

**2nd Quarter &
Half Year Accounts
Period Ended**

**December 31st
2019**

(REVIEWED)



Asim Textile Mills Ltd.

COMPANY INFORMATION

BOARD OF DIRECTORS:

CHIEF EXECUTIVE:

DIRECTORS:

MR. ZAHID ANWAR
MRS. RUKHSANA BEGUM
MR. IMRAN ZAHID
MR. ZEESHAN ZAHID
CH. GHULAM MURTAZA BUTTAR
MR. ZULQARNAIN
MR. ALI RAZA ZAFAR

AUDIT COMMITTEE:

CHAIRMAN:

MEMBER:

MEMBER:

MR. ZULQARNAIN
MR. ZEESHAN ZAHID
CH GHULAM MURTAZA BUTTER

HUMAN RESOURCES & REMUNERATION COMMITTEE:

CHAIRMAN:

MEMBER:

MEMBER:

MR. ALI RAZA ZAFAR
MR. ZEESHAN ZAHID
CH. GHULAM MURTAZA BUTTAR

COMPANY SECRETARY:

MR. ALLAH DITTAH

CHIEF FINANCIAL OFFICER:

MR. ABRAR MOHSIN

AUDITORS:

M/S ARSHAD RAHEEM & CO.
CHARTERED ACCOUNTANTS

BANKS:

AL BARAKA BANK (PAKISTAN) LIMITED
JS BANK LIMITED
NATIONAL BANK OF PAKISTAN
UNITED BANK LIMITED
DUBAI ISLAMIC BANK
HABIB BANK LIMITED

LEGAL ADVISOR:

MR. ZIA UL-HAQ (ADVOCATE)

REGISTERED OFFICE:

JK HOUSE, 32-W, SUSAN ROAD,
MADINA TOWN, FAISALABAD

SHARE REGISTRAR OFFICE:

HAMEED MAJEED ASSOCIATES (PVT) LTD
1ST FLOOR, H.M HOUSE, 7-BANK SQUARE
LAHORE.

MILLS:

32-KM, SHEIKHUPURA ROAD, FAISALABAD

WEB SITE:

www.asimtextile.com

ASIM TEXTILE MILLS LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your directors are pleased to present 2nd quarter and half yearly accounts for the period ended December 31, 2019.

The Company has earned net profit of Rs.23.565 million as compared to net profit of Rs. 21.374 million of corresponding period of last year. The decrease in operating expenses and increase in operating income the profit has increased during the current period as compared to the corresponding period of last year.

Earning per share (EPS) for the 2nd quarter is Rs. 1.09 and Rs. 1.55 for half year as compared to (EPS) of Rs. 0.17 for 2nd quarter and Rs. 1.41 for half year in the corresponding period of last year.

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 30.06.2019.

The auditors have expressed reservation about the Company's ability to continue as a going concern due to accumulated loss of Rs. 121.461 million against the paid up share capital of Rs. 151.770 million and the provision for cost of fund has not been accounted for in the Financial Statements in line with the decision of Lahore High Court, Lahore in counter suit filed by Faisal bank Limited as described in the auditors' report to the members.

In this regard the management of the company is optimistic that there are no significant doubts about the company's ability to continue as a going concern as described in Note. 1.2 Of these Financial Statements.

The management has filed an appeal in the Lahore High Court, Lahore (D.B) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheard. The management of the company is of the opinion that this case is based and being contested on strong legal grounds and is likely to be decided in Company's favour. Therefore, no provision for cost of funds is accrued.

Although the overall industry's environment was adversely suffered due to our domestic market has been captured by India and China by supplying comparatively low rate yarn as compared to our own manufactured yarn of spinning units. Despite of these unfavorable factors and circumstances the management tried their level best to run the business, justifies the going concern assumption.

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.

February 27, 2020.

Faisalabad.

For and on behalf of the Board


ZAHID ANWAR

Chief Executive Officer

ASIM TEXTILE MILLS LIMITED

CHAIRMAN' S REVIEW

We are pleased to present the financial results of the Company. The Sale has increased in this half year as compared to the corresponding period of the last year. Due to decrease of operating expenses profit has increased by Rs. 2.190 million as compared to corresponding half year of last year.

We are confident that our existing business trend will continue adding to sustainable growth to achieve better results during the current year.

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

In the end, I would like to thank the Board of Directors for their valuable contribution and guidance throughout the period.

February 17, 2020.

Faisalabad.

For and on behalf of the Board



CH. GHULAM MURTAZA BUTTAR

Chairman BOD

ARSHAD RAHEEM & Co
Chartered Accountants

YOUSAF ISLAM HOUSE
39 Link Road Kot Road,
Near A.G. Office LAHORE.
Tel: (92-42) 7236167 7312896
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E-mail: arshad.raheem@gmail.com

**Auditor's Report to the Members on Review of
Interim Financial Information**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Asim Textile Mills Limited** ("the Company") as at **December 31, 2019**, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flow, condensed interim statement of changes in equity, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information 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 December 31, 2019 and 2018 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended December 31, 2019.

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 condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Based on information provided to us by the management short term borrowing includes Morabaha finance obtained from the Faysal Bank Limited amounting to RS. 415.05 million on 31st October 1999 in respect of which the Company had filed a suit against the bank for charging illegal profits against the principles of Islamic Banking and in contravention of the objective clause of its Memorandum of Association, Articles of Association and against circulars issued by the State Bank of Pakistan. Faysal Bank Limited filed a counter suit which has been adjudicated on 04.06.2015 against the Company as a result of which the Company has to settle the loan along with profit and cost of funds. Profit on these loans amounting to Rs 194.16 million has already been provided for, however, as the litigation is decided against the Company, further provision for cost of funds has not been accounted for, having been undeterminable at this stage by the management as 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.

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ARSHAD RAHEEM & CO
Chartered Accountants

- 2 -

Qualified Conclusion

Based on our review, with the exception of matters described in preceding paragraph, nothing has to come in our attention that causes us to believe that accompanying interim financial information as of and for the half year ended December 31, 2019 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter- Material Uncertainty Relating to Going Concern

As referred to in Note 1.2 to the interim financial information, the Company has accumulated losses of Rs. 121,461 million against the paid-up capital of Rs. 151,770 million as at December 31, 2019 and as of that date, the Company's current liabilities exceeds its current assets by Rs. 155,997 million. This situation would have further worsened had the Company accounted for the cost of funds as decided by the Honorable High Court as stated in basis for qualified conclusion paragraph below. 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 therefore the Company may be unable to discharge its liabilities and realize its assets in the normal course of business, for which no adjustments have been incorporated in this financial information. Our conclusion is not modified in this respect.

The engagement partner on the audit resulting in this independent auditors' report is Arshad Raheem.


ARSHAD RAHEEM & CO
Chartered Accountants

LAHORE: 27 FEB 2020

ASIM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Note	(Un-Audited) December 31, 2019 Rupees	(Audited) June 30, 2019 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	459,949,930	466,717,972
Long term deposits		15,038,156	15,038,156
		<u>474,988,086</u>	<u>481,756,128</u>
CURRENT ASSETS			
Stores and spares		10,038,601	11,554,100
Stock in trade		186,845,747	168,649,353
Trade debts		49,677,628	72,622,128
Advances and prepayments		33,171,443	42,553,113
Short-term investment	6	20,263,946	17,367,641
Balance with statutory authorities		30,358,504	30,420,121
Cash and bank balances		199,248,321	141,701,947
		<u>529,594,189</u>	<u>484,858,403</u>
		<u>1,004,582,275</u>	<u>966,614,531</u>
SHARE CAPITAL AND RESERVES			
Authorized 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 capital			
15,177,000 ordinary shares of Rs. 10 each, fully paid in cash		151,770,000	151,770,000
Accumulated loss		(121,461,415)	(151,899,854)
Surplus on revaluation of property plant and equipment	7	187,583,397	191,560,975
		<u>217,891,982</u>	<u>191,431,121</u>
NON CURRENT LIABILITIES			
Deferred liabilities	8	101,098,735	106,678,901
CURRENT LIABILITIES			
Trade and other payables		73,839,429	51,630,265
Accrued mark-up		194,161,422	194,161,422
Provision for income tax		-	5,122,115
Short-term borrowings	9	417,590,707	417,590,707
		<u>685,591,558</u>	<u>668,504,509</u>
CONTINGENCIES AND COMMITMENTS			
	10	<u>1,004,582,275</u>	<u>966,614,531</u>

The annexed notes 1 to 15 form an integral part of the condensed interim financial information

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, 2019

	Note	Half year Ended		Quarter Ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Rupees					
Sales - net	11	876,433,262	841,558,689	429,321,276	480,722,872
Cost of sales	12	839,703,075	794,276,480	405,149,689	470,283,395
Gross profit		36,730,187	47,282,209	24,171,587	10,439,477
Operating expenses					
Administrative expenses		15,123,870	17,099,400	7,762,584	7,913,028
Other operating expenses		2,251,629	2,490,723	1,497,353	352,103
		17,375,499	19,590,123	9,259,937	8,265,131
		19,354,689	27,692,086	14,911,651	2,174,346
Other Operating Income		8,794,928	3,844,437	4,081,027	1,617,267
		28,149,617	31,536,523	18,992,678	3,791,613
Finance Cost		29,445	21,342	19,788	9,455
Profit before taxation		28,120,172	31,515,181	18,972,890	3,782,158
Taxation		4,555,615	10,141,044	2,420,165	1,151,076
Profit for the period		23,564,557	21,374,137	16,552,725	2,631,082
Profit per share - Basic and diluted		1.55	1.41	1.09	0.17

The annexed notes 1 to 15 form an integral part of the condensed interim financial information


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, 2019

	Half year Ended		Quarter Ended	
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018
	Rupees			
Profit for the period	23,564,557	21,374,137	16,552,725	2,631,082
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized Income / (Loss) on changes in fair value of investment	2,896,304	(1,032,488)	3,514,838	(1,087,319)
Total comprehensive income for the period	26,460,861	20,341,649	20,067,563	1,543,763

The annexed notes 1 to 15 form an integral part of the condensed interim financial information


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

ASIM TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year Ended	
	December 31, 2019	December 31, 2018
	----- Rupees -----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	28,120,172	31,515,181
Adjustments for non cash and other items		
Depreciation	11,618,042	12,317,587
Profit on deposit accounts	(8,794,928)	(2,892,885)
Profit on disposal	-	(951,552)
Finance cost	29,445	21,342
Cash generated before changes in working capital	<u>30,972,731</u>	<u>40,009,673</u>
Changes in working capital		
(Increase)/decrease in current assets		
Stores and spares	1,515,499	168,982
Stock in trade	(18,196,394)	(138,954,094)
Trade debts	22,944,500	(3,920,552)
Advances and prepayments	9,381,670	(12,476,266)
Tax refunds due from Government	276,065	(944,406)
Increase/(decrease) in current liabilities		
Trade and other payables	22,209,164	56,581,093
	<u>38,130,503</u>	<u>(99,545,243)</u>
Cash generated from/ (used in) operations	<u>69,103,234</u>	<u>(59,535,570)</u>
Finance cost paid	(29,445)	(21,342)
Taxes paid	(15,445,426)	(9,626,592)
Staff retirement gratuity paid	(26,917)	(133,260)
	<u>(15,501,788)</u>	<u>(9,781,194)</u>
Net cash generated from / (used in) operating activities	<u>53,601,446</u>	<u>(69,316,764)</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Addition in property, plant and equipment	(4,850,000)	(1,165,000)
Insurance claim	-	1,000,000
Profit on deposit accounts	8,794,928	2,931,506
Net cash generated from operating activities	<u>3,944,928</u>	<u>2,766,506</u>
Net increase /(decrease) in cash and cash equivalents	<u>57,546,374</u>	<u>(66,550,258)</u>
Cash and cash equivalents at the beginning of the period	<u>141,701,947</u>	<u>120,898,354</u>
Cash and cash equivalents at the end of the period	<u>199,248,321</u>	<u>54,348,096</u>

The annexed notes 1 to 15 form an integral part of the condensed interim financial information


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, 2019

	Share capital	Revaluation surplus on plant and Equipment	Accumulated loss	Total
	(R U P E E S)			
Balance as at July 01, 2018	151,770,000	199,848,484	(213,784,444)	137,834,020
Profit for the period	-	-	21,374,137	21,374,137
Surplus on revaluation adjusted	-	-	-	-
Other comprehensive income	-	-	(1,032,488)	(1,032,488)
Transfer of incremental depreciation on revalued assets for the period	-	(5,919,636)	5,919,636	-
Tax effect on incremental depreciation	-	1,716,695	(1,716,695)	-
Balance as at December 31, 2018	<u>151,770,000</u>	<u>195,645,523</u>	<u>(189,239,854)</u>	<u>158,175,669</u>
Balance as at July 01, 2019	151,770,000	191,560,975	(151,899,854)	191,431,121
Profit for the period	-	-	23,564,557	23,564,557
Surplus on revaluation adjusted	-	-	-	-
Other comprehensive income	-	-	2,896,304	2,896,304
Transfer of incremental depreciation on revalued assets for the period	-	(5,602,223)	5,602,223	-
Tax effect on incremental depreciation	-	1,624,645	(1,624,645)	-
Balance as at December 31, 2019	<u>151,770,000</u>	<u>187,583,397</u>	<u>(121,461,415)</u>	<u>217,891,982</u>

The annexed notes 1 to 15 form an integral part of the condensed interim financial information


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

ASIM TEXTILE MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

1. COMPANY AND ITS OPERATIONS

1.1 The Company is limited by shares and incorporated in Pakistan under the Companies Ordinance, 2017. Its shares are quoted at Karachi, Islamabad and Lahore Stock Exchanges, with effect from January 11, 2016 all three Stock Exchanges merged into Pakistan Stock Exchange. The principal business of the Company is manufacturing and sale of yarn. The Mill is situated at Tehsil Jaranwala, District Faisalabad in the Province of Punjab and registered office of the Company is situated at JK House, 32-W, Susan Road, Madina Town, Faisalabad.

1.2 Going concern assumption

The Company has earned Rs. 23,565 million during the period and has accumulated loss stands at Rs. 121,461 million against the paid up capital of Rs. 151,770 million as at December 31, 2019 and as of that date, the Company's current liabilities exceeds its current assets by Rs. 155,997 million respectively. These factors along with matters described in condensed interim financial statements may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business, for which no adjustments have been incorporated in these financial statements.

However, any adjustment relating to the recoverability of recorded assets and liabilities have not been incorporated in these financial statements as the management is also making efforts for improvement in the production, quality and marketing of its products. The management believes that it has sufficient assets and resources to meet its current liabilities including the expectation of continued financial support of its directors through interest free loan, therefore, the management believes that the going concern assumption is valid and these financial statements have been prepared on going concern basis without considering any adjustment relating to the recoverability of recorded assets and settlement of liabilities.

2. STATEMENT OF COMPLIANCE


This condensed interim financial information is un-audited and has been prepared in condensed form in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS -34 "Interim Financial Reporting" as applicable in Pakistan. This interim financial information do not include all the information and disclosures as required in the annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2019.

This condensed interim financial statements comprise of condensed interim balance sheet, condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the selected notes for the half year ended December 31, 2019 which have been subjected to a review but not audited. This condensed interim financial statements also include condensed profit and loss statement for the quarter ended December 31, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computations which have been used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements for the year ended June 30, 2019.
- 3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period were either not relevant to the Company's operations or did not have any impact on the accounting policies of the Company.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.
 - 4.2 Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2019.
 - 4.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2019.
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PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST / REVALUATION			DEPRECIATION				BOOK VALUE		Rate %
	As at July 01, 2019	Additional transfers during the period	Deletion transfers during the period	As at December 31, 2019	As at July 01, 2019	Deletion during the year	For the Period	As at December 31, 2019	As at December 31, 2019	
Land - freehold	53,508,000	-	-	53,508,000	-	-	-	-	53,508,000	-
Building on freehold land	151,418,124	-	-	151,418,124	55,869,771	-	2,386,709	56,256,480	95,161,644	5%
Plant and machinery	618,729,530	4,850,000	-	623,579,530	327,224,301	-	7,357,831	334,582,132	289,007,398	5%
Electric installation	31,754,357	-	-	31,754,357	17,789,518	-	699,742	18,489,260	13,265,097	10%
Factory equipment	355,750	-	-	355,750	334,789	-	1,046	335,835	19,915	10%
Furniture and fixture	659,633	-	-	659,633	493,721	-	8,296	502,017	157,616	10%
Office equipment	2,618,122	-	-	2,618,122	1,921,089	-	34,852	1,955,941	662,181	10%
Vehicles	30,349,332	-	-	30,349,332	16,071,689	-	1,127,754	17,199,443	13,149,889	20%
Rupees - December 2019	889,392,848	4,850,000	-	894,242,848	422,674,876	-	11,618,042	434,292,918	459,949,930	

PARTICULARS	COST / REVALUED AMOUNTS			DEPRECIATION				BOOK VALUE		Rate %
	As at July 01, 2018	Additional transfers during the Year	Revaluation surplus	As at June 30, 2018	As at July 01, 2018	Deletion during the year	For the Year	As at June 30, 2018	As at June 30, 2018	
Land - freehold	53,508,000	-	-	53,508,000	-	-	-	-	53,508,000	-
Building on freehold land	151,418,124	-	-	151,418,124	50,840,910	-	5,028,961	55,869,871	95,548,253	5%
Plant and machinery	618,104,530	625,000	-	618,729,530	311,902,864	-	15,321,437	327,224,301	291,505,279	5%
Electric installation	31,754,357	-	-	31,754,357	16,204,534	-	1,554,982	17,759,516	13,994,841	10%
Factory equipment	355,750	-	-	355,750	332,460	-	2,320	334,780	20,961	10%
Furniture, fixture and	659,633	-	-	659,633	475,286	-	18,435	493,721	165,912	10%
Office equipment	2,618,122	-	-	2,618,122	1,843,541	-	77,448	1,921,089	697,031	10%
Vehicles	29,975,912	1,475,000	1,101,580	30,349,332	17,386,452	1,053,132	2,738,369	19,071,689	11,277,643	20%
Rupees - June 2018	888,394,428	2,100,000	1,101,580	891,392,848	398,986,147	1,053,132	24,741,861	422,674,876	468,717,872	

5.1 Depreciation charged for the period/year has been allocated as under:
 Cost of sales
 Administrative expenses

Un-Audited	Audited
December 31, 2019	June 30, 2018
(R U P E E S)	
10,447,130	21,907,809
1,170,912	2,824,252
11,618,042	24,741,861

Associates: Farislahart on the basis of independent professional advice.

Asim Textile Mills Limited

(Un-Audited)	(Audited)
December 31, 2019	June 30, 2019
Rupees	Rupees

6. SHORT-TERM INVESTMENT

Available for sale

NAFA Government Securities Liquid Fund	6.1	13,125,100	11,077,414
JS Investments (JS Islamic Fund)	6.2	7,128,845	6,280,227
		<u>20,253,945</u>	<u>17,357,641</u>

6.1 These have been valued by using published net asset value (NAV) as at 31st December, the number of units held by the Company are 113,208.1192 units (2019- 113,208.1192 units)

6.2 These have been valued by using published net asset value (NAV) as at 31st December, the number of units held by the Company are 75,032.5785 units.(2019- 75,032.5785 units)

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance as on July 01,		191,560,975	199,848,464
Incremental depreciation on revalued property, plant and equipment for the period/year		(5,602,223)	(11,839,271)
Related effect of deferred tax liability		1,624,645	3,551,782
		(3,977,578)	(8,287,489)
		<u>187,583,397</u>	<u>191,560,975</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.

8. DEFERRED LIABILITIES

Deferred taxation	8.1	100,693,607	106,246,856
Staff retirement gratuity	8.2	405,128	432,045
		<u>101,098,735</u>	<u>106,678,901</u>

Asim Textile Mills Limited
(Un-Audited) (Audited)
December 31, June 30,
2019 2019
Rupees Rupees

8.1 DEFERRED TAXATION

Balance as on July 01	106,246,856	109,964,918
Adjusted during the period / year	(5,553,249)	(3,718,062)
Balance as on December 31,	<u>100,693,607</u>	<u>106,246,856</u>
This comprise of following:		
- Taxable temporary differences relating to operating assets	28,225,970	32,166,701
- Taxable temporary differences relating to surplus on revaluation of property, plant and equipment	72,585,125	74,209,770
Deferred tax assets:		
Staff retirement benefits	(117,487)	(129,614)
	<u>100,693,608</u>	<u>106,246,857</u>

8.2 STAFF RETIREMENT GRATUITY

Balance as on July 01	432,045	596,825
Paid during the period /year	(26,917)	(164,780)
Balance as on December 31,	<u>405,128</u>	<u>432,045</u>

9. SHORT-TERM BORROWINGS

Loan from banking company

Secured

Morabaha I	9.1	340,901,898	340,901,898
Morabaha II- Secured	9.2	74,145,100	74,145,100

Unsecured

Interest free bank overdraft	9.5	2,543,709	2,543,709
		<u>417,590,707</u>	<u>417,590,707</u>

9.1 It represents morabaha finance created by Faysal Bank Limited by converting various morabaha finances into long term morabaha-I at an interest rate of 13% per annum.

- 9.2 It represents an interest free morabaha finance by Faysal Bank Limited by converting various unpaid markups into non profit morabaha-II.
- 9.3 The above mentioned morabaha finances are secured against the first charge of Rs 505 million on fixed assets and personal guarantees of Directors and Chief Executive of the Company.
- 9.4 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 favour 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.
- 9.5 The Company has ceased the repayment of the overdraft, as it has filed a suit against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 10.
- 9.6 Further to note 9.1 to 9.5 since these facilities are in default / subjudice, the recognition and measurement of these financial liabilities under IAS 39 "Financial Instruments" are required to be carried at amortized cost. These are carried at costs as their amortized costs are impracticable to determine. Hence, these are reclassified from long term financing to short term borrowings for all the relevant periods, whether present or future and have accordingly been regrouped / reclassified.

9. CONTINGENCIES AND COMMITMENTS

The Company has instituted a suit in the Honorable Lahore High Court, Lahore against Faysal Bank Limited claiming damages on account of acquisition of un-remunerative agricultural land on the advice of FIBL (Faysal Islamic Bank Limited), for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic Banking in contravention of the objective clause of its memorandum of Association, Articles of Association and against circulars issued by the State Bank of Pakistan. 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 Honourable Lahore High Court, Lahore (Division Bench) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheard. 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

(Un-Audited)

	Note	Half Year Ended		Quarter Ended	
		December 31	December 31	December 31	December 31
		2019	2018	2019	2018
11. SALES - net		Rupees	Rupees	Rupees	Rupees
Local					
Yarn sales		1,012,179,444	829,696,367	493,886,486	472,831,419
Waste sales		13,751,725	12,147,782	8,851,708	8,173,913
Local sales		1,025,931,169	841,844,149	502,738,194	481,005,332
Gross sales		1,025,931,169	841,844,149	502,738,194	481,005,332
Less: Sales tax		149,066,967	-	73,047,458	-
Commission		430,940	285,460	369,460	282,460
		149,497,907	285,460	73,416,918	282,460
		<u>876,433,262</u>	<u>841,558,689</u>	<u>429,321,276</u>	<u>480,722,872</u>
12. COST OF SALES					
Raw material consumed		637,630,908	604,537,292	314,350,308	321,976,134
Stores and spares consumed		12,245,879	15,178,542	5,693,244	9,351,466
Packing material consumed		12,682,924	11,189,329	6,517,297	5,680,311
Salaries, wages and benefits		73,562,403	68,442,239	36,656,275	33,580,080
Fuel and power		115,253,737	81,865,368	61,347,345	39,573,827
Repairs and maintenance		848,638	3,690,476	321,896	1,767,943
Insurance		582,018	1,349,118	(17,982)	669,309
Depreciation		10,447,130	10,948,128	5,249,191	5,474,064
General expenses		534,737	643,763	195,874	264,036
		<u>863,788,374</u>	<u>797,844,255</u>	<u>430,313,448</u>	<u>418,337,170</u>
Work in process					
Balance as on July 01/Oct. 01		7,637,117	6,106,933	8,294,603	7,262,163
Balance as on Dec. 31,		(8,016,604)	(7,546,410)	(8,016,604)	(7,546,410)
		(379,487)	(1,439,477)	277,999	(284,247)
Cost of goods manufactured		<u>863,408,887</u>	<u>796,404,778</u>	<u>430,591,447</u>	<u>418,062,023</u>
Finished goods					
Balance as on July 01/Oct. 01		9,549,440	51,361,896	7,813,494	105,720,666
Balance as on Dec. 31		(33,255,252)	(53,491,194)	(33,255,252)	(53,490,194)
		(23,705,812)	(2,128,298)	(25,441,758)	52,230,472
Cost of goods sold		<u>839,703,075</u>	<u>794,276,480</u>	<u>405,149,689</u>	<u>470,263,395</u>

13. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and other key management personnel. Amounts due from and due to related parties, if any, are shown under relevant notes to condensed interim financial information. Transactions with related parties undertaken during the period were as follows -

	(Un-Audited)	
	Half Year Ended	
	December 31, 2019	December 31, 2018
	-----Rupees-----	
Post employment benefit	1,944,264	2,005,059
Net payments / (received) - Directors	(1,358,034)	(1,421,462)

14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue on February 27, 2020 by the Board of Directors of the Company

15. GENERAL

- Figure have been rounded off to the nearest thousand rupees unless otherwise stated.
- Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant reclassification / rearrangements were made during the period.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

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