

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

**December 31st
2020**

(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. AJMAL SHABAB

CHIEF FINANCIAL OFFICER:

MR. ABRAR MOHSIN

AUDITORS:

M/S KRESTON HYDER BHIMJI & 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, 2020.

The Company has earned net profit of Rs.12.740 million as compared to net profit of Rs. 23.565 million of corresponding period of last year. The decrease in sales and operating income the profit has decreased during the current period as compared to the corresponding period of last year.

Earning per share (EPS) for the 2nd quarter is Rs. 0.02 and Rs. 0.84 for half year as compared to (EPS) of Rs. 1.09 for 2nd quarter and Rs. 1.55 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 30.06.2020.

The auditors have expressed reservation about the Company's ability to continue as a going concern due to accumulated loss of Rs. 101.490 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.

Although the overall industry's environment was adversely suffered due to novel corona virus (COVID-19) 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 26, 2021

Faisalabad.

For and on behalf of the Board



ZAHID ANWAR

Chief Executive Officer

عاصم ٹیکسٹائل ملز لمیٹڈ ڈائریکٹرز رپورٹ

عاصم ٹیکسٹائل ملز لمیٹڈ کے حصہ داران کے لیے ڈائریکٹرز رپورٹ
آپ کے ڈائریکٹرز کی طرف سے دوسری سہ ماہی اور نصف سالانہ اکاؤنٹس 31 دسمبر 2020 کی رپورٹ پیش کرنے پر خوش ہیں۔
آپ کی کمپنی نے اس ششماہی میں سلف 12.740 ملین روپے کا خالص منافع کمایا جبکہ پچھلے سال اسی عرصہ کے دوران کمپنی کو سلف 23.565 ملین روپے کا منافع ہوا تھا۔ پچھلے سال کے اسی عرصہ کے مقابلے
میں موجودہ مدت کے دوران منافع میں فروخت اور آپریٹنگ آمدنی میں کمی واقع ہوئی ہے۔

دوسری سہ ماہی میں فی حیر آمدنی (EPS) سلف 0.02 روپے ہے۔ اور پہلی ششماہی میں فی حیر آمدنی (EPS) سلف 0.84 روپے ہے جبکہ پچھلے سال کی دوسری سہ ماہی میں فی حیر منافع
1.09 روپے اور ششماہی میں فی حیر منافع 1.55 روپے ہوا تھا۔

بینک کے ساتھ عدالتی مقدمات اسی پوزیشن میں ہیں 30 جون 2020 سے اب تک ان میں کوئی تبدیلی نہیں آئی۔

آڈیٹرز نے اپنی رپورٹ میں منفی رائے پیش کی ہیں۔ جس کے مطابق کمپنی کو اپنا کاروبار جاری رکھنے کے لئے مشکلات درپیش ہیں کیوں کہ اس وقت کمپنی کے کل اقتضات سلف 101.490 ملین روپے ہیں
۔ جبکہ اس کا سرمایہ سلف 151.770 ملین روپے ہے۔ اور کمپنی نے لاہور ہائی کورٹ کے فیصلے کے مطابق فنڈز کی لاگت کو اپنے مالی حسابات میں شامل نہیں کیا۔ جیسا کہ آڈیٹرز نے اپنی رپورٹ میں ذکر کیا۔

اس سلسلے میں کمپنی کی انتظامیہ پر امید ہے کہ ان مالیاتی بیانات میں سے نوٹ 1.2 میں بتایا گیا ہے کہ کمپنی کی تشریح کی حیثیت سے جاری رکھنے کی صلاحیت کے بارے میں کوئی خاص شکوک و شبہات موجود نہیں
ہیں

اگرچہ مجموعی صنعت کے ماحول کو کوویڈ-19 (COVID-19) کی وجہ سے بری طرح سے دوچار ہونا پڑا ہے جو تشریحناک مفروضے کو جواز بناتا ہے لیکن ان مناسب عوامل اور حالات کے باوجود انتظامیہ نے
کاروبار کو چلانے کیلئے اپنی پوری کوشش کی ہے۔

ریٹیلڈ پارٹنرز کے ساتھ لین دین آرم لینتھ ٹرانزیکشن کے تحت کی گئی ہیں

ہم اپنے معزز خریداروں، حصہ داروں کے تعاون اور سٹاف ممبران کی انتھک محنت کی قدر کرتے ہیں۔ اور اللہ تعالیٰ سے دعا گو ہیں کہ وہ ہمیشہ اپنی رحمت کا سایہ ہم پر رکھے۔ اور آئیوا لا وقت اچھا ہو۔ آمین

بورڈ آف ڈائریکٹران کی طرف سے

زابدانوار
چیف ایگزیکٹو آفیسر

26 فروری 2021

فیصل آباد

ASIM TEXTILE MILLS LIMITED

CHAIRMAN' S REVIEW

We are pleased to present the financial results of the Company. The Sales has decreased in this half year as compared to the corresponding period of the last year. Due to decrease of sales, profit has also decreased as compared to corresponding period of last year,

We are confident that during remaining period of current year, the company will not only cover this short fall in sales but also will maximize its profits also.

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 26, 2021

Faisalabad.

For and on behalf of the Board


CH. GHULAM MURTAZA BUTTAR

Chairman BOD

عاصم ٹیکسٹائل ملز لمیٹڈ

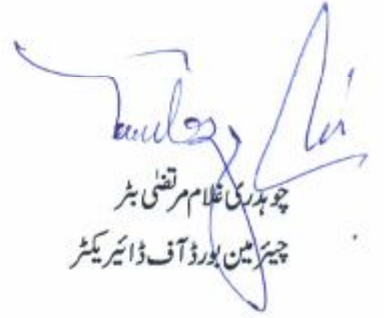
چیئرمین کا جائزہ

ہم بصد خوشی کمپنی کے مالی نتائج پیش کر رہے ہیں

پچھلے سال کے اسی عرصے کے مقابلے میں اس نصف سال میں فروخت میں کمی واقع ہوئی ہے۔ فروخت میں کمی کی وجہ سے منافع میں کمی واقع ہوئی ہے۔ ہمیں یقین ہے کہ رواں سال کی باقی مدت کے دوران کمپنی یہ صرف فروخت میں ہونے والی اس کمی کو پورا کرے گی، بلکہ اپنے منافع میں زیادہ سے زیادہ اضافہ کرے گی۔

آخر میں، میں بورڈ آف ڈائریکٹرز کا بھی شکریہ ادا کرنا چاہتا ہوں جن کی طرف سے انتھک محنت، قیمتی شراکت اور رہنمائی فراہم کی جاتی رہی۔

بورڈ کی طرف سے


چوہدری غلام مرتضیٰ بٹ
چیئرمین بورڈ آف ڈائریکٹرز

26 فروری، 2021

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, 2020 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, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

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.

Basis for Qualified Conclusion

Based on the information provided to us by the management and as mentioned in Note 10 of these financial statements, Morabaha finance had been obtained from Faysal Bank Limited ("the Bank") amounting to Rs. 415.05 million in respect of which the Company filed a suit against the bank for charging illegal profits against the principal of Islamic Banking. The Bank filed a counter suit before (Single Bench) Lahore High Court, Lahore. The court decided ex-parte, as a result of which the Company had to settle the loan along with profit and cost of funds. Only profit on these loans amounting to Rs. 194.16 million have been provided for, as provision for cost of funds being undeterminable at that junction. Being aggrieved, the Company filed an appeal in Honorable Lahore High Court, Lahore (Division Bench) which graciously set aside the decree passed against the Company. 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.

Qualified conclusion


Based on our review, with the exception of matters described in preceding paragraph, 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.

Emphasis of Matter – Material Uncertainty Relating to Going Concern

We draw attention of the members to the contents of Note 1.2 to the annexed financial statements, which indicates that the Company's accumulated loss stands at Rs. 101.49 million against the paid-up share capital of Rs. 151.77 million as at December 31, 2020 and as of that date, the Company's current liabilities exceeded its current assets by Rs. 128.32 million. These factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to as a going concern and therefor the Company may be enabled to discharge its liabilities and realize its assets in the normal course of business. Our conclusion is not modified in this respect.

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

DATE: February 26, 2021
FAISALABAD


Kreston Hyder Bhimji
KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

ASIM TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	Un-Audited December 31, 2020	Audited June 30, 2020
----- Rupees -----			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	520,205,398	531,954,937
Long term deposits		15,038,156	15,038,156
		<u>535,243,554</u>	<u>546,993,093</u>
CURRENT ASSETS			
Stores and spares		29,657,296	18,497,318
Stock in trade		304,032,370	138,079,285
Trade debts		35,155,065	62,811,731
Advances, prepayments and other receivable		34,373,809	69,325,008
Short-term investments	6	22,638,794	18,340,946
Tax refunds due from government		29,949,221	32,575,457
Cash and bank balances		139,486,925	217,631,187
		<u>595,293,480</u>	<u>557,260,932</u>
		<u><u>1,130,537,034</u></u>	<u><u>1,104,254,025</u></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		(101,490,393)	(124,025,951)
Surplus on revaluation of property plant and equipment	7	<u>240,487,979</u>	<u>245,985,909</u>
		<u>290,767,586</u>	<u>273,729,958</u>
NON CURRENT LIABILITIES			
Deferred liabilities	8	116,158,843	119,017,735
CURRENT LIABILITIES			
Trade and other payables		111,858,476	99,754,203
Accrued mark-up		194,161,422	194,161,422
Short-term borrowings	9	417,590,707	417,590,707
		<u>723,610,605</u>	<u>711,506,332</u>
CONTINGENCIES AND COMMITMENTS			
	10	-	-
		<u><u>1,130,537,034</u></u>	<u><u>1,104,254,025</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, 2020

Note	Half year Ended		Quarter Ended		
	December 31,	December 31,	December 31,	December 31,	
	2020	2019	2020	2019	
----- Rupees -----					
Sales - net	11	816,226,727	876,433,262	419,825,995	429,321,276
Cost of sales	12	779,926,536	839,703,075	408,920,677	405,149,689
Gross profit		36,300,191	36,730,187	10,905,318	24,171,587
Operating expenses					
Distribution cost		863,980	-	109,980	-
Administrative expenses		15,776,119	15,123,870	8,107,081	7,762,584
Other operating expenses		1,884,401	2,251,629	407,586	1,497,353
		18,524,500	17,375,499	8,624,647	9,259,937
		17,775,691	19,354,688	2,280,671	14,911,651
Other Operating Income		4,766,962	8,794,928	1,625,968	4,081,027
		22,542,653	28,149,617	3,906,639	18,992,678
Finance Cost		37,233	29,445	27,293	19,788
Profit before taxation		22,505,420	28,120,172	3,879,346	18,972,890
Taxation		9,765,640	4,555,615	3,513,174	2,420,165
Profit for the period		12,739,780	23,564,557	366,172	16,552,725
Profit per share - Basic and diluted		0.84	1.55	0.02	1.09

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 COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half year Ended		Quarter Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees -----			
Profit for the period	12,739,780	23,564,557	366,172	16,552,725
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized Income on changes in fair value of investments	4,297,848	2,896,304	3,514,838	3,514,838
Total comprehensive income for the period	17,037,628	26,460,861	3,881,010	20,067,563

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 CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	December 31, 2020	December 31, 2019
	----- Rupees -----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,505,420	28,120,172
Adjustments for non cash and other items		
Depreciation	13,391,442	11,618,042
Profit on deposit accounts	(4,642,518)	(8,794,928)
Profit on disposal of vehicle	(124,444)	-
Finance cost	37,233	29,445
Cash generated before changes in working capital	31,167,133	30,972,731
Changes in working capital		
(Increase)/decrease in current assets		
Stores and spares	(11,159,978)	1,515,499
Stock in trade	(165,953,085)	(18,196,394)
Trade debts	27,656,666	22,944,500
Advances, prepayments and other receivable	34,951,199	9,381,670
Tax refunds due from Government	2,433,138	276,065
Increase in current liabilities		
Trade and other payables	12,104,273	22,209,164
	(99,967,787)	38,130,503
Cash (used in)/generated from operations	(68,800,654)	69,103,234
Finance cost paid	(37,233)	(29,445)
Taxes paid	(12,050,302)	(15,445,426)
Staff retirement gratuity paid	(381,131)	(26,917)
	(12,468,667)	(15,501,788)
Net cash (used in)/generated from operating activities	(81,269,321)	53,601,446
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Addition in property, plant and equipment	(2,002,459)	(4,850,000)
Proceeds from disposal of vehicle	485,000	-
Profit on deposit accounts	4,642,518	8,794,928
Net cash generated from operating activities	3,125,059	3,944,928
Net (decrease) / increase in cash and cash equivalents	(78,144,262)	57,546,374
Cash and cash equivalents at the beginning of the period	217,631,187	141,701,947
Cash and cash equivalents at the end of the period	139,486,925	199,248,321

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 CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31,2020

	Share capital	Revaluation surplus on plant and Equipment	Accumulated loss	Total
----- Rupees -----				
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
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>
Balance as at July 01, 2020	151,770,000	245,985,909	(124,025,951)	273,729,958
Profit for the period	-	-	12,739,780	12,739,780
Other comprehensive income	-	-	4,297,848	4,297,848
Transfer of incremental depreciation on revalued assets for the period	-	(7,743,564)	7,743,564	-
Tax effect on incremental depreciation	-	2,245,634	(2,245,634)	-
Balance as at December 31, 2020	<u>151,770,000</u>	<u>240,487,979</u>	<u>(101,490,393)</u>	<u>290,767,586</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
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

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. 12.74 million during the period and has accumulated loss stands at Rs. 101.49 million against the paid up capital of Rs. 151.77 million as at December 31, 2020 and as of that date, the Company's current liabilities exceeds its current assets by Rs. 128.317 million respectively. 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.

In spite of the huge accumulated losses, negative current ratio and Covid-19 situation, 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 improvement in future industry situation and better production efficiency are the main factors for attaining profits during the period as well in yester years. 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, 2020.

Comparative statement of financial position is extracted from annual audited financial statement for the year ended June 30, 2020, whereas comparative statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows are extracted from un-audited condensed interim financial statements for the half year ended and 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, 2020.
- 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, 2020.
- 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, 2020.

5. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST / REVALUATION				DEPRECIATION			BOOK VALUE		
	As at July 01, 2020	Revaluation Surplus	Additions/ transfers/ during the period	Deletion transfer during the period	As at December 31, 2020	As at July 01, 2020	Deletion during the period	For the Period	As at December 31, 2020	As at December 31, 2020
Rupees-----										
Owned										
Land - freehold	63,754,000	-	-	-	63,754,000	-	-	-	-	63,754,000
Building on freehold land	184,989,839	-	-	-	184,989,839	-	-	3,105,069	63,892,140	121,097,699
Plant and machinery	639,440,812	-	925,000	-	640,365,812	342,056,901	-	7,446,161	349,503,062	290,862,750
Electric installation	56,159,000	-	-	-	56,159,000	19,362,372	-	1,839,831	21,202,203	34,956,797
Factory equipment	355,750	-	-	-	355,750	336,885	-	943	337,828	17,922
Furniture and fixture	659,633	-	-	-	659,633	510,312	-	7,466	517,778	141,855
Office equipment	2,618,122	-	-	-	2,618,122	1,990,792	-	31,367	2,022,159	595,963
Vehicles	30,349,332	-	1,077,459	-	30,876,791	21,327,218	189,444	960,605	22,098,379	8,778,412
Rupees: December 31, 2020	978,326,488	-	2,002,459	550,000	979,778,947	446,371,551	189,444	13,391,442	459,573,549	520,205,398

PARTICULARS	COST / REVALUED AMOUNTS				DEPRECIATION				BOOK VALUE	
	As at July 01, 2019	Revaluation Surplus	Additions/ transfers/ during the Year	Deletion transfer during the period	As at June 30, 2020	As at July 01, 2019	Deletion during the year	For the Period	As at June 30, 2020	As at June 30, 2020
Rupees-----										
Owned										
Land - freehold	53,508,000	10,246,000	-	-	63,754,000	-	-	-	-	63,754,000
Building on freehold land	151,418,124	33,571,715	-	-	184,989,839	55,869,771	-	4,917,300	60,787,071	124,202,768
Plant and machinery	618,729,530	15,861,282	4,850,000	-	639,440,812	327,224,301	-	14,832,600	342,056,901	297,383,911
Electric installation	31,754,357	24,404,643	-	-	56,159,000	17,759,516	-	1,602,856	19,362,372	36,796,628
Factory equipment	355,750	-	-	-	355,750	334,789	-	2,096	336,885	18,865
Furniture, fixture and	659,633	-	-	-	659,633	493,721	-	16,591	510,312	149,321
Office equipment	2,618,122	-	-	-	2,618,122	1,921,089	-	69,703	1,990,792	627,330
Vehicles	30,349,332	-	-	-	30,349,332	19,071,689	-	2,255,529	21,327,218	9,022,114
Rupees: June 30, 2020	889,392,848	84,083,640	4,850,000	-	978,326,488	422,674,876	-	23,696,675	446,371,551	531,954,937

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

Cost of sales
Administrative expenses

	Un-Audited December 31, 2020	Audited June 30, 2020
	12,392,004	21,354,852
	999,438	2,341,823
	13,391,442	23,696,675

----- Rupees -----

		<u>Un-Audited</u> <u>December, 31</u> <u>2020</u>	<u>Audited</u> <u>June 30,</u> <u>2020</u>
	Note	----- Rupees -----	
6. SHORT TERM INVESTMENTS			
Available for sale			
NAFA Government Securities Liquid Fund	6.1	15,129,534	12,467,396
JS Investments (JS Islamic Fund)	6.2	7,509,260	5,873,550
		<u>22,638,794</u>	<u>18,340,946</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 125,693.4644 units (2020: 125,693.4644 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 (2020: 75,032.5785 units).

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Balance as at July 01, 2020	245,985,909	191,560,975
Surplus on revaluation created during the period/year	-	62,670,725
	<u>245,985,909</u>	<u>254,231,700</u>
Incremental depreciation on revalued property, plant and equipment for the period/year	<u>(7,743,564)</u>	<u>(11,613,790)</u>
Related effect of deferred tax liability	2,245,634	3,367,999
	<u>(5,497,930)</u>	<u>(8,245,791)</u>
Balance as at December 31, 2020	<u>240,487,979</u>	<u>245,985,909</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.

8. DEFERRED LIABILITIES

Deferred taxation	8.1	116,158,843	118,636,604
Staff retirement gratuity	8.2	-	381,131
		<u>116,158,843</u>	<u>119,017,735</u>

8.1 DEFERRED TAXATION

Balance as at July 01	118,636,604	106,246,856
(provided)/ Adjusted during the period /year	<u>(2,477,761)</u>	<u>12,389,748</u>
Balance as at December 31,	<u>116,158,843</u>	<u>118,636,604</u>

8.1.1 This comprise of following:

Deferred tax liability:

Taxable temporary differences relating to operating assets

26,149,791

26,492,446

Taxable temporary differences relating to surplus on revaluation of property, plant and equipment

90,009,052

92,254,686

Deferred tax assets:

Staff retirement benefits

-

(110,528)

116,158,843

118,636,604

8.2 STAFF RETIREMENT GRATUITY

Balance as at July 01,	381,131	432,045
Paid during the period /year	<u>(381,131)</u>	<u>(50,914)</u>
Balance as at December 31,	-	201,131

<u>Un-Audited</u>	<u>Audited</u>
December 31, 2020	June 30, 2020
----- Rupees -----	

9. SHORT-TERM BORROWINGS

From financial institution- Faysal Bank Limited

Secured

Morabaha I

Morabaha II

Unsecured

Interest free bank overdraft

9.1	{	340,901,898	340,901,898
		74,145,100	74,145,100
9.2		<u>2,543,709</u>	<u>2,543,709</u>
		<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 an 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 the first charge of Rs. 505 million on fixed assets and personal guarantees of Directors and Chief Executive of the Company. However, The company has ceased the repayment of the loans, due to the litigation in the courts. The facts of the litigations are explained in note10.1.
- 9.2 The company has ceased the repayment of the overdraft due to litigation in courts. The facts of the litigation are explained in note10.1.
- 9.3 Further to note 9.1 and 9.2 since these facilities are in default/subjudice, therefor, these are classified as short term borrowings.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

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. The learned Division Bench garaciously 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.

- 10.2 By virtue of Finance Act, 2017, Section 5A of the Income Tax Ordinance, 2001 was amended. Through the revised provision, a tax equal to 7.5 percent of accounting profit for the year was required to be levied on every public company, other than a scheduled bank and modaraba, if distribution of cash dividend or bonus shares of at least 40 percent of the accounting profit after tax for the year were not made within 6 months. Subsequently, by amendments introduced by Finance Act, 2018, rate of tax was reduced to 5% from 7.5% of accounting profit, likewise, threshold of after tax profit was reduced to 20 percent from 40 percent for distribution. Further bonus shares were excluded from the ambit of dividend and restriction of cash dividend was provided in the statute. Thereafter, it's continuity for onward years was also restricted to tax year 2019 by Finance Supplementary (Second Amendment) Act, 2019.

However, the management is of the view that this amendment is opposed to the principles of economic growth and has, therefore, having intention to challenge the amendment before Honourable Lahore High Court, Lahore. Legal advisor and management is confident that discriminatory provision for this tax would not affect any financial outflow of the Company, if any adverse inference is drawn by the revenue authorities. It is worthwhile to mention here that constitutional petitions have already been filed by some companies before Honourable High Court challenging the tax and the Honourable High Court have granted stay order in this respect for levy of above tax. Accordingly provisions amounting to Rs. 2,995,427/-, Rs. 2,937,309 and Rs. 4,029,657/- for the year ended June 30, 2017, June 30, 2018 and June 30, 2019 respectively have not been made in respective financial statements and the management expects a favourable outcome in this respect.

10.3 Commitments

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

Note	Half Year Ended		Quarter Ended	
	December 31	December 31	December 31	December 31
	2020	2019	2020	2019
	----- Rupees -----		----- Rupees -----	
11. SALES - NET				
Local:				
Yarn sales	942,278,356	1,012,179,444	482,746,968	493,886,486
Waste sales	12,706,953	13,751,725	8,449,460	8,851,708
Gross sales	954,985,309	1,025,931,169	491,196,428	502,738,194
Less: Sales tax	138,758,582	149,066,967	71,370,433	73,047,458
Commission	-	430,940	-	369,460
	138,758,582	149,497,907	71,370,433	73,416,918
	816,226,727	876,433,262	419,825,995	429,321,276

12. COST OF SALES

Raw material consumed	12.1	504,372,229	637,630,908	252,341,886	314,350,308
Stores and spares consumed		18,961,714	12,245,879	10,908,877	5,693,244
Packing material consumed		13,635,042	12,682,924	7,352,459	6,517,297
Salaries, wages and benefits	12.2	98,598,561	73,562,403	57,759,410	36,656,275
Fuel and power		121,378,926	115,253,737	59,283,383	61,347,345
Repairs and maintenance		3,812,332	848,638	3,182,061	321,896
Insurance		1,829,130	582,018	1,076,624	(17,982)
Depreciation	5.1	12,392,004	10,447,130	6,201,782	5,249,191
General expenses		828,644	534,737	216,127	195,874
		775,808,582	863,788,374	398,322,609	430,313,448

Work in process

Opening Balance	7,973,295	7,637,117	7,825,777	8,294,603
Closing Balance	(8,171,975)	(8,016,604)	(8,171,975)	(8,016,604)
	(198,680)	(379,487)	(346,198)	277,999

Cost of goods manufactured

	775,609,902	863,408,887	397,976,411	430,591,447
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Finished goods

Opening Balance	9,936,664	9,549,440	16,564,296	7,813,494
Closing Balance	(5,620,030)	(33,255,252)	(5,620,030)	(33,255,252)
	4,316,634	(23,705,812)	10,944,266	(25,441,758)

Cost of goods sold

	779,926,536	839,703,075	408,920,677	405,149,689
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12.1 RAW MATERIAL CONSUMED

Opening Balance	120,169,326	151,462,796	141,866,983	179,520,813
Purchases	674,443,268	631,742,003	400,715,268	280,403,386
	794,612,594	783,204,799	542,582,251	459,924,199
Closing Balance	(290,240,365)	(145,573,891)	(290,240,365)	(145,573,891)
	504,372,229	637,630,908	252,341,886	314,350,308

12.2 This includes a sum of Rs. 2,087,551/ (Dec.2019-Rs.1,731,674/-) in respect of defined contribution plan.

13. TRANSACTION 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 various related parties. Detail of transactions with related parties are as follows:

13.1 Transactions during the period

Name	Nature of transaction	Un-audited December 31, 2020	Un-audited December 31, 2019
--- Rupees ---			
Provident Fund Trust	Contributions to the fund	4,705,926	3,912,748
CEO/directors/members	Expenses paid on behalf of related parties	6,492,465	1,124,335
Key Management Personnel	Salary	1,913,868	1,902,276
Zeeshan Energy Limited	Purchase of electricity	24,743,364	-

13.2 Period end balances of related parties

Name	Nature of balances	Un-audited	Audited
		December 31, 2020	June 30, 2020
		--- Rupees ---	
Provident Fund Trust	Trade and other payables	774,726	898,373
CEO/directors/members	Trade and other payables	1,084,142	4,325,335
CEO/director	Advances, prepayments and other receivable	806,422	-
Zeeshan Energy Limited	Advances to suppliers	13,925,636	37,607,000

14. SHARIAH SCREENING DISCLOSURE

Loans/advances as per Islamic mode

	Un-audited	Audited
	December 31, 2020	June 30, 2020
--- Rupees ---		
Loans	417,590,707	417,590,707
Shariah compliant bank deposits/bank balances		
Bank balances	1,444,565	135,902
Revenue earned from a shariah compliant business	816,226,727	1,471,670,352
Loss/Gain or dividend from shariah compliant investments		
Net unrealized gain/ (loss) on short term investment	4,297,848	(983,305)
Mark up on Islamic mode of financing	194,161,422	194,161,422
Profits or interest on shariah compliant bank deposits	4,118	14,261

Relationship with shariah compliant banks

Name of institutions	Relationship with institutions
Dubai Islamic Bank	Bank balance
Meezan Bank Limited	Bank balance
Al Baraka Bank Pakistan Limited	Bank balance
Faysal Bank Limited	Bank balance and short term borrowings

Disclosures other than above are not pertinent to the Company.

15. FAIR VALUE OF ASSETS

The table below analyses financial instruments carried at fair value, by valuation method. Fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

	Unaudited	Audited
	December 31, 2020	June 30, 2020
[R U P E E S]		
Short term investments	22,638,794	18,340,946

16. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 26 FEB 2021 by the Board of Directors of the Company.

17. GENERAL

17.1 Corresponding figures have been re-arranged and reclassified, wherever necessary for the purpose of better presentation. However, during the year following reclassification is made in the corresponding figures.

	December 31, 2019	Reclassification	
	Rupees	From	To
Selling commission	430,940	Net- Sales	Distribution Cost

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

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