



*Half Yearly Accounts December 31, 2022
(Un-Audited)*



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HIRA TEXTILE MILLS LIMITED

COMPANY INFORMATION

CHAIRMAN

Dr. Azhar Waheed

CHIEF EXECUTIVE

Mr. Mohammad Tariq

BOARD OF DIRECTORS

Dr. Azhar Waheed
Mr. Muhammad Awais Qarni Chaudry
Mr. Muhammad Hasnain Saeed Sohbin
Mr. Mohammad Tariq
Mrs. Zainab Malik (Independent Director)
Mr. Saeed Ahmed Khan
Mr. Shaukat Nazir Malik (Independent Director)

AUDIT COMMITTEE

| | |
|-------------------------|----------|
| Mr. Shaukat Nazir Malik | Chairman |
| Mr. Mohammad Tariq | Member |
| Mrs. Zainab Malik | Member |

HUMAN RESOURCE & REMUNERATION COMMITTEE

| | |
|----------------------------------|-------------|
| Mrs. Zainab Malik | Chairperson |
| Mr. Saeed Ahmad Khan | Member |
| Mr. Muhammad Awais Qarni Chaudry | Member |

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Muhammad Hasnain Saeed Sohbin

AUDITORS

M/S Rahman Sarfaraz Rahim Iqbal Rafiq.
(Chartered Accountants)
Member of Russell Bedford International.
House No 72-A, Faisal Town, Lahore

LEGAL ADVISER

Salman Akram Raja.
Raja Mohammad Akram & Co.,
Advocates & Legal Consultants.
33-C Main Gulberg Lahore.

REGISTRAR OF THE COMPANY

Vision Consulting Ltd.
3 – C , 1st floor, LDA Flats, Lawrance Road Lahore
Ph: + 92 42 36283096 - 97

REGISTERED OFFICE

8 KM Manga Raiwind Road Raiwind District Kasur
Ph: + 92 42 35393402, 35393461
WEB: www.hiratex.com.pk

MILLS

8 KM Manga Raiwind Road Raiwind District Kasur



Directors' Report

The Directors are pleased to present the reviewed financial statements of the company for the half-year ended December 31, 2022.

Following are the Operating results of the Company.

| | Six months ended 31 December 2022 | Six months ended 31 December 2021 |
|----------------------------|--------------------------------------|--------------------------------------|
| | Rupees | Rupees |
| Sales - Net | 42,200,000 | 194,597,171 |
| Gross profit (Loss) | (80,501,696) | (227,366,287) |
| Operating Profit (Loss) | (51,813,627) | (220,049,082) |
| Profit/ (Loss) after Tax | (110,053,013) | (295,797,813) |
| (Loss) / Earning per Share | (1.27) | (3.42) |

Review of business during this period and Future outlook

The Company's sales are Rs. 42.200 million as compared to Rs.194.597 million during the corresponding period of last year showing a decrease of 78.31%. Gross Loss for the period is Rs.80.501 million as compared to the gross loss of Rs227.366 million in the corresponding period. The decrease in Gross Loss is mainly due to substantial decrease in expenses. Loss from operations is Rs. 51.813 million as compared to operational loss of Rs. 220.049 million in the corresponding period. The decrease in loss is attributed due to decrease in expenses. After tax loss is Rs. 110.053 million as compared to loss of Rs. 295.798 million in the corresponding period. Loss per share for the six month period are Rs. (1.27) as compared to Rs. (3.42) during the corresponding period.

However, the management of the company is putting its best efforts forward by taking severe cost cutting measures to increase the profit margins and to improve the margins further through production and marketing strategies in the remaining six month of the year.

The Directors wish to express their appreciation the staff & workers of the Company for their dedication & devotion displayed in the success & sales growth of the company.

On behalf of the Board

Lahore
September 03, 2024

Azhar Waheed
Mr. Muhammad Azhar
(Chairperson)

M. Tariq
Muhammad Tariq
(Chief Executive)

ڈائریکٹرز رپورٹ

ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والی ششماہی کے لئے آڈیٹرز سے جائزہ شدہ مالیاتی معلومات پیش کرتے ہوئے خوش محسوس کرتے ہیں۔
کمپنی کے عملی مالیاتی نتائج درج ذیل ہیں۔

| ششماہی 31 دسمبر 2021 | ششماہی 31 دسمبر 2022 | |
|----------------------|----------------------|---------------------------|
| روپے | روپے | |
| 194,597,171 | 42,200,000 | فروختگی (Net) |
| (227,366,287) | (80,501,696) | مجموعی منافع (نقصان) |
| (220,049,082) | (51,813,627) | آپریٹنگ منافع (نقصان) |
| (295,797,813) | (110,053,013) | منافع (نقصان) بعد از ٹیکس |
| (3.42) | (1.27) | آمدن (نقصان) فی شیئر |

اس مدت کے دوران کاروبار کا جائزہ اور مستقبل پر نظر

کمپنی کی زیر جائزہ مدت کے دوران فروخت شدہ مال کی مالیت 42.200 ملین روپے ہے جبکہ پچھلے سال اسی مدت کے دوران فروخت شدہ مال کی مالیت 194.597 ملین روپے تھی۔ جو کہ گزشتہ سال سے 78.31 کم ظاہر کر رہی ہے۔ زیر جائزہ مدت کے دوران مجموعی نقصان 80.501 ملین روپے پر جبکہ پچھلے سال اسی مدت کے دوران مجموعی نقصان 227.366 ملین روپے تھا۔ مجموعی نقصان میں کمی کی بنیادی وجہ اخراجات میں نمایاں کمی ہے۔ کمپنی کا آپریٹنگ منافع 51.813 ملین روپے پر جبکہ پچھلے سال اسی مدت کے دوران آپریٹنگ منافع 220.049 ملین روپے تھا۔ آپریٹنگ منافع میں کمی کی وجہ کمپنی کے مجموعی نقصان میں کمی ہے۔ بعد از ٹیکس نقصان 110.053 ملین روپے ہے۔ جبکہ پچھلے سال اسی مدت میں بعد از ٹیکس نقصان 295.798 ملین روپے تھا۔ رواں ششماہی کے لئے فی حصص نقصان (1.27) روپے ہے۔ جبکہ پچھلے سال اسی مدت کے دوران فی حصص نقصان (3.42) روپے تھا۔

تاہم کمپنی کی انتظامیہ یقین دہانی ششماہی میں بہتر منافع کے حصول کے لئے اور پیداواری لاگت میں کمی لانے کے لئے سخت اقدامات اٹھانے کے ساتھ ساتھ بہتر پیداوار اور مارکیٹنگ حکمت عملی کے ذریعے اپنی تمام تر صلاحیتوں کو بروئے کار لاتے ہوئے اس میں بہتری کے لئے پرامید ہے۔

ڈائریکٹرز کمپنی کے عملے اور کارکنان کی اپنے کام کی لگن اور ایثار کے لئے جو انھوں نے کمپنی کی بہتری کے لئے کی ہیں کو تحسین کی نظر سے دیکھتے اور سراہتے ہیں۔

لاہور
03 ستمبر 2024

Azhar Waheed
ڈائریکٹر اظہر وحید
چیئرمین

M. Jang
محمد طارق
چیف ایگزیکٹو



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of HIRA TEXTILE MILLS LIMITED Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **HIRA TEXTILE MILLS LIMITED** [the Company] as at 31 December 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-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. The figures for the three-month period ended 31 December 2022 of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity." A review of 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 Disclaimer of Conclusion

1. As reported in note 2.2, the Company has incurred a loss after taxation of Rs. 110.053 million during the half year ended December 31, 2022. As at December 31, 2022, the Company has accumulated losses of Rs. 2,621.90 million and negative equity of Rs. 39.964. Its current liabilities exceed current assets by Rs. 996.210 million. The Company has not been able to make timely repayments of its debt finances and interest thereon. The providers of debt finances have filed recovery suits against the Company. Production and Sales of the Company have significantly curtailed. All borrowing facilities availed by the Company stand expired. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. While the Company has prepared and presented the annexed interim financial statements on going concern basis based on the factors explained in note 2.2. We consider that in the absence of any favorable settlement with the providers of debt finances, ability to obtain further financing and revival of its operations, the Company may not be able to settle its liabilities and realize its assets in the normal course of business. Consequently, the use of going concern assumption in the preparation of annexed financial statements is not appropriate and adjustments may be required to the amounts reported in the financial statements. These interim financial statements do not disclose this fact.
2. The Company was unable to make timely repayments of long-term finances and interest thereon. As a result, the Company breached provisions of long-term financing agreements with Askari Bank Limited, MCB Bank Limited, National Bank of Pakistan, Faysal Bank Limited, Habib Bank Limited, The Bank of Punjab, Bank Alfalah Limited and Faysal Bank Limited, whereby the entire liability under these agreements has become payable on demand, However, the Company continues to classify these finances as noncurrent liabilities. Had these been classified as current liabilities, the total current liabilities of the Company as at the reporting date would have been higher by Rs. 1,583.041 million.



Disclaimer of Conclusion

Due to the significance of the matters described in the 'Basis for Disclaimer of Conclusion' paragraph, we were unable to obtain sufficient appropriate evidence to form a conclusion on the accompanying interim financial information for half year ended December 31, 2022. Accordingly, we do not express a conclusion on these interim financial statements.

The interim financial statements for the six-month period ended December 31, 2021 and financial statements for the year ended June 30, 2022 were reviewed / audited by another firm of Chartered Accountants, who vide their review / audit report dated February 28, 2022 and November 25, 2022 have expressed Adverse Conclusion / Disclaimer of Opinion respectively.

The engagement partner on review resulting in this independent auditor's report is Waseem Ashfaq.

H.A.M.D & CO.
Chartered Accountants



Place: Lahore
Date: 06 September 2024
UDIN: RR202210040j0DPYuCSG



Condensed Interim Statement of Financial Position as at 31 December 2022

| | <i>Note</i> | December 31, 2022 | June 30, 2022 |
|---|-------------|------------------------|------------------|
| | | <i>Rupees</i> | <i>Rupees</i> |
| | | <i>(Un-audited)</i> | <i>(Audited)</i> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| <i>Authorized capital</i> | | | |
| 87,000,000 (June 30, 2022: 87,000,000) ordinary shares of Rs. 10 each | | 870,000,000 | 870,000,000 |
| Issued, subscribed and paid-up capital | | 865,779,200 | 865,779,200 |
| Share premium | | 82,500,000 | 82,500,000 |
| Surplus on revaluation of property, plant and equipment | | 1,152,156,326 | 1,158,769,554 |
| Accumulated Losses | | (2,621,900,196) | (2,518,460,411) |
| Loan from directors and sponsors | | 481,500,000 | 481,500,000 |
| TOTAL EQUITY | | (39,964,670) | 70,088,343 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long term finances | | 1,583,041,055 | 1,583,041,055 |
| Lease liability | | 2,387,302 | 3,054,544 |
| Employees retirement benefits | | - | - |
| Deferred interest | | 175,751,943 | 175,751,943 |
| Deferred taxation | | 357,810,779 | 357,810,779 |
| | | 2,118,991,079 | 2,119,658,321 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 562,488,810 | 455,090,627 |
| Unclaimed dividend | | 2,757,216 | 2,757,216 |
| Short term borrowings | | 334,970,742 | 334,970,742 |
| Accrued interest | | 259,620,525 | 201,952,331 |
| Current portion of non-current liabilities | | 66,308,883 | 66,308,883 |
| | | 1,226,146,176 | 1,061,079,799 |
| TOTAL LIABILITIES | | 3,345,137,255 | 3,180,738,120 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 6 | | |
| TOTAL EQUITY AND LIABILITIES | | 3,305,172,586 | 3,250,826,463 |

The annexed notes from 1 to 19 form an integral part of these interim financial statements.


Chief Executive


Chief Financial Officer


Director



Condensed Interim Statement of Financial Position as at 31 December 2022

| | <i>Note</i> | December 31, 2022 | June 30, 2022 |
|---|-------------|----------------------|----------------------|
| | | <i>Rupees</i> | <i>Rupees</i> |
| | | <i>(Un-audited)</i> | <i>(Audited)</i> |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | 7 | 2,971,979,909 | 3,036,411,814 |
| Right-of-use assets | 8 | 53,647,342 | 54,962,279 |
| Long term investments | 9 | - | - |
| Long term deposits | | 49,609,093 | 49,609,093 |
| | | 3,075,236,345 | 3,140,983,186 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 202,010 | 4,178,856 |
| Stock in trade | | - | - |
| Trade debts | | 11,333,525 | 1,484,013 |
| Advances, deposits, prepayments and other receivables | | 195,302,095 | 80,463,104 |
| Advance income tax / income tax refundable | | 22,314,994 | 22,842,494 |
| Cash and bank balances | | 783,617 | 874,810 |
| | | 229,936,241 | 109,843,277 |
| TOTAL ASSETS | | 3,305,172,586 | 3,250,826,463 |

The annexed notes from 1 to 19 form an integral part of these interim financial statements.


Chief Executive


Chief Financial Officer


Director



Condensed Interim Statement of Profit or Loss (Un-audited)

For the Six Months Period ended December 31, 2022

| | Note | Six month ended | | Three month ended | |
|---|------|----------------------|----------------------|---------------------|----------------------|
| | | December 31, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| | | Rupees | Rupees | Rupees | Rupees |
| Sales - net | 10 | 42,200,000 | 194,597,171 | 2,040,000 | 13,615,816 |
| Cost of sales | 11 | (122,701,696) | (421,963,458) | (37,175,792) | (145,164,750) |
| Gross profit/(loss) | | (80,501,696) | (227,366,287) | (35,135,792) | (131,548,934) |
| Distribution cost | | - | (50,000) | - | - |
| Administrative expenses | | (1,948,127) | (20,999,643) | (1,170,630) | (9,767,797) |
| | | (82,449,823) | (21,049,643) | (36,306,422) | (9,767,797) |
| Other income | | 30,636,196 | 28,366,848 | 15,519,652 | 14,370,048 |
| Operating profit/(loss) | | (51,813,627) | (220,049,082) | (20,786,770) | (126,946,683) |
| Finance cost | | (57,711,886) | (72,829,773) | (28,834,227) | (34,504,252) |
| | | (109,525,513) | (292,878,855) | (49,620,997) | (161,450,935) |
| Loss before taxation | | (109,525,513) | (292,878,855) | (49,620,997) | (161,450,935) |
| Taxation | 12 | (527,500) | (2,918,958) | (25,500) | (204,238) |
| Loss after taxation | | (110,053,013) | (295,797,813) | (49,646,497) | (161,655,173) |
| Loss per share - basic and diluted | | (1.27) | (3.42) | (0.57) | (1.87) |

The annexed notes from 1 to 19 form an integral part of these interim financial statements.


Chief Executive


Chief Financial Officer


Director



Condensed Interim Statement of Comprehensive Income (Un-audited) For the Six Months Period ended December 31, 2022

| | Six month ended | | Three month ended | |
|---------------------------------|----------------------|----------------------|---------------------|----------------------|
| | December 31, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> | <i>Rupees</i> |
| Other comprehensive income | - | - | - | - |
| Loss after taxation | (110,053,013) | (295,797,813) | (49,646,497) | (161,655,173) |
| Total comprehensive loss | (110,053,013) | (295,797,813) | (49,646,497) | (161,655,173) |

The annexed notes from 1 to 19 form an integral part of these interim financial statements.


Chief Executive


Chief Financial Officer


Director

Condensed Interim Statement of Changes in Equity (Un-audited) For the Six Months Period ended December 31, 2022

| | Share capital | | Capital reserves | | Revenue reserves | Total Equity |
|---|---------------------------------------|-------------------|----------------------|----------------------------------|------------------------|---------------------|
| | Issued subscribed and paid-up capital | Share premium | Revaluation Reserve | Loan from directors and sponsors | Retained Earnings | |
| | Rupees | Rupees | Rupees | Rupees | Rupees | |
| Balance as at June 30, 2021 - Audited | 865,779,200 | 82,500,000 | 1,159,043,059 | 481,500,000 | (1,960,982,734) | 627,839,525 |
| Comprehensive loss | | | | | | |
| Loss after taxation | - | - | - | - | (295,797,813) | (295,797,813) |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive loss | - | - | - | - | (295,797,813) | (295,797,813) |
| Incremental depreciation | - | - | (23,038,130) | - | 23,038,130 | - |
| Transaction with owners | - | - | - | - | - | - |
| Balance as at December 31, 2021 - Un-audited | 865,779,200 | 82,500,000 | 1,136,004,929 | 481,500,000 | (2,233,742,417) | 332,041,712 |
| Balance as at January 01, 2022 - Un-audited | 865,779,200 | 82,500,000 | 1,136,004,929 | 481,500,000 | (2,233,742,417) | 332,041,712 |
| Comprehensive loss | | | | | | |
| Loss after taxation | - | - | - | - | (288,146,453) | (288,146,453) |
| Other comprehensive Income/(loss) | - | - | 26,193,084 | - | - | 26,193,084 |
| Total comprehensive loss | - | - | 26,193,084 | - | (288,146,453) | (261,953,369) |
| Incremental depreciation | - | - | (3,428,459) | - | 3,428,459 | - |
| Transaction with owners | - | - | - | - | - | - |
| Transferred from Long Term loan from Directors and Sponsors | - | - | - | - | - | - |
| Transferred from Short Term loan from Directors and Sponsors | - | - | - | - | - | - |
| Balance as at June 30, 2022 - Audited | 865,779,200 | 82,500,000 | 1,158,769,554 | 481,500,000 | (2,518,460,411) | 70,088,343 |
| Balance as at July 01, 2022 - Audited | 865,779,200 | 82,500,000 | 1,158,769,554 | 481,500,000 | (2,518,460,411) | 70,088,343 |
| Comprehensive loss | | | | | | |
| Loss after taxation | - | - | - | - | (110,053,013) | (110,053,013) |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive loss | - | - | - | - | - | - |
| Incremental depreciation | - | - | (6,613,228) | - | 6,613,228 | - |
| Transaction with owners | - | - | - | - | - | - |
| Balance as at December 31, 2022 - Un-audited | 865,779,200 | 82,500,000 | 1,152,156,326 | 481,500,000 | (2,621,900,196) | (39,964,670) |

The annexed notes from 1 to 19 form an integral part of these interim financial statements.


Chief Executive


Chief Financial Officer


Director



Condensed Interim Cash Flow Statement (Un-audited)

For the Six Months Period ended December 31, 2022

| | Six month ended | |
|--|--------------------|----------------------|
| | December 31, 2022 | December 31, 2021 |
| | Rupees | Rupees |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (109,525,513) | (292,878,855) |
| Adjustments for non-cash items | | |
| Interest on borrowings | 57,668,195 | 72,829,773 |
| Provision for employees retirement benefits | - | 4,000,000 |
| Depreciation | 65,746,842 | 60,323,860 |
| | - | - |
| | 123,415,037 | 137,153,633 |
| Operating profit/(loss) before changes in working capital | 13,889,524 | (155,725,222) |
| Changes in working capital | | |
| Stores, spares and loose tools | 3,976,846 | 24,456,941 |
| Stock-in-trade | - | 66,974,430 |
| Trade debts | (9,849,512) | 7,433,187 |
| Advances, deposits, prepayments and other receivables | (114,838,991) | 43,191,024 |
| Trade and other payables | 107,398,183 | 47,500,951 |
| | (13,313,474) | 189,556,533 |
| Net cash generated from operations | 576,050 | 33,831,311 |
| Payments for | | |
| Interest on borrowings | - | (2,449,744) |
| Income tax | - | (395,761) |
| Employees retirement benefits | - | (7,167,779) |
| Net cash (used in)/generated from operating activities | 576,050 | 23,818,027 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditure | - | (25,328,845) |
| Long term deposits made | - | - |
| Proceeds from disposal of property, plant and equipment | - | - |
| Net cash used in investing activities | - | (25,328,845) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long term finances obtained/(repaid) | - | (4,081,665) |
| Repayment of lease liability | (667,242) | (972,030) |
| Net decrease in short term borrowings | - | - |
| Net cash generated from/(used in) financing activities | (667,242) | (5,053,695) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (91,192) | (6,564,513) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 874,810 | 7,840,526 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 783,617 | 1,276,013 |

The annexed notes from 1 to 19 form an integral part of these interim financial statements.


Chief Executive


Chief Financial Officer


Director



Notes to the Condensed Interim Financial Statements (Un-audited)

For the Six Months Period ended December 31, 2022

1 LEGAL STATUS AND OPERATIONS

Hira Textile Mills Limited [the Company] is incorporated in Pakistan as a public limited company vide registration No. ----- under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 8-KM, Manga Raiwind Road, Raiwind, Distt. Kasur. The Head Office is located at 19-Aibak Block, New Garden Town, Lahore. The principal activity of the Company is manufacturing and sale of yarn. The manufacturing facility is located at Manga Raiwind Road, Tehsil / District Kasur in the province of Punjab.

2 BASIS OF PREPARATION

The interim financial statements are un-audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2022.

These interim financial statements have been subjected to limited scope review by the auditors of the company, as required under section 237 of the Companies Act, 2017. The comparative condensed interim statement of financial position as at 30 June 2022 and the related notes to the interim financial statements are based on audited financial statements. The comparative 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 related notes to the condensed interim financial statements for the six-month period ended 31 December 2021 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-month period ended 31 December 2022 and 31 December 2021 are neither audited nor reviewed.

2.1 Statement of compliance

These 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 comprises of:

- International Accounting Standard 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Appropriateness of the going concern assumption

The Company has been facing unfavorable market conditions, depressed yarn prices following weak demand of spun yarn, increase in raw material and production costs resulting in low margins for past few years. As a result, the Company has incurred loss after taxation of Rs. 110.053 million during the period ended December 31, 2022. As at December 31, 2022, the Company has accumulated losses of Rs.2,621.90 million as at the reporting date which has turned its equity to negative Rs. 39.964 million and its current liabilities exceed its current assets by Rs. 996.209 million. Production and Sales of the Company have significantly curtailed. Further, the Company has failed to make timely repayments of its debt finances and interest thereon due to which lenders have filed recovery suits against the Company. These factors raise doubts about the Company's ability to continue as a going concern and that the Company may not be able discharge its liabilities and realize its assets in normal course of business. However, these financial statements have been prepared on going concern basis based on the following:

- a) The management of the company is continuously negotiating with various banking companies for restructuring / rescheduling agreement of loan facilities. The management is confident that it will be able to secure a reasonable arrangement. Further, rounds of negotiations for debt restructuring with National Bank of Pakistan are also in process and the management expects to secure a favourable deal soon.
- b) The management is vigorously contesting the recovery suits filed by providers of debt finances. Further, the Company has filed countersuits claiming an aggregate recovery of 3,053.244 million.
- c) The Company has continued financial support of its directors and sponsors. Up to June 30, 2022, the directors and sponsors of the Company has provided financial support amounting to Rs. 481.50 million .
- d) The Company has shifted its product mix from manufacturing of coarse count yarn to fine count yarn and making efforts to increase production. This will lead to lower cost of raw material (primarily cotton) and reduction in manpower requirements, reduction in per spindle cost through savings in energy costs as well as upto 60% savings in labour costs. This, coupled with a company-wide cost-cutting drive, is expected to provide the much needed breathing room in terms of liquidity

The management believes that in view of the afore mentioned, the Company will able to continue as a going concern.



Notes to the Condensed Interim Financial Statements (Un-audited) For the Six Months Period ended December 31, 2022

2.3 Basis of measurement

These interim financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment at revalued amounts, certain financial instruments at fair value/amortized cost and employees retirement benefits at present value. In these interim financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.4 Judgments, estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.5 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures, except as stated otherwise.

3.1 Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations)

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

3.2 Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

3.3 Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

3.3 Annual Improvements to IFRS Standards 2018–2020

The annual improvements have made amendments to the following standards:

IFRS 1 - First Time Adoption of International Financial Reporting Standards - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

- **IFRS 1 - First Time Adoption of International Financial Reporting Standards** - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- **IFRS 9 - Financial Instruments** - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's



Notes to the Condensed Interim Financial Statements (Un-audited) For the Six Months Period ended December 31, 2022

- **IFRS 16 - Leases** - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- **IAS 41 - Agriculture** - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

| | Effective date (annual periods beginning on or after) |
|--|--|
| Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures). | Deferred Indefinitely |
| Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements) | January 01, 2023 |
| Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors) | January 01, 2023 |
| Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes) | January 01, 2023 |
| Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements). | January 01, 2024 |
| Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 - Leases) | January 01, 2024 |
| Non-current Liabilities with Covenants (Amendments to IAS 1 - Presentation of Financial Statements) | January 01, 2024 |

Other than afore mentioned standards, interpretations and amendments, IABS has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan [‘SECP’]:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 17 – Insurance contracts (2017)

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

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

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no change in status and amount of contingencies since June 30, 2022.

6.2 Commitments

There are no commitments as at December 31, 2022.



Notes to the Condensed Interim Financial Statements (Un-audited) For the Six Months Period ended December 31, 2022

| | December 31, 2022 | June 30, 2022 | | |
|---|----------------------|----------------------|-------------------|-------------------|
| | Rupees | Rupees | | |
| | (Un-Audited) | (Audited) | | |
| 7 FIXED ASSETS | | | | |
| Operating fixed assets | | | | |
| Net book value at the beginning of the period/year | 3,036,411,814 | 3,162,598,067 | | |
| Additions during the period/year | | | | |
| Freehold land | - | - | | |
| Buildings on freehold land | - | 170,030 | | |
| Plant and machinery | - | 25,053,095 | | |
| Electric installation | - | 1,483,000 | | |
| Power house | - | - | | |
| Factory equipment | - | - | | |
| Computers | - | 206,750 | | |
| | - | 26,912,875 | | |
| Adjustment for Disposal of Asstes | | (15,971,743) | | |
| Depreciation for the period/year | (64,431,905) | (137,127,385) | | |
| Net book value at end of the period/year | 2,971,979,909 | 3,036,411,814 | | |
| 8 RIGHT-OF-USE ASSETS | | | | |
| Net book value at beginning of the period/year | 54,962,279 | 58,445,537 | | |
| Depreciation for the period/year | (1,314,937) | (3,483,258) | | |
| Net book value at end of the period/year | 53,647,342 | 54,962,279 | | |
| 9 LONG TERM INVESTMENTS | | | | |
| This represents investment in ordinary shares of Hira Terry Mills Limited, an associated company. | | | | |
| | December 31, 2022 | June 30, 2022 | | |
| | Rupees | Rupees | | |
| | (Un-Audited) | (Audited) | | |
| Percentage of ownership interest | 46.90% | 46.90% | | |
| Cost of investment | 184,500,000 | 184,500,000 | | |
| 18,450,000 shares (June 30, 2022: 18,450,000 shares) | | | | |
| Bonus Issue @ 20% | 36,900,920 | 36,900,920 | | |
| Share of post acquisition losses | (221,400,920) | (221,400,920) | | |
| | - | - | | |
| | - | - | | |
| | Six month ended | | Three month ended | |
| | December 31, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| | Rupees | Rupees | Rupees | Rupees |
| | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Un-Audited) |
| 10 SALES - NET | | | | |
| Yarn | 42,200,000 | 194,597,171 | 2,040,000 | 13,615,816 |
| Waste | - | - | - | - |
| | 42,200,000 | 194,597,171 | 2,040,000 | 13,615,816 |



Notes to the Condensed Interim Financial Statements (Un-audited) For the Six Months Period ended December 31, 2022

11 COST OF SALES

| | | | | |
|---|--------------------|--------------------|-------------------|--------------------|
| Raw material consumed | - | 106,069,653 | - | 20,596,584 |
| Packing material consumed | - | 9,159,029 | - | 3,635,473 |
| Stores, spares and loose tools consumed | 3,976,845 | 9,513,678 | - | 2,955,450 |
| Salaries, wages and benefits | 25,074,798 | 70,601,714 | - | 30,407,306 |
| Insurance | - | 3,817,296 | - | 1,908,648 |
| Fuel and power | 29,218,148 | 61,137,991 | 4,390,127 | 27,215,170 |
| Depreciation | 64,431,905 | 60,323,860 | 32,785,665 | 30,161,930 |
| Other manufacturing overheads | - | 12,323,475 | - | 1,281,355 |
| | 122,701,696 | 332,946,696 | 37,175,792 | 118,161,916 |
| Work in process | | | | |
| As at beginning of the period | - | 68,307,503 | - | 41,012,906 |
| As at end of the period | - | (10,782,110) | - | (10,782,110) |
| | - | 57,525,393 | - | 30,230,796 |
| Cost of goods manufactured | 122,701,696 | 390,472,089 | 37,175,792 | 148,392,712 |
| Finished goods | | | | |
| As at beginning of the period | - | 150,516,331 | - | 115,797,000 |
| As at end of the period | - | (119,024,962) | - | (119,024,962) |
| | - | 31,491,369 | - | (3,227,962) |
| | 122,701,696 | 421,963,458 | 37,175,792 | 145,164,750 |

12 PROVISION FOR TAXATION

| | | | | | |
|-------------------|------|------------------|------------------|---------------|----------------|
| Current taxation | 12.1 | (527,500) | 2,918,958 | 25,500 | 204,238 |
| Deferred taxation | 12.2 | - | - | - | - |
| | | (527,500) | 2,918,958 | 25,500 | 204,238 |

12.1 Provision for taxation has been made under section 113 of the Income Tax Ordinance, 2001.

12.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.

13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the period or has balances outstanding as at the reporting date are as follows:

| Name of related party | Nature of relationship | Basis of relationship | Aggregate %age of shareholding in the Company |
|-------------------------------|--------------------------------|-----------------------|---|
| Hira Terry Mills Limited | Associated company | Investment | 46.9000% |
| Muhammad Umer Virk | Key management personnel | Director (Retired) | 27.2800% |
| Muhammad Hasnain Saeed Sohbin | Key management personnel | Director | 0.0028% |
| Muhammad Tariq | Key management personnel | Director | 0.0006% |
| Shahnaz Umer | Close family member of sponsor | Director (Retired) | 6.6135% |
| Sadiya Umair | Close family member of sponsor | Director (Retired) | 6.5120% |
| Umair Umer | Close family member of sponsor | Director (Retired) | 0.0000% |
| Umaira Umer | Close family member of sponsor | Director (Retired) | 9.9400% |

Transactions with key management personnel are limited to payment of short term employee benefits and office rent. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an orderly transaction between market participants at the date of transaction. Detail of transactions and balances with related parties is as follows:

Notes to the Condensed Interim Financial Statements (Un-audited) For the Six Months Period ended December 31, 2022

| | | Six month ended | |
|-------------|---|--------------------------|------------------------------|
| | | December 31, 2022 | December 31, 2021 |
| | | <i>Rupees</i> | <i>Rupees</i> |
| | | <i>(Un-Audited)</i> | <i>(Un-Audited)</i> |
| 13.1 | Transactions with related parties | | |
| | Nature of relationship | | Nature of transaction |
| | Associated companies | - | 8,963,545 |
| | | 30,636,196 | 28,366,848 |
| | Sponsors | - | - |
| | | - | - |
| | | 4,400,000 | - |
| | Provident fund trust contribution | - | 1,121,504 |
| | Key management personnel | - | 2,328,480 |
| | | December 31, 2022 | June 30, 2022 |
| | | <i>Rupees</i> | <i>Rupees</i> |
| | | <i>(Un-Audited)</i> | <i>(Audited)</i> |
| 13.2 | Balances with related parties | | |
| | Associated company | 54,184,187 | 36,226,428 |
| | | - | - |
| | Sponsors | 481,500,000 | 481,500,000 |
| | | 12,000,000 | - |
| | | 7,600,000 | - |
| | Key management personnel | 50,843,587 | 60,843,987 |
| | Provident fund trust | - | 1,699,457 |
| 14 | FINANCIAL INSTRUMENTS | | |
| | The carrying amounts of the Company's financial instruments by class and category are as follows: | | |
| | | December 31, 2022 | June 30, 2022 |
| | | <i>Rupees</i> | <i>Rupees</i> |
| | | <i>(Un-Audited)</i> | <i>(Audited)</i> |
| 14.1 | Financial assets | | |
| | Cash in hand | 405,970 | 472,633 |
| | Financial assets at amortized cost | | |
| | Long term deposits | 49,609,093 | 49,609,093 |
| | Trade debts | - | 1,484,013 |
| | Advances to employees | - | 966,497 |
| | Cash at bank | 393,293 | 402,177 |
| | | 50,002,386 | 52,461,780 |
| | | 50,408,356 | 52,934,413 |



Notes to the Condensed Interim Financial Statements (Un-audited) For the Six Months Period ended December 31, 2022

| 14.2 Financial liabilities | December 31, 2022 | June 30, 2022 |
|--|----------------------|----------------------|
| <i>Financial liabilities at amortized cost</i> | | |
| Long term finances | 1,583,041,055 | 1,583,041,055 |
| Deferred Interest | 175,751,943 | 175,751,943 |
| Lease liability | 2,387,302 | 3,054,544 |
| Short term borrowings | 334,970,742 | 334,970,742 |
| Accrued interest | 259,620,525 | 201,952,331 |
| Trade creditors | 238,353,372 | 198,383,257 |
| Accrued liabilities | 103,788,650 | 40,451,414 |
| Other payables | 50,843,987 | 60,843,987 |
| Unclaimed dividend | 2,757,216 | 2,757,216 |
| | 2,751,514,792 | 2,601,206,489 |

15 FAIR VALUE MEASUREMENTS

The Company measures some of its financial assets at fair value. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

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

The fair value hierarchy of assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

15.1 Financial Instruments

There are no recurring or non-recurring fair value measurements as at the reporting date. The management considers the carrying amount of all the financial instruments to approximate their fair values.

15.2 Assets and liabilities other than financial instruments.

15.2.1 Recurring fair value measurements

There are no recurring fair value measurements as at the reporting date.

15.2.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.



Notes to the Condensed Interim Financial Statements (Un-audited) For the Six Months Period ended December 31, 2022

17 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these interim financial statements.

18 GENERAL

18.1 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

18.2 Figures have been rounded off to the nearest Rupee.

19 Date of authorisation for issue

This interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on September 03, 2024.


Chief Executive


Chief Financial Officer


Director



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