

**ASIM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2023**

# **ASIM TEXTILE MILLS LIMITED**

## **CHAIRMAN' S REVIEW**

I am pleased to present the financial results of the company.

The management performed diligently to improve the financial position of the company however due to the ongoing less yarn demand and constantly increasing energy prices and raw materials the company's loss for the period is Rs. (54.405) million, as opposed to net loss of Rs (10.404) million in the corresponding period of the prior year.

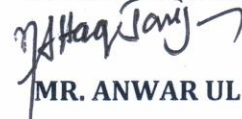
The management remains committed to maintain focus on sustaining the financial performance of your company. I thank our shareholders, customers and staff for their support and trust in the company.

I appreciate the efforts made by board of directors for the development of business in such situation. In the end, I would like to thank the Board of Directors for their valuable contribution and guidance throughout the period.

**February 28, 2024**

**Faisalabad.**

**For and on behalf of the Board**



**MR. ANWAR UL HAQ**

**Chairman BOD**

## عاصم ٹیکسٹائل ملز لمیٹڈ

چیئر مین کا جائزہ

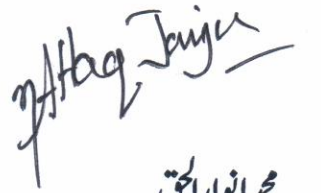
مجھے کمپنی کے مالیاتی نتائج پیش کرتے ہوئے خوشی ہو رہی ہے۔

انتظامیہ نے کمپنی کی مالی حالت کو بہتر بنانے کے لیے تہہ ہی کارکردگی کا مظاہرہ کیا۔ تاہم دھاگے کی مانگ میں کمی کے ساتھ ساتھ مسلسل بڑھتی ہوئی توانائی اور خام مال کی قیمتوں کی وجہ سے اس مدت کے لئے کمپنی کا خسارہ Rs. (54.405) ملین رہا جو کہ اسی مدت میں پچھلے سال (10.404) Rs. ملین تھا۔

انتظامیہ اس سلسلے میں پر عزم ہے کہ آپ کی کمپنی کی مالی کارکردگی کو برقرار رکھنے کے معاملے پر خصوصی توجہ مرکوز رکھے گی۔ ہم اپنے حصص یافتگان، کسٹمرز اور سٹاف کے شکرگزار ہیں جنکی مدد اور اعتماد کمپنی کو حاصل رہا۔

میں ایسے حالات میں کاروبار کی ترقی کے لیے بورڈ آف ڈائریکٹرز کی کوششوں کو سراہتا ہوں۔ آخر میں، میں بورڈ آف ڈائریکٹرز کا بھی شکریہ ادا کرنا چاہتا ہوں جن کی طرف سے پورے سال کے دوران قیمتی شراکت اور راہنمائی فراہم کی جاتی رہی۔

بورڈ کی طرف سے



محمد انوار الحق

چیئر مین، بورڈ آف ڈائریکٹرز

28 فروری 2024

فیصل آباد۔

# ASIM TEXTILE MILLS LIMITED

## DIRECTORS' REPORT TO THE MEMBERS

Your directors are pleased to present 2<sup>nd</sup> quarter and half yearly un-audited accounts for the period ended December 31, 2023.

The Company suffered net loss of Rs.(54.405) million as compared to net loss of Rs. (10.404) million of corresponding period of last year because of prolonged recession, lower yarn demand , continuous increase in fuel and raw materials prices. However management is putting in efforts to reduce the losses and improve the profitability.

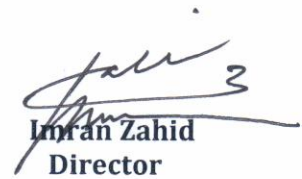
There has been no change in the position of on going court cases with the bank, as reported in the director's report of the financial statements for the year ended 30.06.2023.

Transactions with related parties are carried out at arms length. The prices are determined in accordance with comparable uncontrolled price method.

The management would like to place on record its appreciation for the continuous support of its shareholders, customers and employees and expect to receive same cooperation in future.



Zahid Anwar  
Chief Executive Officer



Imran Zahid  
Director

February 28, 2024  
Faisalabad.

## ڈائریکٹرز رپورٹ برائے حصص یافتگان

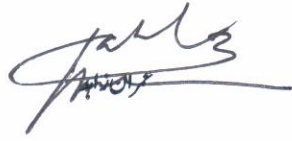
آپ کے بورڈ آف ڈائریکٹرز کو دوسری سہ ماہی اور 31 دسمبر 2023 کو ختم ہونے والے ششماہی سال کے کمپنی کے غیر آڈٹ تخلیق شدہ مالیاتی اسٹیٹمنٹ پیش کرتے ہوئے نہایت مسرت محسوس ہو رہی ہے۔

کمپنی کو Rs. (54.405) ملین کا خالص نقصان ہوا جو کہ پچھلے سال کے اسی مدت میں Rs. (10.404) ملین تھا جسکی وجہ طویل کساد بازاری، سوت کی طلب میں کمی، ایندھن اور خام مال میں کمی قیمتوں میں مسلسل اضافہ ہے۔ تاہم انتظامیہ نقصانات کو کم کرنے اور منافع کو بہتر بنانے کی کوششیں کر رہی ہے۔

30 جون 2023 کو ختم ہونے والے سال کی ڈائریکٹرز رپورٹ برائے حصص یافتگان میں جو مقدمات اور دیگر امور رپورٹ کئے گئے ان میں کوئی تبدیلی نہیں ہوئی ہے۔

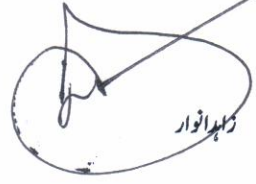
ریٹیلڈ پارٹنرز کے ساتھ لین دین آرم لینتھ بنیادوں پر کیا گیا اور قیمتوں کا تعین کمپنیز ڈی ان کنٹرولڈ پرائس میٹھڈ کی بنیاد پر کیا گیا۔

ہم عاصم ٹیکسٹائل ملز لمیٹیڈ کی انتظامیہ اپنے شیئر ہولڈرز، صارفین اور ملازمین کی مسلسل حمایت کا شکریہ ادا کرنا چاہتے ہیں اور مستقبل میں بھی اسی طرح کے تعاون کی توقع رکھتے ہیں



ڈائریکٹر

بورڈ آف ڈائریکٹران کی طرف سے



چیف ایگزیکٹو آفیسر

28 فروری 2024

فیصل آباد



## INDEPENDENT AUDITORS' REVIEW REPORT

### TO THE MEMBERS OF ASIM TEXTILE MILLS LIMITED REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Asim Textile Mills Limited** ("the Company") as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, 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 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 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 for the quarters ended December 31, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

#### Scope of review

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

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.



**Matter of emphasis**

Without qualifying our conclusion;

- a) We draw attention of the members to the contents of note 1.2 to the annexed financial statements, which indicates that its accumulated loss stands at Rs. 60.086 million against the paid up share capital of Rs. 151.77 million as at December 31, 2023 and as of that date, the Company's current liabilities exceeded its current assets by Rs. 283.392 million, and the Company suffered a loss of Rs. 54.405 million during the period. These factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and the Company may be unable to realize its assets and discharge its obligations in the normal course of business.
- b) We draw attention to Note 9 and 10 to the annexed interim financial information, which state that short term borrowings include Morabaha Finance obtained from Faysal Bank Limited amounting to Rs. 417.590 million on 31st October 1999 in respect of which the Company has filed suit against bank for charging illegal markups against principal of Islamic Banking and against circulars issued by State Bank of Pakistan and in contravention of objective clause of its Memorandum & Article of Association. Faysal Bank Limited has also filed a counter suit which has been adjudicated on 04th June 2015 against the Company as a result of which the Company has to settle the loan along with costs and cost of fund. Profit on these loans amounting to Rs. 194.161 million have already been provided for; however, provision for cost of funds has not been accounted for, having been undeterminable at this stage by the management, being aggrieved the Company has filed an appeal in Honorable Lahore High Court, Lahore (Division Bench) vide R.F.A No. 1372/2015 based on infield favorable judgments of Honorable Lahore High Court, Lahore. The learned Division Bench graciously allowed the appeal on 20.02.2020 and impugned judgment and decree dated 04.06.2015 was set aside. Consequently leave to appeal was adjudged to have been granted to the appellant company and the case is directed to be proceeded on that basis after framing issues and recording of evidences.

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

DATE: February 28, 2024  
PLACE: FAISALABAD  
UDIN: RR202310199ZJc0Iy8RY



*Kreston Hyder Bhimji & Co.*  
**KRESTON HYDER BHIMJI & CO.**  
CHARTERED ACCOUNTANTS

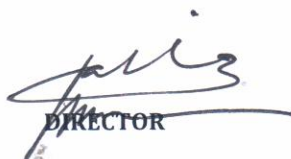


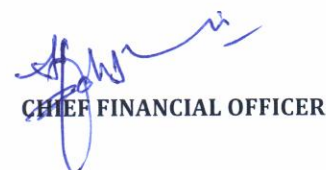
**ASIM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2023**

	Note	Un-Audited December 31, 2023	Audited June 30, 2023
----- Rupees -----			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	632,171,708	628,797,986
Long term deposits		22,560,795	22,560,795
		<u>654,732,503</u>	<u>651,358,781</u>
<b>CURRENT ASSETS</b>			
Stores and spares		27,636,540	28,385,286
Stock in trade		171,180,092	198,328,421
Trade debts		18,292,833	1,818,063
Advances deposits and prepayments		50,593,341	4,568,447
Short term investments	6	17,262,528	6,198,441
Accrued income		1,724,483	1,729,525
Tax refunds due from Government		63,262,057	63,512,930
Cash and bank balances		87,267,088	202,517,759
		<u>437,218,962</u>	<u>507,058,872</u>
<b>TOTAL ASSETS</b>		<u><u>1,091,951,465</u></u>	<u><u>1,158,417,653</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 17,500,000 ordinary shares of Rs.10 each		<u>175,000,000</u>	<u>175,000,000</u>
Issued, subscribed and paid up share capital		151,770,000	151,770,000
Accumulated losses		(60,086,428)	(10,246,922)
Deficit on remeasurement of investments		-	(1,438,560)
Surplus on revaluation of property, plant and equipment	7	210,169,181	214,735,149
		<u>301,852,753</u>	<u>354,819,667</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities	8	69,488,113	81,262,412
<b>CURRENT LIABILITIES</b>			
Trade and other payables		91,220,465	71,069,204
Contract liabilities		17,638,005	39,514,241
Accrued mark up		194,161,422	194,161,422
Short term borrowings	9	417,590,707	417,590,707
		<u>720,610,599</u>	<u>722,335,574</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,091,951,465</u></u>	<u><u>1,158,417,653</u></u>

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

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**



**ASIM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

	Note	Half Year Ended		Quarter Ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		----- Rupees -----			
<b>Sales - net</b>	11	633,286,145	314,567,635	332,740,535	29,653,900
<b>Cost of sales</b>	12	(686,444,797)	(316,300,268)	(329,908,875)	(57,840,588)
<b>Gross (loss)/profit</b>		(53,158,652)	(1,732,633)	2,831,660	(28,186,688)
<b>Operating expenses</b>					
Distribution cost		(195,940)	(419,064)	(82,940)	(61,364)
Administrative expenses		(20,780,980)	(19,358,573)	(10,329,325)	(9,693,656)
Other operating expenses		(1,995,490)	(1,650,979)	(1,847,998)	(95,818)
		(22,972,410)	(21,428,616)	(12,260,263)	(9,850,838)
<b>Loss from operations</b>		(76,131,062)	(23,161,249)	(9,428,603)	(38,037,526)
Finance cost		(73,983)	(125,529)	(464)	(116,860)
Other income		17,353,768	16,452,315	10,498,746	12,032,372
<b>(Loss)/profit before taxation</b>		(58,851,277)	(6,834,463)	1,069,680	(26,122,014)
Taxation		4,445,803	(3,570,446)	(17,724,561)	9,735,748
<b>Loss for the period</b>		(54,405,474)	(10,404,909)	(16,654,881)	(16,386,266)
<b>Loss per share - Basic and diluted</b>		(3.58)	(0.69)	(1.10)	(1.08)

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

*VHB*

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

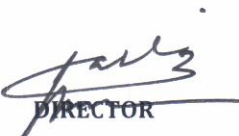
**ASIM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

	Half Year Ended		Quarter Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- Rupees -----			
<b>Loss for the period</b>	<b>(54,405,474)</b>	<b>(10,404,909)</b>	<b>(16,654,881)</b>	<b>(16,386,266)</b>
<b>Other comprehensive income/(loss):</b>				
Items that will be reclassified subsequently to profit or loss:				
Unrealized gain/(loss) on changes in fair value of investments	-	272,416	<b>(730,857)</b>	261,111
Loss realised on disposal of short term investments	<b>2,026,141</b>	-	<b>2,026,141</b>	-
Related effect of deferred tax liability	<b>(587,581)</b>	(79,001)	<b>(375,632)</b>	69,482
	<b>1,438,560</b>	193,415	<b>919,652</b>	330,593
<b>Total comprehensive loss for the period</b>	<b><u>(52,966,914)</u></b>	<b><u>(10,211,494)</u></b>	<b><u>(15,735,229)</u></b>	<b><u>(16,055,673)</u></b>

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

*KHB*

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**

**ASIM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

	Share capital	Unappropriated profit/ Accumulated losses	Surplus/(deficit) on remeasurement of investments	Surplus on revaluation of property, plant and equipment	Total
	----- Rupees -----				
<b>Balance as at July 01, 2022</b>	151,770,000	9,340,832	355,500	224,656,302	386,122,634
Loss for the period	-	(10,404,909)	-	-	(10,404,909)
Other comprehensive income	-	-	193,415	-	193,415
Total comprehensive loss for the period	-	(10,404,909)	193,415	-	(10,211,494)
Incremental depreciation on revalued property, plant and equipment	-	6,839,574	-	(6,839,574)	-
Related effect of deferred tax liability	-	(1,983,476)	-	1,983,476	-
	-	4,856,098	-	(4,856,098)	-
Surplus realized on disposal of property, plant and equipment	-	298,078	-	(298,078)	-
Related effect of deferred tax liability	-	(86,443)	-	86,443	-
	-	211,635	-	(211,635)	-
<b>Balance as at December 31, 2022</b>	<u>151,770,000</u>	<u>4,003,656</u>	<u>548,915</u>	<u>219,588,569</u>	<u>375,911,140</u>
<b>Balance as at July 01, 2023</b>	151,770,000	(10,246,922)	(1,438,560)	214,735,149	354,819,667
Loss for the period	-	(54,405,474)	-	-	(54,405,474)
Other comprehensive income	-	-	1,438,560	-	1,438,560
Total comprehensive loss for the period	-	(54,405,474)	1,438,560	-	(52,966,914)
Incremental depreciation on revalued property, plant and equipment	-	6,430,941	-	(6,430,941)	-
Related effect of deferred tax liability	-	(1,864,973)	-	1,864,973	-
	-	4,565,968	-	(4,565,968)	-
<b>Balance as at December 31, 2023</b>	<u>151,770,000</u>	<u>(60,086,428)</u>	<u>-</u>	<u>210,169,181</u>	<u>301,852,753</u>

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

*KHB*

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

  
**CHIEF FINANCIAL OFFICER**



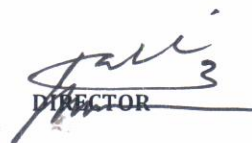
**ASIM TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

	December 31, 2023	December 31, 2022
	----- Rupees -----	
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss before taxation</b>	(58,851,277)	(6,834,463)
<b>Adjustments for non cash and other items</b>		
Depreciation	15,619,279	14,202,919
Profit on deposit accounts	(10,088,643)	(6,854,381)
Profit on short term investments	-	(8,228,769)
Gain on disposal of property, plant and equipment	(5,386,587)	(1,022,899)
Unrealized gain on investment in mutual funds	(1,562,528)	-
Realized loss on investment in mutual funds	1,467,898	-
Exchange loss on foreign currency translation	8,182	-
Balances written off	519,410	-
Profit on deposit with SNGPL	(316,010)	(316,010)
Finance cost	73,983	125,529
<b>Operating cash flows before working capital changes</b>	<b>(58,516,293)</b>	<b>(8,928,074)</b>
<b>Changes in working capital</b>		
<b>(Increase)/decrease in current assets</b>		
Stores and spares	748,746	(8,840,946)
Stock in trade	27,148,329	225,769,817
Trade debts	(16,994,180)	18,917,000
Advances deposits and prepayments	(46,024,894)	13,502,842
Short term investment in mutual funds - net	(8,943,316)	-
Tax refunds due from Government	3,061,032	11,279,498
<b>Increase in current liabilities</b>		
Trade and other payables	20,151,261	(52,078,493)
Contract liabilities	(21,876,236)	(10,087,081)
	<b>(42,729,258)</b>	<b>198,462,637</b>
<b>Cash (used in)/generated from operations</b>	<b>(101,245,551)</b>	<b>189,534,563</b>
Finance cost paid	(73,983)	(18,692)
Income tax paid	(10,726,236)	(5,555,452)
Exchange loss on foreign currency translation	(8,182)	-
Workers profit participation fund paid	-	(2,501,550)
<b>Net cash (used in)/generated from operating activities</b>	<b>(112,053,952)</b>	<b>181,458,869</b>
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition in property, plant and equipment	(19,406,414)	(97,160,254)
Proceeds from disposal of property, plant and equipment	5,800,000	2,416,667
Profit on deposit accounts received	9,842,417	7,301,821
Profit on deposit with SNGPL received	567,278	-
Profit on short term investments received	-	8,228,769
<b>Net cash used in investing activities</b>	<b>(3,196,719)</b>	<b>(79,212,997)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(115,250,671)</b>	<b>102,245,872</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>202,517,759</b>	<b>120,999,235</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>87,267,088</b>	<b>223,245,107</b>

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



CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



# ASIM TEXTILE MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2023

### 1. COMPANY AND ITS OPERATIONS

**1.1** Asim Textile Mills Limited (the Company) was incorporated in Pakistan on 29 July, 1990 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The shares of the Company are quoted at Karachi, Islamabad and Lahore Stock Exchange (now Pakistan Stock Exchange), with effect from January 11, 2016. The Mill is situated at 32 - KM, Main Sheikhpura Road, Tehsil Jaranwala, District, Faisalabad in the province of Punjab and the registered office of the Company is situated at JK House, 32-W, Susan Road, Madina Town, Faisalabad. The principal business activity of the Company is manufacturing and sale of yarn.

### 1.2 Going concern assumption

The Company has accumulated loss of Rs. 60.086 million (June 30, 2023: accumulated loss of Rs. 10.247 million) as against issued, subscribed and paid up share capital of Rs. 151.77 million and its current liabilities exceeded its current assets by Rs. 283.392 million (June 30, 2023: Rs. 215.277 million) as at December 31, 2023. These factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and the Company may be unable to realize its assets and discharge its obligations in the normal course of business.

The management of the Company is making its strenuous efforts, optimal production strategies and effective cost controls to improve the performance of the Company. The balancing and modernization of plant and machinery, improvement in future industry situation and better production efficiency are the main factors for improvements. The management positively looks forward to counter all challenges and is firmly committed to deliver the best possible results and will continue to meet its objectives and goals. Based upon these aspects and continuing financial support from directors and associates, the financial statements have been prepared on going concern basis.

### 2. BASIS OF PREPARATION

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

These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017. These condensed interim financial statements do not include all the information as required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should therefore be read in conjunction with the financial statements for the year ended June 30, 2023.

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements requires 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimates were the same as those applied to the annual financial statements of the Company for the year ended June 30, 2023.

### 4. SIGNIFICANT ACCOUNTING POLICIES

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







DESCRIPTION	June 30, 2023						W . D . V	Rate %	
	COST / REVALUED AMOUNT			ACCUMULATED DEPRECIATION					
	As at July 1, 2022	Additions	(Deletion)	As at June 30, 2023	As at July 1, 2022	For the year Adjustment			As at June 30, 2023
----- Rupees -----									
<b>Owned</b>									
Freehold land	63,754,000	-	-	63,754,000	-	-	-	63,754,000	-
Building on freehold land	184,989,839	17,437,575	-	202,427,414	72,896,841	5,677,307	-	78,574,148	123,853,266
Plant and machinery	712,424,655	86,270,000	(4,483,927)	794,210,728	371,444,823	19,895,106	(3,090,159)	388,249,770	405,960,958
Electric installations	56,159,000	2,465,662	-	58,624,662	26,353,732	3,144,905	-	29,498,637	29,126,025
Factory equipment	355,750	-	-	355,750	340,470	1,528	-	341,998	13,752
Office equipment	2,618,122	588,000	-	3,206,122	2,109,985	68,064	-	2,178,049	1,028,073
Furniture and fixture	659,633	-	-	659,633	538,683	12,095	-	550,778	108,855
Vehicles	29,046,171	-	-	29,046,171	22,854,850	1,238,264	-	24,093,114	4,953,057
<b>Total</b>	<b>1,050,007,170</b>	<b>106,761,237</b>	<b>(4,483,927)</b>	<b>1,152,284,480</b>	<b>496,539,384</b>	<b>30,037,269</b>	<b>(3,090,159)</b>	<b>523,486,494</b>	<b>628,797,986</b>

5.1.1 Depreciation charged for the period /year has been allocated as under:

	Un-Audited December 31, 2023	Audited June 30, 2023
Cost of sales	14,807,028	28,718,846
Administrative expenses	812,251	1,318,423
	<b>15,619,279</b>	<b>30,037,269</b>

*AHR*

	Note	Un-Audited	Audited
		December 31, 2023	June 30, 2023
<b>6. SHORT TERM INVESTMENTS</b>			
<b>Fair value through profit or loss</b>			
NBP Islamic Money Market Fund	6.1	17,262,528	-
JS Islamic Fund	6.2	-	6,198,441
		<u>17,262,528</u>	<u>6,198,441</u>

6.1 These have been valued by using published net asset value (NAV) as at reporting date. The number of units held by the Company are 1,543,847.2280 units (June 30, 2023: Nil).

6.2 These have been valued by using published net asset value (NAV) as at reporting date. The number of units held by the Company are Nil (June 30, 2023: 75,032.5785 units).

## 7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Opening balance		214,735,149	224,656,302
Less: Incremental depreciation on revalued property, plant and equipment for the period/year		(6,430,941)	(13,675,375)
Add: Related effect of deferred tax liability		1,864,973	3,965,859
		<u>(4,565,968)</u>	<u>(9,709,516)</u>
Less: Surplus realized on disposal of property, plant and equipment		-	(298,080)
Add: Related effect of deferred tax liability		-	86,443
		-	<u>(211,637)</u>
Closing balance		<u>210,169,181</u>	<u>214,735,149</u>

First revaluation of company's building on freehold land and plant & machinery was carried out as on September 30, 1995 by an independent valuer M/s Iqbal A. Nanjee & Co. Lahore on the basis of depreciated replacement values.

Second revaluation of company's freehold land, building on freehold land and plant and machinery has been carried out on September 30, 2000 by an independent valuer Inspectorates Corporation International (Pvt) Limited, Lahore and the same has been verified by SBP's approved auditors on the basis of depreciated replacement values.

Third revaluation of company's freehold land, building on freehold land, plant and machinery and electric installations has been carried out on June 30, 2012 by an independent valuer M/s Nizamy Associates, Faisalabad on the basis of depreciated replacement values.

Fourth revaluation of company's freehold land, building on freehold land, plant and machinery and electric installations has been carried out on September 30, 2015 by an independent valuer M/s Amir Evaluators & Consultants, Peshawar on the basis of depreciated replacement values.

Fifth revaluation of company's freehold land, building on freehold land, plant and machinery and electric installations has been carried out on June 30, 2020 by an independent valuer M/s S.A Associates, Lahore on the basis of depreciated replacement values.

The fair valuation of the revalued assets are considered to represent a level 2 valuation based on significant non-observable inputs being the location and condition of the assets. The fair value are subject to change owing to change in input. However, the management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs.

	Note	Un-Audited	Audited
		December 31, 2023	June 30, 2023
<b>8. DEFERRED TAXATION</b>			
Opening balance		81,262,412	98,228,626
Adjusted during the period		(11,774,299)	(16,966,214)
Closing balance	8.1	<u>69,488,113</u>	<u>81,262,412</u>
<b>8.1 This comprise of following:</b>			
<b>Deferred tax liability:</b>			
Taxable temporary differences relating to operating assets		37,049,043	34,646,930
Taxable temporary differences relating to short term investment		453,133	-
Taxable temporary differences relating to surplus on revaluation of property, plant and equipment		77,625,320	79,490,293
<b>Deferred tax assets:</b>			
Deductible temporary differences relating to short term investments		-	(587,581)
Deductible temporary differences relating to minimum tax		(16,724,004)	(20,222,714)
Deductible temporary differences related to taxable loss		(28,915,379)	(12,064,516)
		<u>69,488,113</u>	<u>81,262,412</u>



		<u>Un-Audited</u>	<u>Audited</u>
		<u>December 31,</u>	<u>June 30,</u>
		<u>2023</u>	<u>2023</u>
		----- Rupees -----	
<b>9. SHORT TERM BORROWINGS</b>			
<b>From banking company</b>			
<b>Secured</b>			
Morabaha I	9.1	340,901,898	340,901,898
Morabaha II		74,145,100	74,145,100
<b>Unsecured</b>			
Interest free bank overdraft	9.2	2,543,709	2,543,709
		<u>417,590,707</u>	<u>417,590,707</u>

9.1 Morabaha I represents secured finance by converting various morabaha finances into long term finance at interest rate of 13% per annum, whereas, the Morabaha II represents an interest free morabaha finance by converting various unpaid markups. These loans are secured against first charge of Rs. 505 million on fixed assets and personal guarantees of directors and Chief Executive of the Company.

9.1.1 The Company is not repaying the morabaha finances as it has filed a suit against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The bank has also filed a counter suit praying for a decree to be passed in its favor for a sum of Rs. 454.502 million against the defendants jointly and severally, with cost of funds at the rate of 20% or as certified by State Bank of Pakistan from date of default and 20% liquidated damages plus service charges and all costs, charges, expenses payable or to be incurred by the plaintiff bank till the final payment / realization of the afore-mentioned amount. The facts and status of the litigations are further explained in note 10.1.1.

9.2 The Company has obtained interest free bank overdraft facility from Faysal Bank Limited but ceased the repayment of the overdraft due to litigation in courts. The facts of the litigation are explained in note 10.1.1.

## 10. CONTINGENCIES AND COMMITMENTS

### 10.1 Contingencies

10.1.1 The Company has instituted a suit in the Honorable Lahore High Court, Lahore against Faysal Bank Limited (FBL) claiming damages on account of acquisition of un-remunerative agricultural land on the advice of FBL for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic Banking and circulars issued by the State Bank of Pakistan in addition to contravention of the objective clause of its Memorandum & Articles of Association. The amount claimed for the first two counts is Rs. 141.831 million (including claims of Central Excise Duty), whereas the amount of last count has been left for the Court to determine.

The counter suite filed by the Faysal Bank for recovery of Rs. 454.502 million along with costs and cost of funds before the Honorable Lahore High Court (Single Judge), Lahore has been adjudicated on 04.06.2015 against the Company. The Company has filed an appeal in Honorable Lahore High Court, Lahore (Division Bench) vide R.F.A. No. 1372/2015 on various grounds including the Company being condemned unheard. The learned Division Bench graciously allowed the appeal on 20.02.2020 and impugned judgment and decree dated 04.06.2015 was set aside. Consequently leave to appeal was adjudged to have been granted to the appellant company and the case is directed to be proceeded on that basis after framing issues and recording of evidences. Due to litigations, the Bank is not responding and confirming the balance to the Company. Having been undeterminable at this stage, provision for cost of funds has not been accounted for.

10.1.2 The department while initiating sales tax audits of the Company for the tax years 2012 and 2014, created demands on account of supplies from suspended/blacklisted units aggregated to amount of Rs. 818,182/-. Being aggrieved the Company filed appeals before Commissioner Inland Revenue (Appeals) who upheld the department's stance. The Company filed second appeals before Appellate Tribunal Inland Revenue Lahore on 15-Aug-2012, 25-Jul-2014, and 09-Oct-2014 which are pending for final decision. The management is contesting the case diligently and legal advisor is optimistic that the cases will be decided in the favor of the Company. Therefore, no provision has been made in these accounts.

### 10.2 Commitments

There are no significant commitments at the reporting date which need to be disclosed in the financial statements.

*KHB*



	Note	Half Year Ended		Quarter Ended	
		December 31,	December 31,	December 31,	December 31,
		2023	2022	2023	2022
		----- Rupees -----		----- Rupees -----	
<b>11. SALES - NET</b>					
Yarn sales		736,624,794	362,460,506	388,685,982	34,695,063
Waste sales		10,652,857	5,583,632	3,947,849	-
Gross sales		747,277,651	368,044,138	392,633,831	34,695,063
Less: Sales tax		(113,991,506)	(53,476,503)	(59,893,296)	(5,041,163)
		<u>633,286,145</u>	<u>314,567,635</u>	<u>332,740,535</u>	<u>29,653,900</u>

## 12. COST OF SALES

Raw material consumed	12.1	373,087,148	12,418,226	188,168,031	-
Stores and spares consumed		25,453,077	14,851,369	7,753,100	7,078,446
Packing material consumed		7,418,123	319,740	3,267,763	6,314
Salaries, wages and benefits	12.2	44,805,067	23,653,495	11,313,162	12,186,054
Fuel and power		182,547,944	15,194,423	94,084,636	1,332,634
Repairs and maintenance		2,245,376	14,205,203	864,089	8,373,708
Postage and telecommunication		38,800	23,990	19,955	11,980
Insurance		2,803,555	1,756,916	1,739,984	530,801
Depreciation		14,807,028	13,552,332	7,427,656	7,143,408
Others		738,277	1,054,608	423,509	871,025
		<u>653,944,395</u>	<u>97,030,302</u>	<u>315,061,885</u>	<u>37,534,370</u>
Work in process					
Opening Balance		29,404,558	13,092,725	13,467,107	-
Closing Balance		(24,776,905)	-	(24,776,905)	-
		<u>4,627,653</u>	<u>13,092,725</u>	<u>(11,309,798)</u>	<u>-</u>
Cost of goods manufactured		<u>658,572,048</u>	<u>110,123,027</u>	<u>303,752,087</u>	<u>37,534,370</u>
Finished goods					
Opening Balance		83,857,976	237,692,241	82,142,015	51,821,218
Closing Balance		(55,985,227)	(31,515,000)	(55,985,227)	(31,515,000)
		<u>27,872,749</u>	<u>206,177,241</u>	<u>26,156,788</u>	<u>20,306,218</u>
		<u>686,444,797</u>	<u>316,300,268</u>	<u>329,908,875</u>	<u>57,840,588</u>

### 12.1 Raw material consumed

Opening Balance	85,065,887	143,270,871	116,219,899	136,771,020
Purchases	378,439,221	5,918,375	162,366,092	-
	<u>463,505,108</u>	<u>149,189,246</u>	<u>278,585,991</u>	<u>136,771,020</u>
Closing Balance	(90,417,960)	(136,771,020)	(90,417,960)	(136,771,020)
	<u>373,087,148</u>	<u>12,418,226</u>	<u>188,168,031</u>	<u>-</u>

12.2 This includes a sum of Rs. 1,580,107/- (December 31, 2022: Rs. 865,529/-) in respect of provident fund contribution.

## 13. TRANSACTIONS WITH RELATED PARTIES

Related parties include associated companies and undertakings, entities under common directorship, directors, major shareholders, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with these related parties. Detail of transactions with related parties other than those which have been specifically disclosed in related notes are as follows:

Name	Nature of transaction	Un-audited	Un-audited
		December 31, 2023	December 31, 2022
--- Rupees ---			
Provident Fund Trust	Contributions to the fund	1,795,432	1,094,355
Zeeshan Energy Limited	Advance against purchase of electricity	52,035,000	-
CEO/Directors/Members	Expenses paid on behalf of related parties	980,853	2,477,259
Key Management Personnel	Salaries	3,000,000	3,000,000

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Un-Audited	Audited
December 31, 2023	June 30, 2023

----- Rupees -----

#### 14. SHARIAH SCREENING DISCLOSURE

##### Loans/advances as per Islamic mode

Short term borrowings	417,590,707	417,590,707
-----------------------	-------------	-------------

##### Shariah compliant bank deposits/bank balances

Bank balances	75,902,203	193,369,900
---------------	------------	-------------

<b>Profit earned from shariah compliant bank deposits / bank balances</b>	<b>8,650,230</b>	<b>2,080,985</b>
---	------------------	------------------

<b>Revenue earned from a shariah compliant business</b>	<b>633,286,145</b>	<b>314,567,635</b>
---	--------------------	--------------------

##### Profit/gain/loss or dividend from shariah compliant investments

Profit on short term investments	-	8,228,769
----------------------------------	---	-----------

Unrealized gain on short term investments	1,562,528	272,416
---	-----------	---------

<b>Mark up on Islamic mode of financing</b>	<b>194,161,422</b>	<b>194,161,422</b>
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##### Profits or interest on any conventional loan or advance

Profit on deposit accounts	1,438,413	4,773,396
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Profit on deposit with SNGPL	316,010	316,010
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##### Relationship with shariah compliant banks

###### Name of institutions

Meezan Bank Limited  
Al Baraka Bank Pakistan Limited  
Faysal Bank Limited

###### Relationship with institutions

Bank balance  
Bank balance  
Short term borrowings

Disclosures other than above are not pertinent to the Company.

#### 15. FINANCIAL RISK MANAGEMENT

##### 15.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Company follows an effective cash management and planning policy and maintains flexibility in funding by keeping committed credit lines available. Market risks are managed by the Company through the adoption of appropriate policies to cover currency risks and interest rate risks.

There have been no changes in the risk management policies during the period since June 30, 2023 except those specifically mentioned. Consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

##### 15.2 Fair value measurements of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed under the IFRSs.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) 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 determine fair value of an instrument are observable, the instrument is included in Level 2.

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**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 instruments.

The following table presents the Company's significant financial assets and liabilities measured and recognized at fair value at December 31, 2023 on a recurring basis:

	Un-audited			
	As at December 31, 2023			
	----- Rupees -----			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Short term investments	17,262,528	-	-	17,262,528
<b>Total financial liabilities</b>	<b>17,262,528</b>	<b>-</b>	<b>-</b>	<b>17,262,528</b>
<b>Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Audited			
	As at June 30, 2023			
	----- Rupees -----			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Short term investments	6,198,441	-	-	6,198,441
<b>Total financial liabilities</b>	<b>6,198,441</b>	<b>-</b>	<b>-</b>	<b>6,198,441</b>
<b>Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities.

**16. DATE OF AUTHORIZATION FOR ISSUE**

The financial statements were authorized for issue on 20 FEB 2024 by the Board of Directors of the Company.

**17. GENERAL**

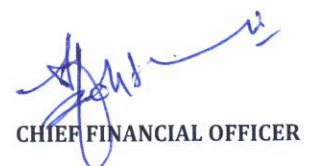
**17.1** In order to comply with the requirements of IAS 34, the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of immediately preceding financial year, whereas, the condensed interim statement of profit or loss, condensed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

**17.2** Figure have been rounded off to the nearest rupees unless otherwise stated.

*RHB*

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



















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