

AN

TEXTILE MILLS LIMITED



Half

Year

Report

December 31, 2021
(UN-AUDITED)

COMPANY INFORMATION

Board of Directors	Mrs. Nazma Amer Mr. Aizad Amer Khawaja Amer Khurshid Mr. Anns Amer Ms. Yusra Amer Mr. Abdul Rauf Syed Khalid Ali	Chairperson Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Abdul Rauf Ms. Yusra Amer Syed Khalid Ali	Chairman Member Member
HR and Remuneration Committee	Syed Khalid Ali Mr. Abdul Rauf Mr. Anns Amer	Chairman Member Member
Nomination Committee	Mr. Abdul Rauf Ms. Yusra Amer Syed Khalid Ali	Chairman Member Member
Risk Management Committee	Mr. Anns Amer Mr. Abdul Rauf Syed Khalid Ali	Chairman Member Member
Chief Financial Officer	Mr. Muhammad Saqib Ehsan	
Company Secretary	Mr. Tahir Shahzad	
Auditors	Riaz Ahmad and Company Chartered Accountants 560-F, Raja Road, Gulistan Colony, Faisalabad	
Bankers	Bank Al Habib Limited Habib Metropolitan Bank Limited Habib Bank Limited Meezan Bank Limited National Bank of Pakistan Limited	
Share Registrar	Corplink (Private) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore	
Registered Office & Mills	35 Kilometer, Sheikhpura Road, Faisalabad	

DIRECTORS' REVIEW TO THE SHAREHOLDERS

The Directors of your Company feel pleasure to submit un-audited condensed interim financial information of your Company for the half year ended December 31, 2021.

Half year ended	
31 December 2021	31 December 2020

(Rupees in Thousand)

REVENUE	1,306,529	940,312
COST OF SALES	(1,193,020)	(857,854)
GROSS PROFIT	113,509	82,458
DISTRIBUTION COST	(1,129)	(836)
ADMINISTRATIVE EXPENSES	(25,623)	(23,564)
OTHER EXPENSES	(5,084)	(3,388)
OTHER INCOME	2,460	10,509
FINANCE COST	(14,438)	(19,473)
PROFIT BEFORE TAXATION	69,695	45,706
TAXATION	4,399	(36,630)
PROFIT AFTER TAXATION	74,094	9,076
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	7.67	0.94

REVIEW OF OPERATING RESULTS

During the period under review sales were Rupees 1,306.529 million as compared to Rupees 940.312 million of corresponding period. Cost of sales was Rupees 1,193.020 million as compared to Rupees 857.854 million of corresponding period. The Company earned a profit after taxation amounting to Rupees 74.094 million as compared to Rupees 9.076 million of corresponding period.

FUTURE OUTLOOK

The cotton crop in Pakistan continues to decline year by year due to poor seed germination and inclement weather. The failure of cotton crop in this season will be a huge challenge for the industry. During the current year the crop forecast is 8.5 million bales, and we have to import remaining bales to meet our requirements. Moreover, due to larger orders in financial year 2021 the textile industry has embarked on major expansion plans with huge

investments in entire textile industry especially in spinning. So, in coming years this will also increase our requirement of cotton and urgent efforts are required to enhance domestic cotton production. The government should focus on improvements in seed development and research on this sector. In current season, cotton prices are also extremely volatile, but the management of your Company is closely monitoring the cotton outlook to procure best quality cotton.

The Government's support in the form of availability of energy at reduced prices is to be continued till the end of current financial year and we hope that this will enable our textile industry to grow rapidly and to cater further market share.

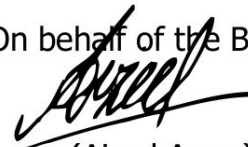
The management of your is company continuously striving to increase its production capacity, Modernization and Replacement (BMR) of its plant and machinery in order to improve productivity and efficiencies. Moreover, we anticipate that the financial year 2021-22 will be good for textile industry but with maybe somewhat lower margins in view of high raw material cost.

ACKNOWLEDGEMENT

The Board places on record its appreciation for the cooperation, commitment, and hard work extended to the Company by the customers, suppliers, bankers, and all the employees of the Company.

FAISALABAD
Dated: February 25, 2022

On behalf of the Board



(Aizad Amer)
Chief Executive Officer

حصص یافتگان کے لئے ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ اپنی کمپنی کی غیر آڈٹ شدہ 31 دسمبر 2021 کو ختم ہونے والی پہلی ششماہی تک کی مالیاتی کارکردگی پیش کر رہے ہیں۔

مالیاتی نتائج:

31 دسمبر 2020	31 دسمبر 2021	
(رقم ہزاروں میں)	(رقم ہزاروں میں)	
940,312	1,306,529	آمدن
(857,854)	(1,193,020)	فروخت کی لاگت
82,458	113,509	مجموعی نفع
(836)	(1,129)	تقسیم کی لاگت
(23,564)	(25,623)	انتظامیہ اخراجات
(3,388)	(5,084)	دیگر اخراجات
10,509	2,460	دیگر آمدن
(19,473)	(14,438)	مالیاتی لاگت
45,706	69,695	ٹیکس سے پہلے نفع
(36,630)	4,399	ٹیکس
9,076	74,094	ٹیکس کے بعد نفع
0.94	7.67	نفع فی حصہ - روپے

کارروائی کے نتیجے کا جائزہ:

دورانِ جائزہ ششماہی آمدن مبلغ 1,306.529 ملین ہوئی۔ جبکہ اس کے مقابل پچھلے سال کی ششماہی آمدن مبلغ 940.312 ملین

تھی فروخت کی لاگت مبلغ 1,193.020 ملین ہے۔ جبکہ اس کے مقابل پچھلے سال کی ششماہی میں فروخت کی لاگت مبلغ

857.854 ملین تھی۔ کمپنی کو اس ششماہی میں ٹیکس کے بعد مبلغ 74.094 ملین کا نفع ہوا۔ جب کہ اس کے مقابل پچھلے سال کی

ششماہی میں مبلغ 9.076 ملین کا نفع ہوا تھا۔

مستقبل کا خاکہ:

پاکستان کی کپاس کی پیداوار بیج کی کم پیداواری صلاحیت اور سخت موسم کی وجہ سے ہر سال کم ہوتی جا رہی ہے۔ اس سال کپاس کی کم پیداوار ٹیکسٹائل کی صنعت کے لئے بہت بڑا امتحان ہوگی۔ اس سال کپاس کی فصل کی پیش گوئی 85 لاکھ گانٹھیں ہیں اور ہمیں اپنی ضروریات پوری کرنے کے لیے کپاس درآمد کرنی پڑے گی۔ مزید برآں مالی سال 2021 میں بڑے آرڈرز کی وجہ سے ٹیکسٹائل انڈسٹری خاص طور پر سپننگ انڈسٹری نے بھاری سرمایہ کاری کے ساتھ اپنی پیداواری صلاحیت کو بڑھانا شروع کر دیا تو اس سے آنے والے سالوں میں ہمیں زیادہ کاٹن درکار ہوگی۔ ملکی کاٹن کی پیداوار بڑھانے کے لیے فوری اقدامات کی ضرورت ہے۔ گورنمنٹ کو اس سلسلہ میں بیج بہتر کرنے اور اس سیلٹر میں توجہ کی ضرورت ہے اس سیزن میں کاٹن کی قیمتیں بہت زیادہ غیر مستحکم ہیں۔ لیکن آپ کی کمپنی کی مینجمنٹ بہترین کاٹن خریدنے کے لیے کاٹن مارکیٹ پہ کڑی نظر رکھے ہوئے ہے۔ گورنمنٹ کی سستی بجلی اور گیس کی صورت میں مدد اس مالی سال کے آخر تک جاری رہے گی۔ اور ہم امید کرتے ہیں کہ اس سے ٹیکسٹائل انڈسٹری بہت تیزی سے بڑھے گی۔ آپ کی کمپنی کی مینجمنٹ اپنی پیداوار بڑھانے کے لیے لگاتار پیداواری صلاحیت بڑھا رہی ہے۔ اور نئی اور جدید مشینری لگا رہی ہے۔ مزید برآں ہم امید کرتے ہیں کہ مالی سال 2021-22 ٹیکسٹائل انڈسٹری کے لیے اچھا ثابت ہوگا۔ لیکن مہنگے خام مال کی وجہ سے منافع کم ہو سکتا ہے۔

اعتراف:

بورڈ اپنے گاہکوں، سپلائرز، بنکرز، اور ملازموں کے تعاون، عزم اور محنت کی تعریف کرتا ہے اور اسے اپنے ریکارڈ میں لاتا ہے۔

منجانب بورڈ آف ڈائریکٹرز
ایزہام
چیف ایگزیکٹو آفیسر

فیصل آباد

مورخہ 25 فروری 2022

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of AN Textile Mills Limited****Report on review of Condensed Interim Financial Statements**Introduction

We have reviewed the accompanying condensed interim statement of financial position of AN TEXTILE MILLS LIMITED as at 31 December 2021 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 condensed interim financial statements for the half year then ended (here-in-after referred to as "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 2021 and 31 December 2020 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 2021.

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.

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad**Date: 25 February 2022****UDIN: RR202110158HwBvoi5Ry**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	NOTE	Un-Audited 31 December 2021 (RUPEES IN THOUSAND)	Audited 30 June 2021 (RUPEES IN THOUSAND)	NOTE	Un-Audited 31 December 2021 (RUPEES IN THOUSAND)	Audited 30 June 2021 (RUPEES IN THOUSAND)
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Authorized share capital 10 000 000 (30 June 2021: 10 000 000) ordinary shares of Rupees 10 each		100,000	100,000		1,076,402	1,044,827
Issued, subscribed and paid up share capital 9 660 000 (30 June 2021: 9 660 000) ordinary shares of Rupees 10 each fully paid in cash		96,600	96,600	4	3,228	-
Directors' loans		360,000	360,000	5	3,832	3,759
Reserves					1,083,462	1,048,586
Capital reserves						
Surplus on revaluation of property, plant and equipment - net of deferred income tax		303,020	307,540			
Other capital reserves		62,028	62,028			
Revenue reserve - unappropriated profit		365,048	369,568			
		86,626	14,774			
		451,674	384,342			
Total equity		908,274	840,942			
LIABILITIES						
NON-CURRENT LIABILITIES						
Deferred income tax liability		124,929	145,659		75,067	72,439
Lease liability		1,715	-		695,368	536,696
Staff retirement gratuity		37,484	34,640		92,471	88,876
CURRENT LIABILITIES		164,128	180,299		15,947	4,608
Trade and other payables		582,608	441,759		51,415	75,794
Unclaimed dividend		1,357	792		10,249	8,113
Accrued mark-up		6,175	5,978		89,276	68,836
Short term borrowings		564,203	467,314		-	5,500
Current portion of lease liability		254	-		130,076	68,270
Provision for taxation		16,332	40,634	6	1,159,869	929,132
		1,170,929	956,477			
TOTAL LIABILITIES		1,335,057	1,136,776			
CONTINGENCIES AND COMMITMENTS						
					2,243,331	1,977,718
TOTAL EQUITY AND LIABILITIES						

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



AIZAD AMER
Chief Executive Officer



ANNS AMER
Director



Muhammad Saqib Ehsan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	NOTE	Half year ended		Quarter ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
------(RUPEES IN THOUSAND)-----					
REVENUE		1,306,529	940,312	662,987	506,419
COST OF SALES	7	(1,193,020)	(857,854)	(638,746)	(452,514)
GROSS PROFIT		113,509	82,458	24,241	53,905
DISTRIBUTION COST		(1,129)	(836)	(702)	(563)
ADMINISTRATIVE EXPENSES		(25,623)	(23,564)	(12,616)	(11,296)
OTHER EXPENSES		(5,084)	(3,388)	(5,084)	(3,388)
OTHER INCOME		2,460	10,509	109	4,327
FINANCE COST		(14,438)	(19,473)	(9,209)	(9,690)
PROFIT / (LOSS) BEFORE TAXATION		69,695	45,706	(3,261)	33,295
TAXATION		4,399	(36,630)	44,032	(27,773)
PROFIT AFTER TAXATION		74,094	9,076	40,771	5,522
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEE)		7.67	0.94	4.22	0.57

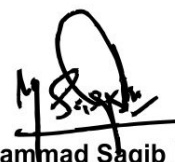
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AIZAD AMER
Chief Executive Officer



ANNS AMER
Director



Muhammad Saqib Ehsan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	Half year ended		Quarter ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	----- (RUPEES IN THOUSAND) -----			
PROFIT AFTER TAXATION	74,094	9,076	40,771	5,522
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently 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>74,094</u>	<u>9,076</u>	<u>40,771</u>	<u>5,522</u>

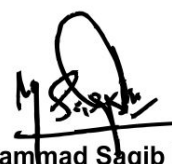
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AIZAD AMER
Chief Executive Officer



ANNS AMER
Director



Muhammad Saqib Ehsan
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	RESERVES				DIRECTORS' LOANS	CAPITAL			REVENUE		TOTAL EQUITY	
	SHARE CAPITAL	Sub total	Surplus on revaluation of property, plant and equipment - net of deferred income tax	Sub total		Equity portion of shareholders' loan	Premium on issue of shares	Sub total	(Accumulated loss) / unappropriated profit			TOTAL
									(RUPEES IN THOUSAND)			
Balance as at 30 June 2020 - (Audited)	96,600	360,000	44,778	317,538	379,566	(113,481)	266,085	722,685				
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	(3,890)	(3,890)	3,890	-	-	9,076	9,076	9,076	
Profit for the period	-	-	-	-	-	-	-	-	9,076	9,076	9,076	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	-	-	-	-	9,076	9,076	9,076	
Balance as at 31 December 2020 - (Un-audited)	96,600	360,000	44,778	313,648	375,676	(100,515)	275,161	731,761				
Transfer from surplus on revaluation of property, plant and equipment on disposal of property, plant and equipment - net of deferred income tax	-	-	-	(2,187)	(2,187)	2,187	-	-	2,187	2,187	2,187	
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	(3,921)	(3,921)	3,921	-	-	3,921	3,921	3,921	
Transactions with owners:												
- Director's loan repaid during the year	-	(100,675)	-	-	-	-	-	-	-	-	(100,675)	
- Director's loan obtained during the year	-	100,675	-	-	-	-	-	-	-	-	100,675	
Profit for the period	-	-	-	-	-	-	-	-	110,419	110,419	110,419	
Other comprehensive income for the period	-	-	-	-	-	(1,238)	-	-	(1,238)	(1,238)	(1,238)	
Total comprehensive income for the period	-	-	-	-	-	109,181	-	-	109,181	109,181	109,181	
Balance as at 30 June 2021 - (Audited)	96,600	360,000	44,778	307,540	369,568	14,774	384,342	840,942				
Transaction with owners - Final dividend for the year ended 30 June 2021 at the rate of Rupee 0.70 per share	-	-	-	-	-	-	-	-	(6,762)	(6,762)	(6,762)	
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	(4,520)	(4,520)	4,520	-	-	4,520	4,520	4,520	
Profit for the period	-	-	-	-	-	-	-	-	74,094	74,094	74,094	
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	-	74,094	-	-	74,094	74,094	74,094	
Balance as at 31 December 2021 - (Un-audited)	96,600	360,000	44,778	303,020	365,048	86,626	451,674	908,274				

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



AIZAD AMER
Chief Executive Officer



ANNS AMER
Director



Muhammad Saqib Ehsan
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	NOTE	Half year ended	
		31 December 2021	31 December 2020
(RUPEES IN THOUSAND)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	54,611	82,168
Finance cost paid		(14,241)	(24,251)
Income tax paid		(16,255)	(11,978)
Net increase in long term loans		-	(29)
Staff retirement gratuity paid		(3,779)	(5,154)
Net increase in long term deposits and prepayments		(73)	(52)
Net cash generated from operating activities		<u>20,263</u>	<u>40,704</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		22,700	3,481
Capital expenditure on property, plant and equipment		(79,563)	(101,289)
Short term investment redeemed		5,500	-
Profit on investments received		244	222
Net cash used in investing activities		<u>(51,119)</u>	<u>(97,586)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		96,889	59,363
Lease liability obtained - net		1,970	-
Dividend paid		(6,197)	(989)
Net cash from financing activities		<u>92,662</u>	<u>58,374</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		61,806	1,492
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		68,270	35,489
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u><u>130,076</u></u>	<u><u>36,981</u></u>

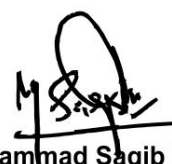
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AIZAD AMER
Chief Executive Officer



ANNS AMER
Director



Muhammad Saqib Ehsan
Chief Financial Officer

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

1. THE COMPANY AND ITS OPERATIONS

AN Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. Its registered office and mills premises are situated at 35 Kilometers Sheikhpura Road, Faisalabad. The principal activity of the Company is manufacturing, sale and trading of yarn and cloth.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND JUDGEMENTS

2.1 Statement of compliance

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 the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2021. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and section 237 of the Companies Act, 2017.

2.3 Accounting policies and computation methods

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended 30 June 2021 except for the new accounting policy disclosed in Note 2.5 to these condensed interim financial statements.

2.4 Critical accounting estimates and judgments

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 published financial statements of the Company for the year ended 30 June 2021.

2.5 Leases

Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

3. CONTINGENCIES AND COMMITMENTS**a) Contingencies**

- i) Sindh High Court, Karachi made decision on 04 June 2021 about the levy of Sindh Infrastructure Cess, against which the Company was contingently liable for Rupees 3 million (30 June 2021: Rupees 3 million) although guarantees were submitted by the Company's Bank for the same amount. Against the decision, the Company lodged a constitution petition no. 4719/2021 dated 13 August 2021 in Supreme Court of Pakistan (SCP). Thereafter, on 01 September 2021, SCP allowed the petition, suspended the judgement of Sindh High Court, Karachi and leave to appeal was granted. On advice of legal counsel, in view of possible favourable outcome, no provision is accounted for in these condensed interim financial statements.
- ii) Guarantees of Rupees 57.313 million (30 June 2021: Rupees 43.090 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and Faisalabad Electric Supply Company Limited (FESCO) against electricity connection.
- iii) An appeal has been filed by the Company before Appellate Tribunal Inland Revenue, Lahore dated 07 June 2017 against the demand of Rupees 22.378 million (30 June 2021: Rupees 22.378 million) by the tax department regarding disallowance of minimum tax adjustment for the tax year 2011. The Appellate Tribunal Inland Revenue disposed the appeal. Then the department filed a reference before the Lahore High Court, Lahore against this order. The related provision is not made in these condensed interim financial statements in view of favorable outcome of the appeal.
- iv) On 13 August 2020, the Supreme Court of Pakistan upheld the Gas Infrastructure Development Cess (GIDC) Act, 2015 to be constitutional and intra vires. In connection with this decision, the Company filed a writ petition in Lahore High Court, Lahore on 16 September 2020 against the charge of GIDC at the rate of captive power consumer instead of industrial consumer. Lahore High Court, Lahore suspended the payment of Rupees 26.344 million related to this difference, subject to furnishing of post dated cheques which are being submitted by the Company. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds of favourable outcome of the petition.
- v) An appeal was filed in Lahore High Court, Lahore on 10 August 2017 against cost of supply of Re-Gasified Liquefied Natural Gas (RLNG) by SNGPL amounting to Rupees 12.224 million (30 June 2021: Rupees 12.224 million). This appeal was allowed by Lahore High Court, Lahore on 13 December 2019 by asking Oil and Gas Regulatory Authority (OGRA) to conduct a public hearing to determine the level of cost of supply of RLNG. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these condensed interim financial statements as there are strong grounds that the decision of the proposed public hearing of OGRA will be decided in favour of the Company.
- vi) An appeal has been filed by the Company before Appellate Tribunal Inland Revenue, Lahore dated 16 April 2019, against the order of Additional Commissioner Inland Revenue (Appeals) dated 14 November 2018, for demand of Rupees 14.663 million (30 June 2021: Rupees 14.663 million) by the tax department regarding disallowance of withholding taxes as adopted in income tax return for the tax year 2016. The related provision is not made in these condensed interim financial statements in view of favorable outcome of the appeal.
- vii) The Company filed appeal before Appellate Tribunal Inland Revenue, Lahore on 21 March 2019 against the order of Additional Commissioner Inland Revenue for demand of Rupees 114.118 million (30 June 2021: Rupees 114.118 million) by the tax department by nullifying the proration of the income between FTR and NTR as adopted by the Company for the tax year 2014. The related provision is not made in these condensed interim financial statements in view of favorable outcome of the appeal.
- viii) An appeal has been filed by the Regional Tax Office (RTO) Faisalabad before Appellate Tribunal Inland Revenue, Lahore in March 2019 because Additional Commissioner Inland Revenue amended the assessment for the tax year 2007 and created a demand of Rupees 5.766 million (30 June 2021: Rupees 5.766 million) on the issue of proration of expenses and prorated the specific expenses related to normal tax regime to final tax regime. The related provision is not made in these condensed interim financial statements in view of favorable outcome of the appeal.
- ix) An appeal has been filed by the Company before Appellate Tribunal Inland Revenue, Lahore on 30 July 2021 against the order of Assistant Commissioner Inland Revenue (Appeals) for demand of Rupees 8.966 million (30 June 2021: Rupees 8.966 million). The original order was issued by the Assistant Commissioner Inland Revenue for non-deduction of withholding tax on certain parties under various clauses of section 153 of the Income Tax Ordinance, 2001. The related provision is not made in these condensed interim financial statements in view of favorable outcome of the appeal.

b) Commitments

- i) Letters of credit for capital expenditure were of Rupees 22.778 million (30 June 2021: Rupees 25.644 million).
- ii) Letters of credit for other than capital expenditure were of Rupees 300.081 million (30 June 2021: Rupees 220.015 million).

Un-audited 31 December 2021	Audited 30 June 2021
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(RUPEES IN THOUSAND)

4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 4.1)	1,076,402	1,026,171
Capital work-in-progress (Note 4.2)	-	18,656
	<u>1,076,402</u>	<u>1,044,827</u>

Un-audited 31 December 2021	Audited 30 June 2021
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(RUPEES IN THOUSAND)

4.1 Operating fixed assets

Opening book value	1,026,171	862,057
Add:		
Cost of additions during the period / year (Note 4.1.1)	94,936	141,182
Transferred from investment properties	-	105,059
	94,936	246,241
	1,121,107	1,108,298
Less: Book value of deletions during the period / year (Note 4.1.2)	20,379	37,422
	1,100,728	1,070,876
Less: Depreciation charged during the period / year	24,326	44,705
	<u>1,076,402</u>	<u>1,026,171</u>

4.1.1 Cost of additions during the period / year

Building on freehold land - mills	2,635	2,153
Plant and machinery	83,305	123,880
Electric installations / appliances	8,901	4,042
Vehicles	95	11,107
	<u>94,936</u>	<u>141,182</u>

4.1.2 Book value of deletions during the period / year

Plant and machinery	20,379	36,544
Vehicles	-	878
	<u>20,379</u>	<u>37,422</u>

4.2 Capital work-in-progress

Plant and machinery	-	18,656
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5. RIGHT-OF-USE ASSET**Vehicle:**

Opening book value	-	-
Add: Addition during the period / year	3,283	-
	3,283	-
Less: Depreciation charged during the period / year	55	-
	<u>3,228</u>	<u>-</u>

6. CASH AND BANK BALANCES**Cash with banks:**

In current accounts	129,670	67,690
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Cash in hand

	406	580
	<u>130,076</u>	<u>68,270</u>

(Un-audited)			
Half year ended		Quarter ended	
31 December 2021	31 December 2020	31 December 2021	31 December 2020

------(RUPEES IN THOUSAND)-----

7. COST OF SALES

Raw materials consumed	796,344	549,650	434,761	280,306
Loading, unloading and weightment charges	248	1,417	184	748
Salaries, wages and other benefits	90,314	69,127	47,557	37,874
Stores, spare parts and loose tools consumed	42,016	41,652	21,545	21,918
Packing materials consumed	13,935	10,758	7,709	4,800
Repair and maintenance	760	633	367	325
Fuel and power	232,273	163,830	128,472	85,919
Insurance	1,212	1,258	636	629
Other factory overheads	643	227	452	111
Depreciation	22,273	19,225	11,451	10,301
	<u>1,200,018</u>	<u>857,777</u>	<u>653,134</u>	<u>442,931</u>

(Un-audited)			
Half year ended		Quarter ended	
31 December 2021	31 December 2020	31 December 2021	31 December 2020

------(RUPEES IN THOUSAND)-----			
Work-in-process			
Opening stock	32,053	22,665	29,400
Closing stock	(39,698)	(31,079)	(39,698)
	(7,645)	(8,414)	(10,298)
Cost of goods manufactured	1,192,373	849,363	642,836
Finished goods			
Opening stock	38,130	16,164	33,393
Closing stock	(37,483)	(7,673)	(37,483)
	647	8,491	(4,090)
	1,193,020	857,854	638,746
			438,691
			13,823
			452,514

- 7.1** The revenue against cost of sales represents sale of yarn of Rupees 1,229.579 million (31 December 2020: Rupees 888.639 million) and waste of Rupees 76.950 million (31 December 2020: Rupees 51.673 million). Moreover all of the revenue is earned from Pakistan.

Un-audited	
Half year ended	
31 December 2021	31 December 2020

8. CASH GENERATED FROM OPERATIONS

(RUPEES IN THOUSAND)	
Profit before taxation	69,695
Adjustments for non-cash charges and other items:	
Depreciation	24,381
Gain on sale of property, plant and equipment	(2,321)
Profit on investment	(139)
Reversal of allowance for expected credit losses - net	-
Provision for staff retirement gratuity	6,623
Finance cost	14,438
Working capital changes (Note 8.1)	(58,066)
	54,611
	82,168

8.1 Working capital changes

(Increase) / decrease in current assets:

Stores, spare parts and loose tools	(2,628)	2,875
Stock in trade	(158,672)	(48,044)
Trade debts	(3,595)	1,086
Loans and advances	(11,339)	(4,986)
Short term deposits and prepayments	(2,136)	(8,060)
Other receivables	(20,545)	(19,272)
	(198,915)	(76,401)
Increase in trade and other payables	140,849	69,332
	(58,066)	(7,069)

9. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise directors and key management personnel. Detail of transactions and balances with related parties are as follows:

(Un-audited)			
Half year ended		Quarter ended	
31 December 2021	31 December 2020	31 December 2021	31 December 2020

i) Transactions

------(RUPEES IN THOUSAND)-----			
Loans obtained from directors - net	6,050	64,500	1,050
Remuneration paid to executives	2,460	2,160	1,230
Dividend paid to directors	5,558	-	5,558
			32,000
			1,080
			-

Un-audited 31 December 2021	Audited 30 June 2021
(RUPEES IN THOUSAND)	

ii) Period end balances

Directors' loans	360,000	360,000
Short term borrowings	209,428	203,378
Loans and advances	200	200

10. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding annual published financial statements of the Company for the year ended 30 June 2021.

11. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX**Description****Loans / advances obtained as per Islamic mode:**

Contract liabilities	245,080	208,215
Short term borrowings	209,428	203,378

Shariah compliant bank deposits / bank balances

Bank balances	36,605	35,421
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(Un-audited) Half year ended	
31 December 2021	31 December 2020
(RUPEES IN THOUSAND)	

Revenue earned from shariah compliant business	1,306,529	940,312
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Profits earned or interest paid on any conventional loan / advance

Mark-up on short term borrowings	12,918	18,834
Profit on short term investment	138	151

Relationship with shariah compliant banks

Name	Relationship
Meezan Bank Limited	Bank balances
AlBaraka Bank (Pakistan) Limited	Bank balances
Bank Alfalah Limited	Bank balances
Habib Bank Limited	Bank balances

There is no profit earned from shariah compliant bank balances as all the bank balances are in current accounts. Moreover there is no dividend on any investment, no exchange gain earned and no mark-up paid on Islamic mode of financing.

12. DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 25, 2022.

13. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, 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.

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

14. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



AIZAD AMER
Chief Executive Officer



ANNS AMER
Director



Muhammad Saqib Ehsan
Chief Financial Officer

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