

**ADM**  
ARTISTIC DENIM MILLS

**HALF YEARLY REPORT  
DECEMBER 31, 2019**



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## COMPANY INFORMATION

### Board of Directors

Chief Executive  
Chairman  
Directors

Mr. Faisal Ahmed  
Mr. Muhammad Iqbal Ahmed  
Mr. Muhammad Yousuf Ahmed  
Mr. Muhammad Ali Ahmed  
Ms. Zahra Faisal Ahmed  
Mr. Muhammad Iqbal-ur-Rahim  
Mr. Zafar-ul-Mukhtar Ahmed Khan

### Audit Committee

Chairman  
Members

Mr. Zafar-ul-Mukhtar Ahmed Khan  
Mr. Muhammad Ali Ahmed  
Mr. Muhammad Iqbal-ur-Rahim

### Human Resource and Remuneration Committee

Chairman  
Members

Mr. Zafar-ul-Mukhtar Ahmed Khan  
Mr. Muhammad Ali Ahmed  
Mr. Muhammad Iqbal-ur-Rahim

### Chief Financial Officer

Mr. Sagheer Ahmed

### Company Secretary

Mr. Muhammad Ozair Qureshi

### Chief Internal Auditor

Mr. Salman Arif

### Auditors

M/s. EY Ford Rhodes  
Chartered Accountants

### Legal Advisor

Monawwer Ghani  
Advocate

### Share Registrar

M/s F.D. Registrar Services (SMC Pvt.) Limited  
17th Floor, Saima Trade Tower-A,  
I.I. Chundrigar Road, Karachi.  
Tel: (+92-21) 35478192-3 / 32271905-6

### Bankers

Allied Bank Limited  
Bank Al Habib Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited  
Woori Bank

### Registered Office and Factory

Plot No. 5-9, 23-26, Sector 16,  
Korangi Industrial Area, Karachi.  
UAN: 111 236 236, Fax No. 3505 4652  
[www.admdenim.com](http://www.admdenim.com)

## DIRECTORS' REVIEW

The Directors of your Company have a pleasure in presenting their Review Report along with the un-audited condensed interim financial statements of the Company for the half year ended December 31, 2019.

### PERIOD UNDER REVIEW

The performance of the Company for the half year ended December 31, 2019 is summarized as under as compared with the same period last year:

	December 31, 2019 Rs. in ('000')	December 31, 2018 Rs. in ('000')
Net Sales	4,380,461	3,750,655
Gross profit	557,867	368,111
Other operating expenses	152,871	22,399
Finance costs	74,115	41,361
Net Profit	158,116	271,954
EPS (Rs. per share)	1.88	3.24

The net sales value during the half year under review increased by 630 million reflecting a growth of 16.79% over the corresponding period last year. The increase in sales was driven mainly by product mix, volume growth and aggressive marketing efforts. The gross profit percentage to net sales improved from 9.81% to 12.74% primarily due to favorable product-mix and effective cost controls despite increase in prices of raw material and other inputs. Other operating expenses increased manifold from Rs. 22.399 million to 152.871 million due to exchange loss on export proceeds which eroded the profits of the Company by Rs. 128.475 million. Finance costs recorded an increase of Rs. 32.754 million due to increase in working capital requirements and mark-up rate benefit received in the same period last year from State Bank of Pakistan. Due to the reasons elucidated above, net profit decreased to Rs. 158.116 million as against Rs. 271.954 million in the corresponding period last year.

### FUTURE OUTLOOK

Despite the rise in immense global competition in textile, Pakistan is on the road to recovery in terms of economic stability and growth. Pakistan's textile exports have recorded growth of 3.94 percent in first six months (July to December) of the ongoing financial year (FY2020). There is a need for shifting from 'inward-oriented' to an 'outward-oriented' economy that puts a greater emphasis on exports to achieve high and sustained growth. Pakistan's competitor countries have relied to a larger extent than Pakistan on exports as an engine of growth. Owing to depreciation of local currency, on the one hand imports of essential raw materials for value added sectors became expensive by 25-30 percent & on the other hand cotton shortage in the country has increased the cost of production. Further, proposed increase in gas tariff along with several other adverse factors would further increase the input cost rendering Pakistani products uncompetitive in international markets.

Despite challenges, the Company for its part remains focused on improving its operational efficiencies and to implement measures that will enable the company to minimize the lead time to meet speed to market requirements of the brands. In line with the Company's strategic decision regarding balancing, modernization and replacement (BMR), the Company has been investing in value additions, which is an ongoing process by utilizing SBP's LTFF Scheme to stay competitive in a global market.

### ACKNOWLEDGEMENTS

We thank our customers for their trust in our products and shareholders, bankers and suppliers for their continued support and cooperation. We also thank our employees for their efforts and acknowledge their commitment and loyalty.



**FAISAL AHMED**  
Chief Executive

Karachi: February 19, 2020

On behalf of the Board of Directors



**MUHAMMAD IQBAL-UR-RAHIM**  
Director



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

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## **INDEPENDENT AUDITORS' REVIEW REPORT**

### **To the members of Artistic Denim Mills Limited (the Company)**

### **Report on review of Interim Financial Statements**

#### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Artistic Denim Mills Limited** (the Company) as at **31 December 2019** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair 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 of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended 31 December 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2019.

#### **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.

#### **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 accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

**Chartered Accountants**  
Place: Karachi  
Date: 22 February, 2020

A member firm of Ernst & Young Global Limited

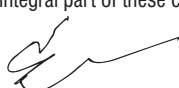
## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Note	December 31,	June 30,
		2019	2019
		------(Rupees in '000)-----	
<b>ASSETS</b>		(Un-audited)	(Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	5,878,953	5,907,192
Intangible assets		3,991	4,817
Long-term investment	6	-	38,700
Long-term loans		13,120	5,482
Long-term deposits		1,566	1,566
		<u>5,897,630</u>	<u>5,957,757</u>
<b>CURRENT ASSETS</b>			
Stores and spares		228,591	221,935
Stock-in-trade	7	3,623,264	2,445,741
Trade debts	8	2,472,239	2,520,485
Loans and advances		58,652	21,181
Trade deposits and short-term prepayments		23,406	1,501
Other receivables		135,317	150,572
Short-term investment	9	68,570	-
Sales tax refundable		254,469	105,111
Taxation - net		369,714	376,717
Cash and bank balances		427,554	1,196,961
		<u>7,661,776</u>	<u>7,040,204</u>
		<u>13,559,406</u>	<u>12,997,961</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised share capital</b>			
100,000,000 (June 30, 2019: 100,000,000) ordinary shares of Rs. 10/- each		<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued, subscribed and paid-up capital</b>		<u>840,000</u>	<u>840,000</u>
<b>Reserves</b>		<u>5,820,275</u>	<u>5,914,159</u>
		<u>6,660,275</u>	<u>6,754,159</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		1,524,053	1,444,487
Deferred liability - employees' gratuity		69,709	56,294
		<u>1,593,762</u>	<u>1,500,781</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	1,964,401	1,538,856
Unclaimed dividend		2,794	2,451
Accrued mark-up		32,660	30,836
Short-term borrowings		3,065,000	3,065,000
Current maturity of long-term financing		112,394	105,878
Book overdrafts		128,120	-
		<u>5,305,369</u>	<u>4,743,021</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11	<u>13,559,406</u>	<u>12,997,961</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



**Faisal Ahmed**  
Chief Executive



**Muhammad Iqbal-ur-Rahim**  
Director



**Sagheer Ahmed**  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE HALF-YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

	Half-Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
------(Rupees in '000)-----				
Turnover - net	4,380,461	3,750,655	2,557,533	2,108,913
Cost of sales	<b>(3,822,594)</b>	(3,382,544)	<b>(2,216,938)</b>	(1,894,825)
<b>GROSS PROFIT</b>	<b>557,867</b>	368,111	<b>340,595</b>	214,088
Distribution costs	<b>(146,064)</b>	(100,821)	<b>(68,178)</b>	(56,307)
Administrative expenses	<b>(64,613)</b>	(52,515)	<b>(32,089)</b>	(26,933)
Other operating expenses	<b>(152,871)</b>	(22,399)	<b>(64,723)</b>	(14,334)
Other income	<b>100,081</b>	159,283	<b>40,259</b>	122,480
	<b>(263,467)</b>	(16,452)	<b>(124,731)</b>	24,906
<b>OPERATING PROFIT</b>	<b>294,400</b>	351,659	<b>215,864</b>	238,994
Finance costs	<b>(74,115)</b>	(41,361)	<b>(39,716)</b>	(26,362)
<b>PROFIT BEFORE TAXATION</b>	<b>220,285</b>	310,298	<b>176,148</b>	212,632
Taxation	<b>(62,169)</b>	(38,344)	<b>(43,726)</b>	(21,541)
<b>NET PROFIT FOR THE PERIOD</b>	<b>158,116</b>	271,954	<b>132,422</b>	191,091
<b>BASIC AND DILUTED EARNINGS PER SHARE (Rupees)</b>	<b>1.88</b>	3.24	<b>1.58</b>	2.27

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



**Faisal Ahmed**  
Chief Executive



**Muhammad Iqbal-ur-Rahim**  
Director



**Sagheer Ahmed**  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)**

	Half-Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	------(Rupees in '000)-----			
Net profit for the period	158,116	271,954	132,422	191,091
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>158,116</u>	<u>271,954</u>	<u>132,422</u>	<u>191,091</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



**Faisal Ahmed**  
Chief Executive



**Muhammad Iqbal-ur-Rahim**  
Director



**Sagheer Ahmed**  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

	Half-Year Ended	
	December 31, 2019	December 31, 2018
	------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	220,285	310,298
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation / Amortisation	239,787	226,592
Gain on disposal of short-term investment	(10,749)	-
Unrealised loss on short-term investment	3,268	-
Provision for gratuity	17,156	12,887
Finance costs	74,115	41,361
Gain on disposal of operating fixed assets	(14,587)	(2,790)
	<b>308,990</b>	<b>278,050</b>
<b>Profit before working capital changes</b>	<b>529,275</b>	<b>588,348</b>
<b>Working capital changes</b>		
<b>Increase in current assets</b>		
Stores and spares	(6,656)	8,576
Stock-in-trade	(1,177,523)	(1,551,230)
Trade debts	48,246	(317,330)
Loans and advances	(37,471)	26,559
Trade deposits and short-term prepayments	(21,905)	1,889
Other receivables and sales tax refundable	(141,303)	63,861
	<b>(1,336,612)</b>	<b>(1,767,675)</b>
<b>Increase in trade and other payables</b>	<b>425,545</b>	<b>127,181</b>
<b>Cash used in operations</b>	<b>(381,792)</b>	<b>(1,052,146)</b>
Income tax paid	(55,166)	(38,893)
Gratuity paid	(3,741)	(1,759)
Finance costs paid	(72,291)	(34,896)
	<b>(131,198)</b>	<b>(75,548)</b>
<b>Net cash used in operating activities</b>	<b>(512,990)</b>	<b>(1,127,694)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(226,812)	(129,767)
Long-term investment	45,900	-
Short-term investment made	(97,723)	-
Proceeds from disposal of short-term investment	36,634	-
Long-term loans	(7,638)	159
Proceeds from disposal of operating fixed assets	30,677	6,829
<b>Net cash used in investing activities</b>	<b>(218,962)</b>	<b>(122,779)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term financing repaid	(52,052)	(55,768)
Long-term financing availed	138,134	44,231
Short-term borrowings availed - net	-	1,509,892
Dividends paid	(251,657)	(207,615)
<b>Net cash (used in) / generated from financing activities</b>	<b>(165,575)</b>	<b>1,290,740</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(897,527)</b>	<b>40,267</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE PERIOD</b>	<b>1,196,961</b>	<b>86,896</b>
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD</b>	<b>299,434</b>	<b>127,163</b>

\* Cash and cash equivalents comprise of cash and bank balances and book overdrafts.

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
**Faisal Ahmed**  
Chief Executive

  
**Muhammad Iqbal-ur-Rahim**  
Director

  
**Sagheer Ahmed**  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)

	Issued, subscribed and paid-up capital	Revenue Reserves		Total	Total equity
		Unappropriated profit	Actuarial loss on defined benefit plan		
----- (Rupees in '000) -----					
<b>Balance as at July 01, 2018</b>	840,000	5,292,970	(32,825)	5,260,145	6,100,145
Net profit for the period	-	271,954	-	271,954	271,954
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	271,954	-	271,954	271,954
Cash dividend @ Rs. 2.5 per Ordinary share of Rs.10 each for the year ended June 30, 2018	-	(210,000)	-	(210,000)	(210,000)
<b>Balance as at December 31, 2018</b>	<b>840,000</b>	<b>5,354,924</b>	<b>(32,825)</b>	<b>5,322,099</b>	<b>6,162,099</b>
<b>Balance as at July 01, 2019</b>	<b>840,000</b>	<b>5,949,790</b>	<b>(35,631)</b>	<b>5,914,159</b>	<b>6,754,159</b>
Net profit for the period	-	158,116	-	158,116	158,116
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	158,116	-	158,116	158,116
Cash dividend @ Rs. 3 per Ordinary share of Rs.10 each for the year ended June 30, 2019	-	(252,000)	-	(252,000)	(252,000)
<b>Balance as at December 31, 2019</b>	<b>840,000</b>	<b>5,855,906</b>	<b>(35,631)</b>	<b>5,820,275</b>	<b>6,660,275</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



**Faisal Ahmed**  
Chief Executive



**Muhammad Iqbal-ur-Rahim**  
Director



**Sagheer Ahmed**  
Chief Financial Officer

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED DECEMBER 31, 2019 (UN-AUDITED)**

### **1. THE COMPANY AND ITS OPERATIONS**

Artistic Denim Mills Limited (the Company) was incorporated in Pakistan on May 18, 1992 under the repealed Companies Ordinance, 1984 and is currently listed on Pakistan Stock Exchange Limited. The principal activity of the Company is to manufacture and sell rope dyed denim fabric, yarn and value added textile products.

The registered office and factory premises of the Company is situated at Plot No. 5 - 9, 23 - 26, Sector 16, Korangi Industrial Area, Karachi.

### **2. BASIS OF PREPARATION**

**2.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they have reviewed the cumulative figures for the half years ended December 31, 2019 and December 31, 2018.

**2.3** These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2019. These condensed interim financial statements are unaudited, however, have been subject to limited scope review by the statutory auditors and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

- 2.4** These condensed interim financial statements is presented in Pakistan Rupees which is the Company's functional and presentation currency.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those adopted in the preparation of the annual financial statements for the year ended June 30, 2019.

#### **Standards, amendments and improvements to IFRSs effective during the period**

The Company has adopted the following accounting standards and amendments to IFRSs and the improvements to accounting standards which became effective for the current period:

#### **Standard or Interpretation**

IFRS 16	-	Leases
IFRS 9	-	Prepayment features with negative compensation (Amendments)
IAS 19	-	Plan amendment, curtailment or settlement (Amendments)
IAS 28	-	Long term interests in associates and joint ventures (Amendments)
IFRIC 23	-	Uncertainty over income tax treatments

#### **Improvements to accounting standards issued by the IASB in December 2017**

IFRS 3 Business combinations - Previously held interests in a joint operation

IFRS 11 Joint arrangements - Previously held interests in a joint operation

IAS 12 Income taxes - Income tax consequences of payments on financial instruments classified as equity

IAS 23 Borrowing costs - Borrowing costs eligible for capitalization

The adoption of the above standards and amendments to accounting standards did not have any material effect on the Company's financial statements except for IFRS 16 - Leases. The impact of adoption of IFRS 16 "Leases" are described below:

IFRS 16 supersedes IAS 17, "Leases". Under the new standard, an asset (the right to use lease item) and a lease liability to pay rentals are required to be recognized on the commencement date, as the distinction between operating and finance leases is removed for lessee. The only exceptions are short term and low value leases.

The Company has assessed the impact of IFRS 16 and concluded that all leases are short-term. Accordingly, the Company has not recognized the lease liability and the corresponding right to use asset. The Company has accounted for lease expense on a straight-line basis over the lease term.

#### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires the management to make estimates, judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Estimates and judgments made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the annual audited financial statements of the Company for the year ended June 30, 2019.

Income tax expense is recognized based on the best estimate of the weighted average annual effective income tax rate for the full financial year.

	Note	December 31, 2019 ------(Rupees in '000)----- (Un-audited)	June 30, 2019 (Audited)
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	<b>5,573,055</b>	5,043,565
Capital work-in-progress (CWIP)	5.2	<b>305,898</b>	863,627
		<u><b>5,878,953</b></u>	<u>5,907,192</u>
<b>5.1 Operating fixed assets</b>			
Opening net written down value		<b>5,043,565</b>	5,194,049
Additions during the period / year		<b>4,686</b>	19,511
Transferred from CWIP during the period / year	5.2	<b>779,855</b>	302,782
	5.1.1	<b>784,541</b>	322,293
		<u><b>5,828,106</b></u>	<u>5,516,342</u>
Disposals, at their written down values, during the period / year		<b>(16,090)</b>	(13,456)
Depreciation charge during the period / year		<b>(238,961)</b>	(459,321)
		<u><b>(255,051)</b></u>	<u>(472,777)</u>
		<u><b>5,573,055</b></u>	<u>5,043,565</u>

	December 31, 2019	June 30, 2019
Note	----- (Rupees in '000) ----- (Un-audited)	----- (Rupees in '000) ----- (Audited)
<b>5.1.1 Additions / transfers during the period / year</b>		
Building on leasehold land	33,645	82,282
Plant and machinery	732,194	193,400
Factory equipment	8,692	15,333
Furniture and fixtures	380	723
Vehicles	8,646	27,945
Office equipment, including computers	984	2,610
	<u>784,541</u>	<u>322,293</u>
<b>5.2 Capital work-in-progress</b>		
Balance at the beginning of the period / year	863,627	110,657
Additions during the period / year:		
Civil works	12,862	51,511
Plant and machinery	176,862	940,302
Factory equipment	8,692	14,233
Advances	23,710	49,706
	222,126	1,055,752
Transferred to operating fixed assets	(779,855)	(302,782)
5.2.1	<u>305,898</u>	<u>863,627</u>
<b>5.2.1 Capital work-in-progress as at the period / year end</b>		
Plant and machinery	230,394	771,270
Advances	45,695	74,030
Civil works	29,809	18,327
	<u>305,898</u>	<u>863,627</u>
<b>6. LONG-TERM INVESTMENT</b>		
<b>At amortised cost</b>		
Sales tax refund bonds	-	38,700
	<u>-</u>	<u>38,700</u>
<p>The FBR Refund Settlement Company (Private) Limited (FRSC) issued 459 no. of sales tax refund bonds during 2018-2019 and 2019-2020, in lieu of payments of sales tax. These bonds carried profit @ 10% per annum with maturity of three years. During the period ended 31 December 2019, the FRSC settled only the principal amount of sales tax refund bonds being the full and final settlement.</p>		
<b>7. STOCK IN TRADE</b>		
<b>Raw and packing material</b>		
In hand	1,941,318	1,175,079
In transit	202,341	10,265
	<u>2,143,659</u>	<u>1,185,344</u>
<b>Work-in-process</b>	955,298	969,046
<b>Finished goods</b>	524,307	291,351
	<u>3,623,264</u>	<u>2,445,741</u>

	Note	December 31, 2019 ----- (Rupees in '000) ----- (Un-audited)	June 30, 2019 ----- (Audited)
<b>8. TRADE DEBTS - considered good</b>			
<b>Secured - against letters of credit</b>			
Related party			
Artistic Fabric & Garment Industries (Private). Limited		-	2,983
Others		<u>1,112,679</u>	<u>1,416,349</u>
		<u>1,112,679</u>	<u>1,419,332</u>
<b>Unsecured</b>			
Related Parties			
Casual Sports Wear		54,965	102,852
DL1961 Premium Denim Inc.		408,898	368,101
Artistic Fabric & Garment Industries (Private). Limited		450	-
Premium Distributor		5,339	15,779
		<u>469,652</u>	<u>486,732</u>
Others		<u>889,908</u>	<u>614,421</u>
		<u>2,472,239</u>	<u>2,520,485</u>
<b>9. SHORT-TERM INVESTMENT</b>			
<i>Fair value through profit or loss</i>			
Pakistan Petroleum Limited		<u>68,570</u>	-
<p>During the period ended 31 December 2019, the Company purchased 500,000 shares of Pakistan Petroleum Limited at an aggregate cost of Rs. 71.838 million (30 June 2019: nil) and 1,000,000 shares of Amreli Steel Limited at an aggregate cost of Rs. 25.885 million (30 June 2019: nil). The said investments are classified by the Company's management at fair value through profit or loss. The Company has disposed off the shares of Amreli Steels Limited at a gain of Rs. 10.749 million (30 June 2019: nil) recorded in the condensed interim statement of profit or loss. Upon period end an unrealized loss Rs. 3.268 million (30 June 2019: nil) arising from a change in the fair value of these investment during the period has been recognized in the condensed interim statement of profit or loss.</p>			
<b>10. TRADE AND OTHER PAYABLES</b>			
Creditors	10.1	568,740	278,382
Accrued liabilities		1,308,367	1,141,993
Advances from customers		25,066	22,234
Advance from related party - DL1961- Premium Denim Inc.		6,393	4,423
Staff contribution from vehicle		25,851	24,417
Workers' Profit Participation Fund		11,784	50,656
Workers' Welfare Fund		8,946	12,306
Tax deducted at source		9,254	4,445
		<u>1,964,401</u>	<u>1,538,856</u>
<b>10.1</b>	Includes Rs. 12.841 million (30 June 2019: 0.241 million) payable to Artistic Fabric & Garment Industries (Private) Limited, a related party.		

**11. CONTINGENCIES AND COMMITMENTS****Contingencies**

The Company is a respondent in J.C.M. Nos. 29, 32 and 33, proceedings filed by the minority shareholders of the Company in the Honorable High Court of Sindh inter alia challenging the manner in which the business is being managed and seeking certain declaration and restraining order in this regard. The Company believes that there is no merit in the aforesaid proceedings and based on the view of the legal advisor there appears to be no liability expected on the Company on account of the above proceedings.

	December 31, 2019	June 30, 2019
	----- (Rupees in '000) -----	
	(Un-audited)	(Audited)
<b>11.1 Outstanding counter guarantees</b>	<b>290,228</b>	<b>242,222</b>

**Commitments**

- 11.2** Commitments in respect of Building on leasehold land at the end of the period amounted to Rs. 35.331 (June 30, 2019: Rs. 58.534) million.
- 11.3** Outstanding letters of credit at the end of the period amounted to Rs. 539.236 (June 30, 2019: Rs. 317.279) million.
- 11.4** Post dated cheques issued in favor of Custom Authorities aggregated to Rs. 219.028 (June 30, 2019: Rs. 138.522) million, against various statutory notifications.

**12. TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Company comprise of associated companies, directors, major shareholders of the Company and key management personnel. All the transactions with related parties are entered into at agreed terms in the normal course of business as approved by the Board of Directors of the Company. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these interim financial statements are as follows:

Relationship	Nature of transactions	Half-year ended	
		December 31, 2019	December 31, 2018
		----- (Rupees in '000) -----	
		(Un-audited)	(Un-audited)
Common directorship	Sales	67,440	534,889
	Purchases	26,612	46,217
	Reimbursement of expenses	-	37,537
	Services rendered	-	5,729
Key management personnel	Salaries	6,480	6,130
	Retirement benefits	540	540
	Directorship fee	320	240
	Dividend paid to directors	205,432	170,923
Others - spouse of a director	Sales	527,973	-
	Reimbursement of expenses	78,396	-

**13. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES**

These condensed interim financial statements do not include all financial risk management information and disclosures which are 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, 2019. There have been no change in any risk management policies since the year end.

The carrying value of all financial and non-financial assets and liabilities measured at other than amortised cost in these condensed interim financial statements approximate their fair values.

**14. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on February 19, 2020 by the Board of Directors of the Company.

**15. GENERAL**

**15.1** Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

**15.2** Certain prior year figures have been rearranged and reclassified, wherever necessary, for better presentation.



**Faisal Ahmed**  
Chief Executive



**Muhammad Iqbal-ur-Rahim**  
Director



**Sagheer Ahmed**  
Chief Financial Officer

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