



FINANCIAL STATEMENTS OF

**ELAHI COTTON MILLS LIMITED
FOR THE PERIOD ENDED**

DECEMBER 31, 2022

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

COMPANY'S INFORMATION

BOARD OF DIRECTORS

MAHBOOB ELAHI
MAHFOOZ ELAHI
MAHMOOD ELAHI
AHMED SHAFFI
FARRUKH AHMED
M. AZEEM AFZAL HASHMI
SAMINA BEGUM

CHAIRMAN

MAHBOOB ELAHI

CHIEF EXECUTIVE

MAHFOOZ ELAHI

AUDIT COMMITTEE

FARRUKH AHMED
MAHBOOB ELAHI
AHMED SHAFFI

HRR COMMITTEE

MAHMOOD ELAHI
M. AZEEM AFZAL HASHMI
FARRUKH AHMED

CHIEF FINANCIAL OFFICER

MUHAMMAD IMTIAZ

COMPANY SECRETARY

SALEEM AHMED

AUDITORS

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
23, EAST SAEED PLAZA
BLUE AREA, ISLAMABAD

REGISTRAR OFFICE

CORPLINK (PVT) LIMITED
WINGS ARCADE,
1-K, COMMERCIAL,
MODEL TOWN, LAHORE

LEGAL ADVISER

KHAN & PIRACHA
NO.1, 2ND FLOOR, 6-B,
MARKAZ F-6, ISLAMABAD

REGISTERED OFFICE

270-SECTOR I-9,
INDUSTRIAL AREA,
ISLAMABAD.

MILLS

JURIAN, MANDRA,
TEHSIL GUJAR KHAN,
DISTRICT RAWALPINDI.

WEBSITE

www.elahicotton.com

ELAHI COTTON MILLS LIMITED

DIRECTORS' REVIEW TO THE MEMBERS


The Directors of the Company are pleased to present financial information for the half year ended December 31, 2022 duly reviewed by the external auditors.

The principal business activity of the Company is to manufacture and sale of Pure Polyester Yarn. Aggregate sales revenue of the Company increased from Rs. 343.990 million to Rs. 363.090 million showing increase of Rs. 19.100 million (5.55%) whereas cost of sales increased from Rs. 330.103 million to Rs. 359.831 million showing increase of Rs. 29.728 million (9.01%). The Company incurred loss before taxation of Rs. 3.617 million for the six months from July 01, 2022 to December 31, 2022 as compared to profit of Rs. 7.213 million for the corresponding period of last six months and loss after taxation of Rs. 7.679 million as compared to profit of Rs. 3.325 million. The loss incurred by the Company is due to increase in cost of sales mainly in salary & wages, raw material and power charges. The Management expects the next quarter to be an uncertain and challenging one. The ongoing political instability, heavy flood and sharp devaluation of Pak Rupee are adversely affecting the business of the Company.

The auditors have drawn attention to Note 1.3 in the financial statements that the Company's current liabilities exceeded its current assets by Rs. 35.351 million. The Company has accumulated loss of Rs. 52.325 million that exceeds the issued, subscribed and paid up capital by Rs. 39.325 million. These conditions indicate the existence of a material uncertainty that cast doubt about the Company's ability to continue as a going concern. The Management is making every effort to minimize the impact through improve efficiency and better marketing. The Sponsor Directors are continuously supporting in the form of funds as and when required by the Company. The Management has neither intention nor the necessity of liquidation or ceasing manufacturing operation in foreseeable future. So, with the successful efforts of the Management, the Company will continue as a going concern.

The loss per share for the half year ended December 31, 2022 is Rs. 5.90 and for the quarter ended December 31, 2022 is Rs. 0.65. The Directors of the Company do not recommend payment of any dividend to shareholders of the Company as the Company has incurred net loss and also has accumulated loss.

Islamabad
February 24, 2023



(Mahmood Elahi)
Director

On behalf of Board of Directors



(Mahfooz Elahi)
Chief Executive

الہی کابن ملزمینڈ

ممبرز کو ڈائریکٹر کی ششماہی جائزہ رپورٹ

کمپنی کے ڈائریکٹرز ششماہی مالیاتی رپورٹ تختہ ۳۱ دسمبر ۲۰۲۲ء کو پیش کر رہی ہیں۔ پیش کرتے ہیں۔ کمپنی کا بنیادی کام خالص پولیسٹروہاگہ بنانا اور فروخت کرنا ہے۔ کمپنی کی مجموعی فروخت -/343.990 ملین روپے سے بڑھ کر -/363.090 ملین روپے ہو گئی ہے جو کہ -/19.100 ملین روپے (5.55%) اضافہ ظاہر کر رہی ہے جبکہ فروخت کے اخراجات -/330.103 ملین روپے سے بڑھ کر -/359.831 ملین روپے ہو گئے ہیں جو کہ -/29.728 ملین روپے (9.01%) اضافہ ظاہر کر رہے ہیں۔ اس ششماہی تختہ ۳۱ دسمبر ۲۰۲۲ء میں کمپنی کو قبل از ٹیکس -/3.617 ملین روپے کا نقصان ہوا ہے جبکہ گزشتہ سال اسی دورانہ میں یہ منافع -/7.213 ملین روپے تھا اور بعد از ٹیکس -/7.679 ملین روپے کا نقصان ہوا جبکہ گزشتہ سال اسی دورانہ میں -/3.325 ملین روپے کا منافع ہوا تھا۔ کمپنی کا نقصان ہونے کی وجہ فروخت کے اخراجات، تنخواہ اور اجرت، خام مال اور بجلی کی قیمتوں میں اضافہ ہے۔ انتظامیہ کی توقع ہے کہ اگلی سہ ماہی غیر یقینی اور چیلنجنگ ہوگی۔ جاری شدہ سیاسی صورت حال، شدید سیلاب اور پاکستانی روپے کی قدر میں شدید کمی کی وجہ سے کمپنی کے کاروبار پر شدید منفی اثرات مرتب ہو رہے ہیں۔

بیرونی محاسب نے نوٹ نمبر 1.3 کی طرف توجہ دلائی ہے کہ مالیاتی رپورٹ میں موجودہ واجب الادا قرضوں میں موجودہ اثاثوں کی نسبت اضافہ ہوا ہے جو کہ 35.351 ملین روپے ہے۔ کمپنی کا مجموعی خسارہ 52.325 ملین روپے ہے جو کہ جاری شدہ ادا شدہ مراعات سے 39.325 ملین روپے زیادہ ہے۔ یہ حالات خاصے غیر یقینی صورت حال ظاہر کر رہے ہیں جن کی وجہ سے کمپنی کے چلنے کی صلاحیت میں شک پیدا ہو سکتا ہے۔ انتظامیہ پوری کوشش کر رہی ہے کہ وہ ان اثرات کو اپنی کارکردگی اور بہتر مارکیٹنگ سے کم از کم کرے۔ سپانسر ڈائریکٹرز کمپنی سے مسلسل مالی تعاون کر رہے ہیں مستقبل قریب میں انتظامیہ کا نیا قرضہ کمپنی کو مستحق کرنے کا ہے اور نہ ہی پیداواری سرگرمیاں بند کرنے کا ہے لہذا وہ پر عزم ہیں کہ کمپنی انتظامیہ کی بھرپور کوشش سے جاری و ساری رہے گی۔

اس ششماہی تختہ ۳۱ دسمبر ۲۰۲۲ء میں کمپنی کا نقصان -/5.90 روپے فی حصص ہوا جبکہ دوسری سہ ماہی تختہ ۳۱ دسمبر ۲۰۲۲ء کو فی حصص -/0.65 روپے نقصان ہوا۔ کمپنی کے ڈائریکٹرز حصہ داران کے لئے کسی حصص پر منافع دینے کی سفارش نہیں کرتے کیونکہ کمپنی کو خالص اور مجموعی نقصان ہوا ہے۔

اسلام آباد

۲۳ فروری ۲۰۲۳

بورڈ آف ڈائریکٹرز کی جانب سے

Mahmud E. Anwar
محمود علی
چیف ایگزیکٹو

Mahmud E. Anwar
محمود علی
ڈائریکٹر

INDEPENDENT AUDITORS REVIEW REPORT TO THE MEMBERS OF ELAHI COTTON MILLS LIMITED

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Elahi Cotton Mills Limited (“the Company”) as at December 31, 2022 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 the interim financial statements for the six months period then ended (herein after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of these 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 interim financial statements based on our review.

Scope of Review

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

Conclusion

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

The figures for the quarter ended December 31, 2022 and December 31, 2021 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Material Uncertainty Related to Going Concern

Without qualifying to our conclusion, we draw attention to Note 1.3 in the condensed interim financial information which indicates that the Company's current liabilities exceeded its current assets by Rs. 35.351 million. The Company has accumulated loss of Rs. 52.325 million. The Company's accumulated losses exceeded the issued, subscribed and paid up capital by Rs. 39.325 million. These

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conditions, along with other matters as set forth in Note 1.3, indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern.

The engagement partner on the review audit resulting in this independent auditors review report is Iffat Hussain.

ISLAMABAD

DATED: 24 FEB 2023

UDIN: AR202210094A0N4qBW5s

Bdo ebrahim & co.
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
Iffat Hussain

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT DECEMBER 31, 2022

		December 31, 2022	June 30, 2022
	Note	Rupees Unaudited	Rupees Audited
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	4	158,559,992	160,857,458
Long term security deposits		918,810	918,810
Loans and advances	5	4,056,500	3,973,000
		<u>163,535,302</u>	<u>165,749,268</u>
CURRENT ASSETS			
Stores, spares and loose tools	6	2,793,553	2,913,511
Stock in trade	7	34,753,649	17,896,451
Trade debts	8	21,303,674	16,786,772
Loans and advances		593,483	11,970,660
Short terms prepayments		87,419	327,732
Taxation - net		352,693	145,138
Cash and bank balances	9	9,998,693	8,369,818
		<u>69,883,164</u>	<u>58,410,082</u>
TOTAL ASSETS		<u><u>233,418,466</u></u>	<u><u>224,159,350</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	10	13,000,000	13,000,000
Revaluation surplus on property, plant and equipment		136,001,476	137,171,418
Accumulated loss		(52,325,083)	(45,816,232)
		<u>96,676,393</u>	<u>104,355,186</u>
NON-CURRENT LIABILITIES			
Staff retirement benefits - Gratuity		20,361,616	19,025,428
Deferred taxation		11,145,432	11,644,515
		<u>31,507,048</u>	<u>30,669,943</u>
CURRENT LIABILITIES			
Loan from directors	11	77,799,546	71,799,546
Trade and other payables	12	27,167,808	17,067,004
Dividend payable / unclaimed		267,671	267,671
		<u>105,235,025</u>	<u>89,134,221</u>
TOTAL EQUITY AND LIABILITIES		<u><u>233,418,466</u></u>	<u><u>224,159,350</u></u>
CONTINGENCIES AND COMMITMENTS	13	-	-

The annexed notes from 1 to 23 form an integral part of these interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

		Six months ended December 31,		Three months ended December 31,	
		2022	2021	2022	2021
Note		-----Rupees-----			
Sales	14	363,090,458	343,990,073	200,511,318	183,893,070
Cost of sales	15	(359,831,424)	(330,102,789)	(195,600,847)	(176,286,864)
Gross profit		3,259,034	13,887,284	4,910,471	7,606,206
Operating expenses					
Administrative expenses		(6,405,095)	(5,449,233)	(3,025,665)	(2,788,911)
Selling and distribution expenses		(732,800)	(568,500)	(320,000)	(348,000)
Other operating charges		(229,926)	(766,087)	(149,700)	(643,580)
Operating (loss)/ profit		(4,108,787)	7,103,464	1,415,106	3,825,715
Other income		515,841	111,997	13,438	107,788
Financial charges		(24,320)	(2,610)	(16,960)	-
(Loss)/profit before taxation		(3,617,266)	7,212,851	1,411,584	3,933,503
Taxation:					
Current		(4,545,079)	(4,301,276)	(2,512,840)	(2,299,414)
Prior		(15,531)	-	-	-
Deferred		499,083	413,591	250,483	231,729
(Loss)/profit after taxation		(4,061,527)	(3,887,685)	(2,262,357)	(2,067,685)
		(7,678,793)	3,325,166	(850,773)	1,865,818
(Loss)/earnings per shares					
- Basic and diluted (Rupees)	16	(5.90)	2.56	(0.65)	1.44

The annexed notes from 1 to 23 form an integral part of these interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022


Six months ended December 31,		Three months ended December 31,	
2022	2021	2022	2021
-----Rupees-----			

(Loss) / profit for the period	(7,678,793)	3,325,166	(850,773)	1,865,818
Other comprehensive income	-	38,507,325	-	-
Related deferred tax impact	-	(3,554,624)	-	-
	-	34,952,701	-	-
Total comprehensive (loss)/ income for the period	(7,678,793)	38,277,867	(850,773)	1,865,818

The annexed notes from 1 to 23 form an integral part of these interim financial statements.


CHIEF EXECUTIVE


DIRECTOR

Review

CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

	Rupees			
	Share capital	Reserves Capital	Revenue	Total
	Issued, subscribed and paid-up capital	Revaluation surplus on property, plant and equipment	Accumulated loss	
Balance as at July 01, 2021	13,000,000	104,345,432	(52,048,073)	65,297,359
Total comprehensive income for the period	-	-	3,325,166	3,325,166
Profit for the period	-	-	3,325,166	3,325,166
Revaluation surplus on property, plant and equipment	-	38,507,325	-	38,507,325
Related deferred tax impact	-	(3,554,624)	-	(3,554,624)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation-net of deferred tax	-	(854,121)	854,121	-
Balance as at December 31, 2021	13,000,000	138,444,012	(47,868,786)	103,575,226
Balance as at July 01, 2022	13,000,000	137,171,418	(45,816,232)	104,355,186
Total comprehensive loss for the period	-	-	(7,678,793)	(7,678,793)
Loss for the period	-	-	(7,678,793)	(7,678,793)
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation-net of deferred tax	-	(1,169,942)	1,169,942	-
Balance as at December 31, 2022	13,000,000	136,001,476	(52,325,083)	96,676,393

The annexed notes from 1 to 23 form an integral part of these interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

	Six months ended	
	December 31,	
	2022	2021
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(3,617,266)	7,212,851
Adjustment for non-cash charges and other items:		
Depreciation	2,297,466	1,916,517
Financial charges	24,320	2,610
Provision for gratuity	3,564,338	3,098,501
	<u>5,886,124</u>	<u>5,017,628</u>
Profit before working capital changes	2,268,858	12,230,479
Changes in working capital:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	119,958	(1,002,818)
Stock in trade	(16,857,198)	(1,372,332)
Trade debts	(4,516,902)	(980,769)
Loans and advances	11,377,177	(9,211)
Short term prepayments	240,313	303,651
Tax refunds due from government	-	1,210,841
Increase in current liabilities		
Trade and other payables	10,100,804	4,089,945
	<u>464,152</u>	<u>2,239,307</u>
Cash generated from operations	2,733,010	14,469,786
Financial charges paid	(24,320)	(2,610)
Income tax paid	(4,768,165)	(4,285,213)
Gratuity paid	(2,228,150)	(1,866,800)
	<u>(7,020,635)</u>	<u>(6,154,623)</u>
Net cash (used in)/generated from operating activities	(4,287,625)	8,315,163
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans given to employees	(83,500)	(1,345,000)
Purchase of property, plant and equipment	-	(16,000)
Net cash used in investing activities	(83,500)	(1,361,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loan from directors	(250,000)	(130,000)
Short term loan from directors	6,250,000	-
Net cash generated from/(used in) financing activities	6,000,000	(130,000)
Net increase in cash and cash equivalents	1,628,875	6,824,163
Cash and cash equivalents at the beginning of the year	8,369,818	14,485,515
Cash and cash equivalents at the end of the year	<u>9,998,693</u>	<u>21,309,678</u>

The annexed notes from 1 to 23 form an integral part of these interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

1 STATUS AND NATURE OF BUSINESS

- 1.1 The Company was incorporated as a public limited company on June 22, 1970 under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The principal business of the Company is manufacture and sale of yarn.
- 1.2 The registered office of the Company is situated at 270, sector I-9, Industrial Area, Islamabad. The mill (plant) of the Company is located at Mandra - Chakwal road, Tehsil Gujar Khan, District Rawalpindi, Pakistan.
- 1.3 The Company's current liabilities exceeded its current assets by Rs. 35.351 million. The Company has accumulated loss of Rs. 52.325 million (June 30, 2022: Rs. 45.816 million). The Company's accumulated losses exceeded the issued, subscribed and paid up capital by Rs. 39.325 million. These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern.

These interim financial statements have been prepared on going concern basis without any adjustment to assets and liabilities in view of profitable future projections and financial support from associated undertaking and sponsors. The management is confident of improving profitability through streamlining the operations of the Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim financial statements of the Company for the six months ended December 31, 2022 have been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions or directives issued under the Companies Act, 2017 have been followed.

These interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2022. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2022 and comparative 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 are extracted from un audited condensed interim financial statements for the six months ended December 31, 2022.

These interim financial statements are unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for some operating fixed assets which have been stated at revalued amount, investment property at fair value, investments classified as fair value through other comprehensive income (FVTOCI) and employee benefits at present value.

These interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3 ACCOUNTING POLICIES

3.1 The accounting policies adopted and methods of computation followed in the preparation of these interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2022.

3.2 The preparation of these condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, 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 recognised prospectively commencing from the period of revision.

3.3 The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2022.

3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2022. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on these interim financial statements.

3.5 Taxation

The provision for taxation for the half year and quarter ended December 31, 2022 has been made using the estimated effective tax rate applicable to expected total annual earnings.

	December 31, 2022 Rupees Unaudited	June 30, 2022 Rupees Audited
4 OPERATING FIXED ASSETS		
Opening net book value	160,857,458	126,598,189
Add:		
Additions during the period / year (cost)	-	93,525
Additions during the period / year (revaluation)	-	38,507,325
	4.1	38,600,850
Less:		
Depreciation charged during the period / year	2,297,466	4,341,581
Closing net book value	<u>158,559,992</u>	<u>160,857,458</u>
4.1 Detail of additions (at cost)/revaluation during the period / year are as follows:		
Building (factory)	-	6,130,992
Building (colony)	-	938,639
Plant and machinery	-	5,187,694
Furniture, fixture and equipment (cost)	-	93,525
Freehold Land	-	26,250,000
	-	<u>38,600,850</u>
5 LOANS AND ADVANCES		
Unsecured - considered good		
Opening balance	4,444,000	3,024,500
Loan given to employees during the period	395,000	8,627,000
Payment received during the period	(290,500)	(7,207,500)
	4,548,500	4,444,000
Current portion shown under current assets	(492,000)	(471,000)
	<u>4,056,500</u>	<u>3,973,000</u>
6 STORES, SPARES & LOOSE TOOLS		
Stores	2,633,082	2,785,519
Spares	160,471	127,992
	<u>2,793,553</u>	<u>2,913,511</u>

As per.

		December 31, 2022 Rupees Unaudited	June 30, 2022 Rupees Audited
7	STOCK IN TRADE		
	Raw material	10,194,640	4,709,979
	Work in progress	4,704,988	4,792,641
	Finished goods	19,792,859	8,302,321
	Waste	61,162	91,510
		<u>34,753,649</u>	<u>17,896,451</u>
8	TRADE DEBTS		
	Unsecured - considered good	<u>21,303,674</u>	<u>16,786,772</u>
9	CASH AND BANK BALANCES		
	Cash in hand	75,755	87,274
	Cash at banks: (local currency)		
	Current accounts	4,308,619	2,464,474
	Saving account	9.1 5,614,319	5,818,070
		<u>9,998,693</u>	<u>8,369,818</u>

9.1 Saving account carries mark up at the rates ranging from 0.02% to 0.06% (June 30, 2022: 0.02% to 0.06%) per annum.

		December 31, 2022 Rupees Unaudited	June 30, 2022 Rupees Audited
10	SHARE CAPITAL		
10.1	Issued, subscribed and paid up capital		
	Number of ordinary shares of Rs. 10/- each		
	December 31, 2022 June 30, 2022		
	<u>1,300,000 1,300,000</u> Fully paid in cash	<u>13,000,000</u>	<u>13,000,000</u>
10.2	Authorized share capital		

This represents 5,000,000 (June 30, 2022: 5,000,000) ordinary shares of Rs. 10 each amounting to Rs. 50,000,000 (June 30, 2022: Rs. 50,000,000).

Present

		December 31, 2022 Rupees Unaudited	June 30, 2022 Rupees Audited
11 LOAN FROM DIRECTORS	Note		
Unsecured			
Balance brought forward		71,799,546	72,054,546
Additions during the period / year		6,250,000	-
Payments during the period / year		(250,000)	(255,000)
	11.1	77,799,546	71,799,546

11.1 This represents unsecured interest free loan from two directors and Chief Executive of the Company to meet the working capital requirements. These are payable on demand.

11.2 The maximum aggregate amount due to directors at the end of any month during the period was Rs. 78,049,546 (June 30, 2022: Rs. 71,799,546).

	December 31, 2022 Rupees Unaudited	June 30, 2022 Rupees Audited
12 TRADE AND OTHER PAYABLES		
Creditors	113,273	-
Accrued expenses	17,494,174	12,093,856
Advances from customers	7,388,407	599,744
Government dues	827,980	706,798
Workers' Profit Participation Fund	737,332	737,332
Workers' Welfare Fund	6,655	339,749
Income tax payable	73,784	39,449
Sales tax due to government	522,412	2,546,285
Zakat payable	3,791	3,791
	27,167,808	17,067,004

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There is no contingent liability of the Company as at December 31, 2022 (June 30, 2022: nil).

13.2 Commitments

There is no commitment for capital expenditures as at the December 31, 2022 (June 30, 2022: nil).

Note	Six months ended		Three months ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees
	Unaudited	Unaudited	Unaudited	Unaudited
14 SALES				
Yarn	424,316,829	402,017,374	210,420,823	214,914,479
Waste	499,005	451,011	270,855	240,412
	424,815,834	402,468,385	210,691,678	215,154,891
Less: sales tax	(61,725,376)	(58,478,312)	(10,180,360)	(31,261,821)
	<u>363,090,458</u>	<u>343,990,073</u>	<u>200,511,318</u>	<u>183,893,070</u>

15 COST OF SALES

Raw material consumed	15.1	268,326,915	238,856,706	144,816,759	131,463,669
Salaries, wages and other		52,108,230	42,444,388	27,317,820	21,623,331
Electricity		41,344,548	33,736,458	20,710,682	17,851,513
Insurance		470,313	561,201	470,313	561,201
Repair and maintenance		69,480	257,160	21,900	75,290
Stores and spares consumed	15.2	6,739,229	7,118,488	3,784,824	3,963,709
Depreciation		2,145,246	1,781,647	1,072,624	890,824
		371,203,961	324,756,048	198,194,922	176,429,537
Opening work in process		4,792,641	2,959,875	5,219,530	3,920,416
Closing work in process		(4,704,988)	(3,676,483)	(4,704,988)	(3,676,483)
		87,653	(716,608)	514,542	243,933
Cost of goods manufactured		371,291,614	324,039,440	198,709,464	176,673,470
Opening stock of finished goods		8,302,321	16,730,902	16,718,104	10,280,947
Closing stock of finished goods		(19,792,859)	(10,673,105)	(19,792,859)	(10,673,105)
		(11,490,538)	6,057,797	(3,074,755)	(392,158)
Opening stock of waste material		91,510	37,752	27,300	37,752
Closing stock of waste material		(61,162)	(32,200)	(61,162)	(32,200)
		30,348	5,552	(33,862)	5,552
		<u>359,831,424</u>	<u>330,102,789</u>	<u>195,600,847</u>	<u>176,286,864</u>

15.1 Raw material consumed

Opening stock	4,709,979	5,955,338	5,841,472	11,031,405
Purchases	273,811,576	245,575,779	149,169,927	133,106,675
	278,521,555	251,531,117	155,011,399	144,138,080
Closing stock	(10,194,640)	(12,674,411)	(10,194,640)	(12,674,411)
Consumed during the period	<u>268,326,915</u>	<u>238,856,706</u>	<u>144,816,759</u>	<u>131,463,669</u>

	Six months ended		Three months ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees
	Unaudited	Unaudited	Unaudited	Unaudited
Opening stock	2,913,511	2,018,079	2,596,891	2,166,559
Purchases	6,619,271	8,121,306	3,981,486	4,818,047
	9,532,782	10,139,385	6,578,377	6,984,606
Closing stock	(2,793,553)	(3,020,897)	(2,793,553)	(3,020,897)
	6,739,229	7,118,488	3,784,824	3,963,709

15.2 Stores and spares consumed

16 (LOSS)/ EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	Six months ended		Three months ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	Unaudited	Unaudited	Unaudited	Unaudited
(Loss)/ profit after taxation (Rupees)	(7,678,793)	3,325,166	(850,773)	1,865,818
Weighted average number of ordinary shares at the end of the period (Number of shares)	1,300,000	1,300,000	1,300,000	1,300,000
(Loss)/ earnings per shares - Basic and diluted (Rupees)	(5.90)	2.56	(0.65)	1.44

Advised.

17 TRANSACTIONS WITH RELATED PARTIES

17.1 The related parties and associated undertakings of the Company comprise of associated companies, directors and key management personnel. Transactions with related parties during the period are as follows:

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	Six month ended		Quarter ended	
			December 31, 2022	2021	December 31, 2022	2021
			Rupees	Rupees	Rupees	Rupees
International Beverages (Private) Limited	Associated company by virtue of common directorship	Amount payable at period end	-	-	-	4,066,077
Taj Mills Limited	Associated company by virtue of common directorship	Office rent paid / payable	600,000	300,000	300,000	150,000
		Amount payable at period end	600,000	300,000	300,000	150,000
Mahfooz Elahi	Chief Executive	Loan paid during the year	250,000	130,000	-	-
		Loan obtained during the year	3,750,000	-	-	-
		Amount payable at period end (Loan obtained previously)	16,348,999	12,973,999	16,348,999	12,973,999
Mahboob Elahi	Director	Loan obtained during the year	2,500,000	-	-	-
	Director	Amount payable at period end (Loan obtained previously)	56,275,546	53,775,546	56,275,546	53,775,546
Mahmood Elahi	Director	Amount payable at period end (Loan obtained previously)	5,175,000	5,175,000	5,175,000	5,175,000

As per

The transactions with key management personnel includes remuneration and other benefits under the terms of their employment which are as follows:

	Six months ended December 31,		Three months ended December 31,	
	2022 Rupees	2021 Rupees	2022 Rupees	2021 Rupees
Short term employment benefits	1,153,500	1,125,000	576,750	562,500
Provision towards retirement benefits	96,125	93,750	48,063	46,875
	<u>1,249,625</u>	<u>1,218,750</u>	<u>624,813</u>	<u>609,375</u>

18 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2022.

19 FAIR VALUE MEASUREMENT

The carrying values of all financial assets and liabilities reflected in the interim financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The management assessed that the carrying value of cash and short term deposits, trade debts, other receivables trade and other payables and other current liabilities approximate their fair values largely due to the short term maturities of these instruments. Fair value is determined on the basis of objective evidence at each reporting date.

Transfers during the period

During the six month period ended December 31, 2022, there were no transfers into or out of Level 3 fair value measurements.

As at December 31, 2022 and June 30, 2022 the Company did not hold any financial instruments carried at fair value. Moreover, free hold land, buildings and plant and machinery are measured at fair value.

The Company has revalued its freehold land, buildings and plant and machinery on December 31, 2021 by independent valuer M/s Asrem (Private) Limited on the basis of market values of similar properties. The fair value of plant and machinery is a level 3 recurring fair value measurement.

Fair value of land and building are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation, while fair value of plant and machinery are considered to be level 3 in the fair value hierarchy due to significant unobservable inputs used in the valuation.

Valuation techniques used to derive level 2 fair values - Land and Building

Fair value of land and building has been derived using a sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. Moreover value of building also depends upon the type of construction, age and quality. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

Valuation techniques used to derive level 3 fair values - Plant and Machinery

In the absence of current prices in an active market, the fair value is determined by taking into account the following factors:

- Make, model, country of origin and etc.;
- Operational capacity;
- Present physical condition;
- Resale prospects; and
- Obsolescence.

The valuation is considered to be level 3 in the fair value hierarchy due to the above unobservable inputs used in the valuation. Most significant input in this valuation is the current replacement cost which is adjusted for factors above.

A reconciliation from opening balances to closing balances of fair value measurements categorised in level 3 is provided below:

	December 31, 2022 Rupees Unaudited	June 30, 2022 Rupees Audited
Opening balance (level 3 recurring fair values)	25,027,750	22,270,848
Additions - Cost	-	-
Additions - Revaluation	-	5,187,694
Depreciation charge	(1,251,388)	(2,430,792)
Closing balance (level 3 recurring fair values)	<u>23,776,362</u>	<u>25,027,750</u>

There were no transfers between levels 2 and 3 for recurring fair value measurements during the period.

Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

Absent

	December 31, 2022 Rupees Unaudited	June 30, 2022 Rupees Audited
Freehold land	299,995	299,995
Buildings on freehold land	875,137	897,576
Plant and machinery	5,793,059	6,097,957

20 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with reference to disclosure requirements of fourth schedule of the Companies Act, 2017 relating to "All Shares Islamic Index".

Description	Explanation	December 31, 2022 Rupees Unaudited	June 30, 2022 Rupees Audited
Bank balances as at December 31, 2022	Placed under Shariah permissible arrangements	5,614,319	5,818,070
All sources of other income	Other income	515,841	28,739

There is no other bank balance / investments which carry any interest or mark-up arrangements.

21 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the period.

22 DATE OF AUTHORIZATION

These interim financial statements were authorised for issue on 24 FEB 2023 by the Board of Directors of the Company.

23 GENERAL

Figures have been rounded off to the nearest rupee.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER