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INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF M/S. PREMIUM TEXTILE MILLS LIMITED

Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of M/s. Premium Textile Mills Limited ("the Company") as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes thereto 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.

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 the 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.

As part of our engagement, we were only required to review the cumulative figures for the six-month period ended December 31, 2021. Accordingly, we have not reviewed the figures in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three-month period ended December 31, 2021.

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 reporting standards as applicable in Pakistan for interim financial reporting.

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

  
RAHMAN SARFARAZ RAHIM IQBAL RAFIQ  
Chartered Accountants

Karachi

Date: 28 FEB 2022  
UDIN: RR202110210M1aS4cHOT

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**Russell Bedford International**  
A global network of independent accountancy firms,  
business consultants and specialist legal advisers.

**DIRECTOR'S REPORT**  
**FOR THE 2<sup>nd</sup> QUARTER/ HALF YEAR ENDED 31<sup>st</sup> DECEMBER, 2021**

**Dear Members,**

The Directors would like to present the accounts of the Company for Half year ended December 31<sup>st</sup>, 2021. The overall Performance of the company is summarized below:

	<b>July – Dec 2021</b>	<b>July - Dec 2020</b>
<b>Operating Profit</b>	<b>2,448,852,073</b>	<b>631,570,376</b>
<b>Financial &amp; Others</b>	<b><u>(413,144,094)</u></b>	<b><u>(294,578,712)</u></b>
<b>Profit before Taxation</b>	<b>2,035,707,979</b>	<b>336,991,664</b>
<b>Taxation</b>	<b>(91,473,898)</b>	<b>(53,982,687)</b>
<b>Profit after Taxation</b>	<b>1,944,234,081</b>	<b>283,008,977</b>
<b>Earnings per share</b>	<b>315.47</b>	<b>45.92</b>
<b>Gross Margin %</b>	<b>30.06%</b>	<b>14.08%</b>
<b>Operating Profit %</b>	<b>27.08%</b>	<b>11.94%</b>
<b>Profit after Tax %</b>	<b>21.50%</b>	<b>5.35%</b>

**OPERATING RESULT**

During the period under review, the company has made a profit of Rs. 1,944.234 million as compared to Rs.283.009 million during the same period of last year. There is a substantial increase in Gross Margin by 15.98% and increase in Profit after Tax by 16.15% mainly due to increase in sales volume as well as selling prices. The Financial charges have increased due to increase in short term borrowings by Rs 2.253 billion. There is an increase in rates of financial charges by 1.5% ( Sbp/Kibor rates).Distribution costs have enhanced due to increase in Export freight charges.

**INTERIM DIVIDEND**

The Board of Directors in their meeting approved an interim cash dividend of Rs.50/-per share i.e.500%.

## **FUTURE OUTLOOK**

The future outlook of not only your company but also Pakistan looks bright, provided the support of the Government continues in the form that the Textile Industry is provided a level playing field in terms of cost of financing and cost of energy in comparison to the competing countries.

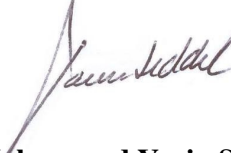
The expansion and modernization is still going on and will continue for a while as some machines have arrived and others are still in the production stage and will be shipped later. As these machines keep coming in, they will be placed in the same space which is ready and all the auxiliary equipment is already working so there will not be any additional cost in most places.

The cotton and polyester has been acquired to last till November 2022 at reasonable rates also.

## **ACKNOWLEDGEMENT**

We are grateful to almighty Allah, who helped us to come up to the expectation of our valued shareholders, who had reposed their confidence in us and are also pleased to record our appreciation for a dedicated hard-working management, staff members & workers without which it could not have been possible for us to deliver these results. Your Board would also like to thank our valued customers, bankers for their continued Trust in the company.

**On behalf of Board of Directors**



**Muhammad Yasin Siddik**  
**Executive Director**

Karachi: 28<sup>th</sup> Feb, 2022

ڈائریکٹرز رپورٹ  
برائے ہونے والے سال 2021-22

ممبران

ڈائریکٹرز کی جانب سے سال 2021-22 تک کے سٹیٹ کا کلیہ مجموعی کارکردگی پر پیش کرنا چاہتے ہیں۔

سٹیٹ کے مالیاتی نتائج کا مختصر جائزہ مندرجہ ذیل ہے۔

جولائی - دسمبر 2021	جولائی - دسمبر 2020	
631,570,376	2,448,852,073	منافع
(294,578,712)	(413,144,094)	مالیاتی اور دوسرے
336,991,664	2,035,707,979	ٹیکسیشن سے پہلے منافع
(53,982,687)	(91,473,898)	ٹیکسیشن
<b>283,008,977</b>	<b>1,944,234,081</b>	ٹیکسیشن کے بعد منافع
45.92	315.47	فی شخص آمدنی
14.08%	30.06%	مجموعی منافع
11.94%	27.08%	آپریٹنگ منافع
5.35%	21.50%	منافع کے بعد ٹیکس

**آپریٹنگ منافع**

زیر جائزہ مدت کے دوران سٹیٹ نے گزشتہ سال کی اسی مدت کے دوران 1,944,234,081 ٹین روپے کے مقابلے میں Rs. 283,008,977 ٹین روپے کا منافع کیا۔ مختصر مجموعی مارکیٹ میں %15.98 کا ناطہ فروغ اضافہ ہوا ہے۔ اور ٹیکس کے بعد منافع میں %16.15 اضافہ ہوا ہے۔ ٹیکس کی بنیادی ہدف وقت کے کم اور ہدف وقت کی قیمتوں میں اضافہ ہے۔ سٹیٹ کے قرضوں میں 2,253 ٹین روپے اضافہ کی وجہ سے مالیاتی چارجز میں کمی اضافہ ہوا ہے اور مالیاتی چارجز کی شرح میں کمی اضافہ ہوا ہے۔ برآمدی ٹرانزیکشن چارجز میں اضافہ کی وجہ سے اضافی بیٹن لاگت میں ناطہ فروغ اضافہ ہوا ہے۔ اور (sbp./kibor rates) کی شرح میں %1.5 فیصد کمی ہے۔

**مجموعی منافع**

پورا آف ڈائریکٹرز نے اپنے ہونے والے سال میں 50 روپے فی شخص یعنی 500 ٹین روپے کے مجموعی منافع کی منظوری دی ہے۔

**مختصر کے مختصر**

زیر منافع آپ کی سٹیٹ پاکستان کا مستقبل بھی روشن نظر آتا ہے۔ سٹیٹ ٹیکس عمارت کا تعاون اس عمل میں جاری رہے کہ ٹیکسٹائل کی صنعت کو مالیاتی لاگت اور توانائی کی لاگت کے ناطہ سے مقابلہ کرنے والے سال تک کے مقابلے میں برابری کا میدان فراہم کیا جائے۔ ٹیکس اور سٹیٹ کی بنیادی ہدف وقت کے کم اور ہدف وقت کی قیمتوں میں اضافہ ہے۔ سٹیٹ کے قرضوں میں 2,253 ٹین روپے اضافہ کی وجہ سے مالیاتی چارجز میں کمی اضافہ ہوا ہے اور مالیاتی چارجز کی شرح میں کمی اضافہ ہوا ہے۔ برآمدی ٹرانزیکشن چارجز میں اضافہ کی وجہ سے اضافی بیٹن لاگت میں ناطہ فروغ اضافہ ہوا ہے۔ اور (sbp./kibor rates) کی شرح میں %1.5 فیصد کمی ہے۔

**مزید**

ہم اللہ کے شکر گزار ہیں جس کی مدد سے ہم اپنے قابل قدر حصص یافتگان کی امیدوں پر پورا اترے۔ انہوں نے ہم پر محروسہ ظاہر کیا ہے جو وقت بہت کم ہی میں ملے کے بہترین اور کارکنوں کیلئے ہماری تعریف کرنا ذمہ داری ہے جس کے بغیر یہ سب ناممکن سا تھا۔ ہمارا دارالہم شکر گزار ہے ہمارے قابل قدر ریفنڈیشن ٹیکسٹائل کے جنہوں نے ہماری سٹیٹ پر مسلسل اعتماد قائم رکھا۔

*(Signature)*

تامہرہ ڈائریکٹرز کی طرف سے  
محمد یاسین صدیقی  
ایگزیکٹو ڈائریکٹر

28 فروری 2022ء کراچی

**Condensed Interim Statement of Financial Position**
*As at December 31, 2021*

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	Rupees	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	7,020,111,587	6,788,402,075
Long term deposits		2,768,255	2,768,255
		<u>7,022,879,842</u>	<u>6,791,170,330</u>
<b>Current assets</b>			
Stores and spares		211,548,266	175,261,221
Stock in trade	4	6,306,514,779	3,665,535,551
Trade debts	5	3,210,994,280	2,199,212,480
Tax refunds due from government	6	435,580,594	159,768,633
Advances, deposits, prepayments and other receivables		232,571,055	171,421,043
Cash and bank balances	7	145,800,222	93,950,542
		<u>10,543,009,196</u>	<u>6,465,149,470</u>
<b>Total assets</b>		<u>17,565,889,038</u>	<u>13,256,319,800</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<i>Authorized capital</i>			
7,000,000 (June 30, 2021: 7,000,000) ordinary shares of Rs. 10/- each		<u>70,000,000</u>	<u>70,000,000</u>
<i>Issued, subscribed and paid-up capital</i>			
6,163,000 (June 30, 2021: 6,163,000) ordinary shares of Rs. 10/each		61,630,000	61,630,000
<i>Capital reserve</i>			
Surplus on revaluation of plant and equipment		2,805,414	2,953,067
<i>Revenue reserve</i>			
Unappropriated profits		<u>4,944,220,996</u>	<u>3,307,989,262</u>
<b>Total equity</b>		<u>5,008,656,410</u>	<u>3,372,572,329</u>
<b>Non-current liabilities</b>			
Long term financing - secured	8	4,215,462,769	4,309,884,273
Deferred liabilities	9	932,147,713	976,906,148
		<u>5,147,610,482</u>	<u>5,286,790,421</u>
<b>Current liabilities</b>			
Trade and other payables	10	1,405,754,883	945,328,902
Unclaimed dividend		8,321,425	7,084,759
Accrued markup		137,121,672	96,507,924
Short term borrowings - secured	11	5,351,398,077	3,097,913,612
Current portion of long term loan - secured	8	507,026,089	450,121,853
		<u>7,409,622,146</u>	<u>4,596,957,050</u>
<b>Contingencies and commitments</b>			
	12		
<b>Total equity and liabilities</b>		<u>17,565,889,038</u>	<u>13,256,319,800</u>

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

 _____ Director	 _____ Director	 _____ Chief Financial Officer
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As required u/s 232 of the Companies Act, 2017, these interim financial statements have been signed by two directors and CFO, as the Chief Executive Officer is out of country.

### Condensed Interim Statement of Profit or Loss

For the half year and quarter ended December 31, 2021 (unaudited)

	Note	Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Rupees					
Sales revenue - net	13	9,041,718,983	5,291,506,279	4,859,152,711	2,598,876,505
Cost of sales	14	(6,324,082,052)	(4,546,267,666)	(3,524,484,350)	(2,177,254,488)
<b>Gross profit</b>		<b>2,717,636,931</b>	<b>745,238,613</b>	<b>1,334,668,361</b>	<b>421,622,017</b>
Administrative costs		(117,910,690)	(88,692,485)	(68,930,114)	(48,245,711)
Other operating costs		(150,874,168)	(24,975,752)	(150,874,168)	(24,975,752)
		(268,784,858)	(113,668,237)	(219,804,282)	(73,221,463)
<b>Operating profit</b>		<b>2,448,852,073</b>	<b>631,570,376</b>	<b>1,114,864,079</b>	<b>348,400,554</b>
Finance costs	15	(368,786,141)	(273,501,048)	(252,025,424)	(158,283,498)
Distribution costs		(192,928,044)	(83,679,818)	(95,023,781)	(48,853,020)
Other income - net	16	148,570,091	62,602,154	127,873,718	63,292,819
		(413,144,094)	(294,578,712)	(219,175,487)	(143,843,699)
<b>Profit before taxation</b>		<b>2,035,707,979</b>	<b>336,991,664</b>	<b>895,688,592</b>	<b>204,556,855</b>
<b>Taxation</b>					
- Current		(82,627,521)	(51,437,424)	(41,609,425)	(23,766,048)
- Deferred		(8,846,377)	(2,545,263)	(7,580,008)	(273,704)
		(91,473,898)	(53,982,687)	(49,189,433)	(24,039,752)
<b>Profit after taxation</b>		<b>1,944,234,081</b>	<b>283,008,977</b>	<b>846,499,159</b>	<b>180,517,103</b>
<b>Earnings per share - basic and diluted</b>		<b>315.47</b>	<b>45.92</b>	<b>137.35</b>	<b>29.29</b>

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



Director



Director



Chief Financial Officer

As required u/s 232 of the Companies Act, 2017, these interim financial statements have been signed by two directors and CFO, as the Chief Executive Officer is out of country.

**Condensed Interim Statement of Comprehensive Income**

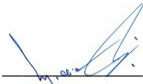
*For the half year and quarter ended December 31, 2021 (unaudited)*

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	— Rupees —			
Profit after taxation	<b>1,944,234,081</b>	283,008,977	<b>846,499,159</b>	180,517,103
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>1,944,234,081</u></b>	<u>283,008,977</u>	<b><u>846,499,159</u></b>	<u>180,517,103</u>

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



\_\_\_\_\_  
Director



\_\_\_\_\_  
Director



\_\_\_\_\_  
Chief Financial Officer




As required u/s 232 of the Companies Act, 2017, these interim financial statements have been signed by two directors and CFO, as the Chief Executive Officer is out of country.

**Condensed Interim Statement of Changes in Equity**

For the half year ended December 31, 2021 (unaudited)

	Issued, subscribed and paid up capital	Capital reserve	Revenue reserve	Sub-total	Total
		Surplus on revaluation of plant and equipment	Unappropriated profits		
Rupees					
<b>Balance as at June 30, 2020</b>	61,630,000	3,281,186	1,985,418,933	1,988,700,119	2,050,330,119
<i>Total comprehensive income for the period ended December 31, 2020</i>					
-Profit after taxation	-	-	283,008,977	283,008,977	283,008,977
-Other comprehensive loss	-	-	-	-	-
	-	-	283,008,977	283,008,977	283,008,977
Transfer to unappropriated profits on account of incremental depreciation	-	(164,059)	164,059	-	-
<i>Transaction with owners</i>					
Final cash dividend paid @ 80% for the period ended December 31, 2020	-	-	(49,304,000)	(49,304,000)	(49,304,000)
<b>Balance as at December 31, 2020</b>	<b>61,630,000</b>	<b>3,117,127</b>	<b>2,219,287,969</b>	<b>2,222,405,096</b>	<b>2,284,035,096</b>
<b>Balance as at June 30, 2021</b>	<b>61,630,000</b>	<b>2,953,067</b>	<b>3,307,989,262</b>	<b>3,310,942,329</b>	<b>3,372,572,329</b>
<i>Total comprehensive income for the period ended December 31, 2021</i>					
-Profit after taxation	-	-	1,944,234,081	1,944,234,081	1,944,234,081
-Other comprehensive income	-	-	-	-	-
	-	-	1,944,234,081	1,944,234,081	1,944,234,081
Transfer to unappropriated profits on account of incremental depreciation	-	(147,653)	147,653	-	-
<i>Transaction with owners</i>					
Final cash dividend paid @ 500% for the period ended December 31, 2021	-	-	(308,150,000)	(308,150,000)	(308,150,000)
<b>Balance as at December 31, 2021</b>	<b>61,630,000</b>	<b>2,805,414</b>	<b>4,944,220,996</b>	<b>4,947,026,410</b>	<b>5,008,656,410</b>

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



Director



Director



Chief Financial Officer

As required u/s 232 of the Companies Act, 2017, these interim financial statements have been signed by two directors and CFO, as the Chief Executive Officer is out of country.

**Condensed Interim Statement of Cash Flows**  
For the half year ended December 31, 2021 (unaudited)

	Note	Half year ended	
		December 31, 2021	December 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		<b>2,035,707,979</b>	336,991,664
<i>Adjustments for:</i>			
- Depreciation		<b>347,207,429</b>	231,606,621
- Gain on re-measurement of provision for Gas Infrastructure Development Cess		-	(65,157,149)
- Provision for Workers' Profit Participation Fund		<b>109,329,107</b>	18,098,371
- Provision for Workers' Welfare Fund		<b>41,545,061</b>	6,877,381
- Finance costs	15	<b>368,786,141</b>	273,501,048
- Gain on disposal of property, plant and equipment	16	<b>(7,748,443)</b>	(693,809)
- Profit on foreign cotton contract		<b>(46,452,249)</b>	-
- Provision for gratuity		<b>19,115,517</b>	13,025,987
- Provision for expected credit losses		-	8,967,723
- Amortization of government grant	16	<b>(48,878,270)</b>	(5,281,913)
- Exchange (gain) / loss on export receivables	16	<b>(41,672,407)</b>	477,827
		<b>741,231,886</b>	481,422,087
<b>Cash generated from operating activities before working capital changes</b>		<b>2,776,939,865</b>	818,413,751
<b>Effect on cash flow due to working capital changes</b>			
<i>(Increase)/decrease in current assets</i>			
- Stores and spares		<b>(36,287,045)</b>	2,118,971
- Stock in trade		<b>(2,640,979,228)</b>	(995,315,005)
- Trade debts		<b>(970,109,393)</b>	(209,366,495)
- Advances, deposits, prepayments and other receivables		<b>(61,150,012)</b>	9,005,794
- Sales tax refundable / payable		<b>(220,035,653)</b>	(4,314,909)
<i>Increase/(decrease) in current liabilities</i>			
- Trade and other payables		<b>356,051,772</b>	46,530,696
		<b>(3,572,509,559)</b>	(1,151,340,948)
<b>Cash (used in) / generated from operations</b>		<b>(795,569,694)</b>	(332,927,197)
Income tax paid		<b>(76,796,985)</b>	(42,050,758)
Gratuity paid		<b>(4,651,486)</b>	(11,500,499)
Payment of Workers' Profit Participation Fund	10.1	<b>(97,366,229)</b>	(17,174,605)
Finance cost paid		<b>(257,955,955)</b>	(234,279,310)
Long term deposits		-	(619,155)
<b>Net cash used in operating activities</b>		<b>(1,232,340,349)</b>	(638,551,524)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		<b>(593,553,498)</b>	(1,601,131,931)
Proceeds from disposal of property, plant and equipment		<b>23,826,920</b>	1,225,000
<b>Net cash used in investing activities</b>		<b>(569,726,578)</b>	(1,599,906,931)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing repaid (principal portion)		<b>(188,419,281)</b>	(5,139,802)
Long term financing obtained		<b>95,764,757</b>	1,507,847,177
Short term borrowings - net		<b>2,085,487,635</b>	1,191,748,557
Dividend paid		<b>(306,913,334)</b>	(49,045,617)
<b>Net cash generated from financing activities</b>		<b>1,685,919,777</b>	2,645,410,315
Net (decrease) / increase in cash and cash equivalents		<b>(116,147,150)</b>	406,951,860
Cash and cash equivalents at the beginning of the period		<b>(3,003,963,070)</b>	(3,616,770,613)
<b>Cash and cash equivalents at the end of the period</b>		<b>(3,120,110,220)</b>	(3,209,818,753)
<i>Cash and cash equivalents comprise of the following:</i>			
Cash and bank balances		<b>145,800,222</b>	156,452,286
Short term borrowings (running finance)		<b>(3,265,910,442)</b>	(3,366,271,039)
		<b>(3,120,110,220)</b>	(3,209,818,753)

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



Director



Director



Chief Financial Officer

As required u/s 232 of the Companies Act, 2017, these interim financial statements have been signed by two directors and CFO, as the Chief Executive Officer is out of country.

**Notes to the Condensed Interim Financial Statements**

*For the half year and quarter ended December 31, 2021 (unaudited)*

**1. STATUS AND NATURE OF BUSINESS**

Premium Textile Mills Limited ('the Company') was incorporated in Pakistan on March 03, 1987 as a public limited company under the Companies Ordinance, 1984 [now repealed with the enactment of Companies Act, 2017 on May 30, 2017] and is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is the manufacturing and sale of cotton yarn and polyester yarn.

The address of the Company's registered office and the mill are as under:

- The registered office of the Company is located at 1st Floor, Haji Adam Chambers, Altaf Hussain Road, New Challi,
- The Company's manufacturing unit is located at plot 58, 60, 61 & 76, 77, 78 Main Super Highway, Nooriabad, District Dadu (Sindh), Pakistan.

**2. BASIS OF PREPARATION OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS**

**2.1 Statement of compliance with the applicable accounting and reporting standards**

These condensed interim financial statements (here-in-after referred to as the '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:

- International Accounting Standard (IAS) 34 '*Interim Financial Reporting*', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, and directives issued under, the Companies Act, 2017.

Where the provisions of, and directives issued under, the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of, and directives issued under, the Companies Act, 2017, have been followed.

These interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2021.

**2.2 Basis of measurement of items in these interim financial statements**

In these interim financial statements, all items have been measured at their historical cost, except for plant and machinery and electrical instruments and installations which are carried at revalued amounts less accumulated depreciation and impairment loss

**2.3 Functional and presentation currency**

Items included in these interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

**2.4 Judgements and sources of estimation uncertainty**

In preparing these interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied in the annual financial statements of the Company as at and for the year ended June 30, 2021.

**2.5 Significant accounting policies**

The significant accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2021.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
		Rupees	
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>	<i>Note</i>		
Operating fixed assets	3.1	<b>6,703,287,433</b>	5,999,819,308
Capital work in progress	3.2	<b>316,824,154</b>	788,582,767
		<b>7,020,111,587</b>	<b>6,788,402,075</b>
<b>3.1 Operating fixed assets</b>			
Balance as at the beginning of the period / year		<b>5,999,819,308</b>	4,013,592,815
Add: Additions during the period / year	3.1.1	<b>293,934,347</b>	270,669,694
Transfers from Capital work in progress		<b>771,377,764</b>	2,267,086,160
		<b>7,065,131,419</b>	6,551,348,669
Less: Disposals during the period / year (at NBV)	3.1.1	<b>(14,636,557)</b>	(22,055,671)
Depreciation charge for the period / year		<b>(347,207,429)</b>	(529,473,690)
<b>Balance as at the end of the period / year</b>		<b>6,703,287,433</b>	<b>5,999,819,308</b>

3.1.1 Following is the summary of class-wise additions to, or disposals from, operating fixed assets:

	Half year ended December 31, 2021 (Un-audited)		Year ended June 30, 2021 (Audited)	
	Additions / Transfers	Disposals (at NBV)	Additions / Transfers	Disposals (at NBV)
	Rupees			
Building and godown on freehold land	24,786,577	-	104,967,528	-
Plant and machinery	768,823,005	10,289,196	2,231,665,900	18,494,892
Office, tools & other equipment	-	-	413,000	-
Furniture and fixtures	368,000	-	726,038	-
Computer and allied equipment	241,350	-	4,230,670	-
Vehicles	156,569,421	4,347,361	43,114,940	3,560,779
Electrical instruments and installation	114,523,758	-	152,637,778	-
	<b>1,065,312,111</b>	<b>14,636,557</b>	<b>2,537,755,854</b>	<b>22,055,671</b>

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
		Rupees	
<b>3.2 Capital work in progress</b>			
Balance as at the beginning of the period / year		<b>788,582,764</b>	194,186,322
Add: Additions during the period			
- Machinery		<b>5,643,705</b>	2,685,103,886
- Civil works		<b>251,945,790</b>	150,354,439
- ERP software		<b>574,726</b>	4,895,435
- Solar Renewable Energy		<b>41,454,933</b>	21,128,845
		<b>299,619,154</b>	2,861,482,605
Less: Transfers to operating fixed assets		<b>(771,377,764)</b>	(2,267,086,160)
<b>Balance as at the end of the period / year</b>		<b>316,824,154</b>	<b>788,582,767</b>

3.2.1 Capital work in progress includes Rs. 169.5 million (June 30, 2020: Rs. 20.4 million) worth of materials issued to site for construction purposes.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
		Rupees	
<b>4. STOCK-IN-TRADE</b>			
Raw materials			
- In hand		<b>5,516,143,613</b>	2,841,951,125
- In transit		<b>178,312,263</b>	371,611,375
		<b>5,694,455,876</b>	3,213,562,500
Work in process		<b>137,345,933</b>	91,552,737
Finished goods		<b>436,976,716</b>	339,202,063
Waste material		<b>505,108</b>	487,850
		<b>437,481,824</b>	339,689,913
Packing materials		<b>37,231,146</b>	20,730,401
		<b>6,306,514,779</b>	<b>3,665,535,551</b>

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	Rupees	
<b>5. TRADE DEBITS</b>			
Local debts - unsecured		2,703,465,918	2,032,239,397
Foreign debts - secured		530,622,635	190,067,355
		<b>3,234,088,553</b>	2,222,306,752
Less: Provision for expected credit losses		<b>(23,094,273)</b>	(23,094,272)
		<b>3,210,994,280</b>	2,199,212,480
<b>6. TAX REFUNDS DUE FROM GOVERNMENT</b>			
Advance tax		236,653,245	272,609,346
Less: Provision for current tax for the period / year		<b>(82,627,521)</b>	(112,840,713)
Income tax refundable	6.1	154,025,724	159,768,633
Sales tax refundable		<b>281,554,870</b>	-
		<b>435,580,594</b>	159,768,633
<b>6.1 Income tax refundable</b>			
Balance as at the beginning of the period / year		159,768,633	138,302,457
Provision for current tax for the period / year		<b>(82,627,521)</b>	(112,840,713)
Taxes deducted at source during the period / year		<b>76,884,612</b>	134,306,889
<b>Balance as at the end of the period / year</b>		<b>154,025,724</b>	159,768,633
<b>7. CASH AND BANK BALANCES</b>			
Cash in hand		2,333,416	2,353,103
Cash at banks - current accounts		<b>143,466,806</b>	91,597,439
		<b>145,800,222</b>	93,950,542
<b>8. LONG TERM FINANCING - secured</b>			
<b>Bank Al-Habib Limited</b>			
- Long Term Financing Facility (LTFF)		1,440,913,713	1,399,857,850
- Temporary Economic Refinance Facility (TERF)		1,396,521,893	1,356,339,438
- Financing Scheme for Renewable Energy		50,426,330	50,430,886
- Refinance Scheme for Payment of Wages and Salaries	8.1	111,767,087	165,727,459
<b>Bank Al-Falah Limited</b>			
- Long Term Financing Facility (LTFF)		737,635,547	789,230,158
<b>Habib Bank Limited</b>			
- Long Term Financing Facility (LTFF)		494,668,522	499,931,335
<b>Meezan Bank Limited</b>			
- Long Term Financing Facility (LTFF)		490,555,766	498,489,000
		<b>4,722,488,858</b>	4,760,006,126
Current maturity shown under current liabilities		507,026,089	450,121,853
Non-current maturity shown under non-current liabilities		<b>4,215,462,769</b>	4,309,884,273
		<b>4,722,488,858</b>	4,760,006,126
<b>8.1 Refinance scheme for payment of salaries and wages</b>			
Balance as at the beginning of the period / year		165,727,459	62,765,122
Total amount borrowed during the period / year		-	159,088,925
Less: Element of government grant recognized as deferred income		-	(9,195,714)
		<b>165,727,459</b>	212,658,333
Add: Interest on unwinding of the liability		5,545,494	15,247,309
Less: Loan installments paid during the year		<b>(59,505,866)</b>	(62,178,183)
<b>Balance as at the end of the period / year</b>		<b>111,767,087</b>	165,727,459
Current maturity shown under current liabilities		105,418,596	113,230,506
Non-current maturity shown under non-current liabilities		<b>6,348,491</b>	52,496,953
		<b>111,767,087</b>	165,727,459

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	Rupees	
<b>9. DEFERRED LIABILITIES</b>			
Deferred taxation on export debtors		30,899,958	22,053,581
Staff retirement benefits- defined benefit plan (gratuity)		54,674,591	40,210,560
Provision for Gas Infrastructure Development Cess	9.1	314,968,227	334,158,798
Deferred income - Government grant		531,604,937	580,483,209
		<b>932,147,713</b>	<b>976,906,148</b>
<b>10. TRADE AND OTHER PAYABLES</b>			
Creditors		649,348,987	199,532,895
Accrued liabilities		302,821,590	327,429,874
Withholding tax payable		19,383,948	10,243,485
Advance from customers		6,604,522	23,381,804
Workers' Profits Participation Fund	10.1	109,329,107	80,769,713
Workers Welfare Fund	10.2	100,942,666	59,397,605
Provision for gas rate difference		183,054,309	183,054,309
Current maturity of provision for Gas Infrastructure Development Cess		34,269,754	-
Sales tax payable		-	61,519,217
		<b>1,405,754,883</b>	<b>945,328,902</b>
<b>10.1 Workers' Profit Participation Fund</b>			
Balance as at the beginning of the period / year		80,769,713	14,585,228
Add:			
- Charge for the period / year		109,329,107	80,769,713
- Interest accrued		16,596,516	2,589,377
		125,925,623	83,359,090
Less: Payment made during the period / year		(97,366,229)	(17,174,605)
		<b>109,329,107</b>	<b>80,769,713</b>
<b>10.2 Workers' Welfare Fund</b>			
Balance as at the beginning of the period / year		59,397,605	28,705,114
Add: Contribution for the period / year		41,545,061	30,692,491
		<b>100,942,666</b>	<b>59,397,605</b>
<b>11. SHORT TERM BORROWINGS - secured</b>			
<b>Bank Al-Habib Limited</b>			
- Running finance		3,011,069,687	2,565,306,408
<b>Meezan Bank Limited</b>			
- Istisna finance (Hypo)		199,997,748	199,997,748
- Istisna finance (Pledge)		1,094,984,892	-
- Istisna finance (Hypo-advance)		197,388,464	-
		1,492,371,104	199,997,748
<b>Bank Al-Falah Limited</b>			
- Running finance		159,058,986	116,463,310
- Cash finance (Pledge)		493,116,531	-
		652,175,517	116,463,310
<b>MCB Bank Limited</b>			
- Musharka finance		100,000,000	100,000,000
<b>Habib Bank Limited</b>			
- Running finance		95,781,769	116,146,146
		<b>5,351,398,077</b>	<b>3,097,913,612</b>

**12. CONTINGENCIES AND COMMITMENTS**
**12.1 Contingencies**

There has been no change in the status of contingencies as disclosed in annual financial statements of the Company for the year ended June 30, 2021.

	(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Rupees	
Commitments in respect of capital expenditure	<b>1,906,674,700</b>	951,400,600
Letter of credit to Sui Southern Gas Company Limited	<b>98,960,000</b>	77,900,000
Letter of guarantees	<b>209,642,340</b>	175,942,340
Letters of credit issued in respect of purchase of raw materials	<b>2,559,973,100</b>	211,320,300

**12.2 Commitments**

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	Rupees			
	Note			
<b>13. SALES REVENUE - net</b>				
Local sales - net	147,731,479	78,280,007	72,713,220	16,617,240
Export sales indirect - net	6,867,131,728	4,457,513,747	3,786,093,644	2,186,209,555
Export sales direct - net	2,099,034,522	778,797,170	1,083,900,294	406,001,367
Raw material and wastage sales - net	35,090,406	37,787,975	4,289,281	17,202,609
	<b>9,148,988,135</b>	5,352,378,899	<b>4,946,996,439</b>	2,626,030,771
Commission and brokerage	<b>(101,484,479)</b>	(54,626,709)	<b>(86,094,348)</b>	(26,422,584)
Discount and claims	<b>(5,784,673)</b>	(6,245,911)	<b>(1,749,380)</b>	(731,682)
	<b>(107,269,152)</b>	(60,872,620)	<b>(87,843,728)</b>	(27,154,266)
	<b>9,041,718,983</b>	5,291,506,279	<b>4,859,152,711</b>	2,598,876,505

**14. COST OF SALES**

Raw materials consumed	4,999,427,624	3,167,433,452	2,794,296,033	1,583,502,484
Store and spares consumed	174,013,342	161,220,611	99,161,498	60,808,930
Packing materials consumed	106,002,268	54,673,850	61,300,942	54,673,850
Conversion costs	1,166,977,272	906,857,347	616,454,317	494,801,558
Work in process:				
- Opening stock	91,552,737	77,198,657	154,532,955	80,058,136
- Closing stock	<b>(137,345,933)</b>	(84,130,333)	<b>(137,345,933)</b>	(84,130,333)
	<b>(45,793,196)</b>	(6,931,676)	<b>17,187,022</b>	(4,072,197)
<b>Cost of goods manufactured</b>	<b>6,400,627,310</b>	4,283,253,584	<b>3,588,399,812</b>	2,189,714,625
Cost of goods purchased for sale	19,675,132	21,765,731	(389,834)	10,164,325
Rewinding cost	1,571,522	-	1,571,522	-
Opening stock of finished goods and waste material	339,689,912	540,333,820	372,384,674	276,461,007
<b>Cost of goods available for sale</b>	<b>6,761,563,876</b>	4,845,353,135	<b>3,961,966,174</b>	2,476,339,957
Closing stock of finished goods and waste material	<b>(437,481,824)</b>	(299,085,469)	<b>(437,481,824)</b>	(299,085,469)
	<b>6,324,082,052</b>	4,546,267,666	<b>3,524,484,350</b>	2,177,254,488

**14.1 Raw materials consumed**

Opening stock	2,841,951,125	2,531,014,613	3,869,484,120	2,659,149,342
Purchases	7,693,295,244	3,973,542,355	4,440,565,695	2,249,875,252
	<b>10,535,246,369</b>	6,504,556,968	<b>8,310,049,815</b>	4,909,024,594
Sale of raw material	(19,675,132)	(21,765,731)	389,834	(10,164,325)
Closing stock	<b>(5,516,143,613)</b>	(3,315,357,785)	<b>(5,516,143,613)</b>	(3,315,357,785)
	<b>4,999,427,624</b>	3,167,433,452	<b>2,794,296,036</b>	1,583,502,484

	Half year ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2021	2020	2021	2020
	Rupees			
<b>14.2 Conversion costs</b>				
Salaries, wages and other benefits	430,910,322	306,097,698	225,278,363	168,533,996
Fuel and power	362,227,016	324,210,414	195,239,732	172,510,077
Water charges	5,706,300	5,919,075	2,927,325	3,285,149
Vehicle running and maintenance	9,210,496	8,141,276	4,837,341	4,628,453
Repairs and maintenance	24,239,691	8,069,617	13,668,545	5,963,175
Insurance	19,330,624	10,812,943	12,326,233	5,910,948
Depreciation	310,230,566	226,912,262	161,423,223	126,588,426
Other manufacturing expenses	5,122,257	16,694,062	753,555	7,381,334
	<b>1,166,977,272</b>	<b>906,857,347</b>	<b>616,454,317</b>	<b>494,801,558</b>
<b>15. FINANCE COSTS</b>				
Markup and interest charges on:				
- Long term finances	103,714,762	55,065,041	73,709,101	30,772,451
- Short term borrowings	178,326,339	163,395,463	112,238,678	86,435,302
- Workers' Profit Participation Fund	16,596,516	2,589,377	16,596,516	2,589,377
	<b>298,637,617</b>	<b>221,049,881</b>	<b>202,544,295</b>	<b>119,797,130</b>
Unwinding of the provision for GIDC	15,079,183	18,378,103	15,079,183	18,378,103
Mark-up on letter of credits	36,503,881	19,814,013	23,671,759	10,689,098
Bank charges on export receipts	10,029,070	3,838,989	5,943,161	2,364,457
Bank charges	8,536,390	10,420,062	4,787,026	7,054,710
	<b>368,786,141</b>	<b>273,501,048</b>	<b>252,025,424</b>	<b>158,283,498</b>
<b>16. OTHER INCOME - net</b>				
Exchange gain/ (loss) on export receivables:				
- Realized	41,672,407	(8,052,890)	21,462,114	(7,383,100)
- Unrealized	3,818,722	(477,827)	3,818,722	(477,827)
	<b>45,491,129</b>	<b>(8,530,717)</b>	<b>25,280,836</b>	<b>(7,860,927)</b>
Gain on disposal of operating fixed assets	7,748,443	693,809	7,262,363	693,809
Profit on foreign cotton contract	46,452,249	-	46,452,249	-
Amortisation of deferred government grant	48,878,270	5,281,913	48,878,270	5,302,788
Gain on re-measurement of GIDC provision	-	65,157,149	-	65,157,149
	<b>148,570,091</b>	<b>62,602,154</b>	<b>127,873,718</b>	<b>63,292,819</b>
<b>17. FAIR VALUE HIERARCHY</b>				

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using 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 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair values of assets that are traded in active markets are based on quoted market prices. For all other assets the Company determines fair values using valuation techniques unless the instruments do not have a market \ quoted price in an active market and whose fair value cannot be reliably measured.



**18. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties comprise of key management personnel of the Company and directors and their close family members. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Transactions entered into and balances held, with related parties during the year, are as follows:

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Rupees				
<b>Transactions during the period:</b>				
<b>Premium Knits</b> <i>(Associate by virtue of common directorship)</i>				
Sales of goods during the period	30,046,110	47,440,711	30,046,110	27,217,471
<b>Pinnacle Fibre (Pvt) Ltd.</b> <i>(Associate by virtue of common directorship)</i>				
Purchase of goods during the period	243,459,258	101,974,070	120,314,035	34,445,840
			(Un-audited) December 31, 2021	(Audited) June 30, 2021
Rupees				
<b>Balances outstanding at year end:</b>				
<b>Premium Knits</b>				
Trade receivable			35,089,657	423,655

**19. GENERAL**
**19.1 Date of authorization for issue of the condensed interim financial statements**

These interim financial statements have been authorized for issue by the Board of Directors of the Company in their meeting held on February 28, 2021.

**19.2 Level of rounding**

In these interim financial statements, figures have been rounded off to the nearest rupee.

**19.3 Non-adjusting event after the balance sheet date**

The Board of Directors in their meeting held on February 28, 2022, approved an interim cash dividend of Rs.50/- per share. These interim financial statements do not reflect this appropriation.


  
\_\_\_\_\_  
Director


  
\_\_\_\_\_  
Director


  
\_\_\_\_\_  
Chief Financial Officer

As required u/s 232 of the Companies Act, 2017, these interim financial statements have been signed by two directors and CFO, as the Chief Executive Officer is out of country.