<b>361,977,354</b>	375,748,312
Revaluation surplus during the year	-	-
Additions	<b>3,019,890</b>	-
Disposal	<b>(110,639)</b>	-
Depreciation charged	<b>(6,340,347)</b>	(13,770,958)
	<b><u>358,546,258</u></b>	<b><u>361,977,354</u></b>

**9 AUTHORIZATION FOR ISSUE**

These financial statements have been approved by the board of directors of the Company and authorized for issue on \_\_\_\_\_.

**10 CORRESPONDING FIGURES**

**10.1** Corresponding figures have been re-arranged, wherever necessary to the facilitation of comparison.

**10.2** Figures have been rounded off to the nearest of rupees.

**NAZIR COTTON MILLS LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2023**

8

**PROPERTY, PLANT AND EQUIPMENT**

8.1 Reconciliation of carrying values at end of the period - 31 December 2023

PARTICULARS	COST / REVALUED AMOUNTS			DEPRECIATION			BOOK VALUE		Annual rate of dep. % age
	As at 1/July/2023	Additions / (Disposals)	As at 31/Dec/2023	As at 1/July/2023	Adjustments in depreciation	Change for the period	As at 31/Dec/2023	As at 31/Dec/2023	
Freehold land									
Cost	6,931,554	-	6,931,554	-	-	-	-	6,931,554	-
Revaluation	231,378,846	-	231,378,846	-	-	-	-	231,378,846	-
	238,310,400	-	238,310,400	-	-	-	-	238,310,400	-
Factory building on freehold land									
Cost	1,366,437	3,019,890	4,386,327	370,304	-	200,801	571,105	3,815,222	10
Revaluation	104,032,402	-	104,032,402	30,500,940	-	3,676,573	34,177,513	69,854,889	10
	105,398,839	3,019,890	108,418,729	30,871,244	-	3,877,374	34,748,618	73,670,111	10
Plant and machinery									
Cost	22,041,749	(3,580,200)	18,461,549	5,973,314	(3,469,561)	797,890	3,301,643	15,159,906	10
Revaluation	50,308,251	-	50,308,251	17,776,686	-	1,626,578	19,403,264	30,904,987	10
	72,350,000	(3,580,200)	68,769,800	23,750,000	(3,469,561)	2,424,468	22,704,907	46,064,893	10
Electric installations	9,108,541	-	9,108,541	9,017,776	-	6,807	9,024,583	83,958	15
Laboratory equipment	2,207,748	-	2,207,748	2,192,995	-	1,106	2,194,101	13,647	15
Office Equipment	1,094,571	-	1,094,571	752,653	-	25,644	778,297	316,274	15
Air conditioner	156,699	-	156,699	155,510	-	119	155,629	1,070	20
Fire Fighting equipment	1,053,552	-	1,053,552	1,049,229	-	324	1,049,553	3,999	15
Fans	228,154	-	228,154	227,430	-	54	227,484	670	15
Furniture and fixtures	915,829	-	915,829	892,441	-	1,169	893,610	22,219	10
Tube well	966,025	-	966,025	962,080	-	296	962,376	3,649	15
Arms and ammunition	29,885	-	29,885	28,690	-	60	28,750	1,135	10
Computers	368,983	-	368,983	313,179	-	2,790	315,969	53,014	10
Motor vehicles	534,536	-	534,536	533,181	-	136	533,317	1,219	20
	432,723,762	(560,310)	432,163,452	70,746,408	(3,469,561)	6,340,347	73,617,194	356,546,258	