

ADM
ARTISTIC DENIM MILLS



**HALF YEARLY
REPORT 2021**
DECEMBER 31

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COMPANY INFORMATION

Board of Directors

Chief Executive
Chairman
Directors

Mr. Muhammad Faisal Ahmed
Mr. Muhammad Iqbal Ahmed
Mr. Muhammad Yousuf Ahmed
Mr. Muhammad Ali Ahmed
Ms. Zahra Faisal Ahmed
Mr. Yazdani Zia
Mr. Muneer Ahmed

Audit Committee

Chairman
Members

Mr. Yazdani Zia
Mr. Muhammad Iqbal Ahmed
Mr. Muhammad Ali Ahmed

Human Resource and Remuneration Committee

Chairman
Members

Mr. Yazdani Zia
Mr. Muhammad Faisal Ahmed
Ms. Zahra Faisal Ahmed

Chief Financial Officer

Mr. Sagheer Ahmed

Company Secretary

Mr. Muhammad Ozair Qureshi

Chief Internal Auditor

Mr. Salman Arif

Auditors

M/s. Reanda Haroon Zakaria & Company
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
Habib 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

DIRECTORS' REVIEW

The Directors of **Artistic Denim Mills Limited** ("the Company") are pleased to present to the shareholders the Directors' Review Report along with the un-audited condensed interim financial statements of the Company for the half year ended December 31, 2021.

PERIOD UNDER REVIEW

Comparative financial results for the current period and that of the corresponding period last year are as follows:

	December 31, 2021 Rs. in ('000')	December 31, 2020 Rs. in ('000')
Net Sales	7,859,581	4,449,803
Gross profit	655,634	665,807
Finance costs	179,384	103,846
Net Profit	242,179	219,902
EPS (Rs. per share)	2.88	2.62

During the half year ended December 31, 2021, the Company achieved net sales of Rs. 7,860 million as compared to Rs. 4,450 million in the same period of last year, up by 76.63%. This was on account of primarily volume growth and product mix. The Company earned a gross profit of Rs. 656 million, compared to gross profit of Rs. 666 million for the corresponding period of last year. The decrease in gross profit was due to considerably increase in cotton prices and increase in prices of imported raw materials, dyes & chemicals, spare parts, increase in minimum wage, increase in gas tariff and sharp increase in ocean freight; hence, cost of production has increased. Further, due to shortage of gas in winter season, the Company used diesel to fulfill orders on time which resulted in increase in energy cost by Rs. 160 million which eroded the profits of the Company immensely. Finance costs recorded an increase of Rs. 76 million due to increase in interest rate and increase in working capital requirements primarily due to increase in cotton prices and availing SBP's LTFF/TERF Scheme for value addition and technological advancements. Due to the reasons explained above, profit before tax for the half year ended December 31, 2021 amounted to Rs. 322 million, while net profit amounted to Rs. 242 million translating into earnings per share of Rs. 2.88 as compared to earnings per share of Rs. 2.62 in the same period last year.

FUTURE OUTLOOK

There is no doubt 2022 is a challenging year for the country economy. Your company remains cognizant of the upcoming challenges and would continue to make all efforts to improve productivity. The management is confident that your Company would perform well in the coming months, as the outlook of textile market is positive.

In order to mitigate the impact of expected escalation in raw material prices, we have booked purchase of raw material for all of our major production programs against which we have received projections from customers. We are hopeful that all such measures will enable us to exhibit positive performance in remaining period of current financial year.

Textile and clothing exports grew 26 percent year-on-year to \$9.38 billion in the first half of this fiscal year, mainly on the back of a massive depreciation in the rupee's value and a steady rise in global demand. Textile sector is playing a major role in stabilizing the national economy; therefore, the government should address its issues on a priority basis. Further, government to reduce the cost of doing business, work on import-substitution, and improve regional trade via the barter system to make the economy sustainable in the long-term.

Despite the challenges being faced on economic and political front, the management of your company continues to target new markets and explore possibilities of making the operations increasingly efficient. The Company has been investing in Balancing, Modernization and Replacement (BMR) which is an ongoing process by utilizing SBP's LTFF Scheme to remain competitive in market.

ACKNOWLEDGEMENTS

The Board of Directors would like to thank all customers, suppliers, financial institutions, regulators and stakeholders for their continued support and cooperation. The Board would also like to express sincere appreciation for the employees for their dedication and hard work.

On behalf of the BOARD of DIRECTORS

MUHAMMAD FAISAL AHMED
CHIEF EXECUTIVE

YAZDANI ZIA
DIRECTOR

Karachi: February 22, 2022

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ARTISTIC DENIM MILLS LIMITED
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 **December 31, 2021** 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 December 31, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

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 apply 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 **Muhammad Iqbal**.


Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 22-Feb 2022

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021 (UN-AUDITED)

		December 31, 2021 ------(Rupees in '000)----- (Un-audited)	June 30, 2021 (Audited)
ASSETS	Note		
Non-Current Assets			
Property, plant and equipment	5	8,822,365	7,745,879
Intangible assets		688	1,513
Long term loans		31,186	28,350
Long-term deposits		1,732	1,732
		<u>8,855,971</u>	<u>7,777,474</u>
Current Assets			
Stores and spares		322,964	306,079
Stock-in-trade	6	6,685,250	5,100,011
Trade debts	7	3,651,647	3,299,540
Loans and advances		112,903	64,121
Trade deposits and prepayments		17,356	17,455
Other receivables		91,171	95,305
Short term investments	8	87,436	96,033
Sales tax refundable		369,442	118,296
Taxation - net		300,477	301,464
Cash and bank balances		384,021	370,701
		<u>12,022,667</u>	<u>9,769,005</u>
		<u>20,878,638</u>	<u>17,546,479</u>
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Authorised share capital			
100,000,000 ordinary shares of Rs.10/- each		1,000,000	1,000,000
Issued, subscribed and paid-up capital		840,000	840,000
Reserves		5,961,697	5,887,518
		<u>6,801,697</u>	<u>6,727,518</u>
Non-Current Liabilities			
Long-term financing		3,238,912	2,722,173
Deferred liability		163,395	139,082
		<u>3,402,307</u>	<u>2,861,255</u>
Current Liabilities			
Trade and other payables	9	2,824,022	2,178,835
Unclaimed dividend		3,139	2,930
Accrued mark-up		75,369	55,087
Short term borrowings	10	7,523,000	5,500,605
Current maturity of long-term financing		249,104	220,249
		<u>10,674,634</u>	<u>7,957,706</u>
Contingencies and Commitments	11		
		<u>20,878,638</u>	<u>17,546,479</u>

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

Muhammad Faisal Ahmed
Chief Executive Officer

Yazdani Zia
Director

Sagheer Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)

	Half Year Ended		Quarter Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- (Rupees in '000) -----			
Turnover - net	7,859,581	4,449,803	3,454,020	2,120,973
Cost of sales	(7,203,947)	(3,783,996)	(3,204,919)	(1,752,619)
Gross profit	655,634	665,807	249,101	368,354
Distribution costs	(172,794)	(123,780)	(81,960)	(68,577)
Administrative expenses	(79,618)	(80,580)	(44,961)	(52,757)
Other operating expenses	(33,726)	(153,099)	(5,455)	(101,536)
Other income	132,299	67,363	91,075	26,561
	(153,839)	(290,096)	(41,301)	(196,309)
Operating profit	501,795	375,711	207,800	172,045
Finance costs	(179,384)	(103,846)	(108,841)	(53,721)
Profit before taxation	322,411	271,865	98,959	118,324
Taxation	(80,232)	(51,963)	(35,144)	(24,064)
Net Profit for the period	242,179	219,902	63,815	94,260
Basic & diluted earnings per share (Rupees)	2.88	2.62	0.76	1.12

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

Muhammad Faisal Ahmed
Chief Executive Officer

Yazdani Zia
Director

Sagheer Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)

	Half Year Ended		Quarter Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- (Rupees in '000) -----			
Net profit for the period	242,179	219,902	63,815	94,260
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	242,179	219,902	63,815	94,260

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

Muhammad Faisal Ahmed
Chief Executive Officer

Yazdani Zia
Director

Sagheer Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)

	Issued, subscribed and paid-up capital	Revenue Reserves			
		Unappropriated profit	Actuarial loss on defined benefit plan	Total Reserves	Total Equity
	----- (Rupees in '000) -----				
Balance as at July 1, 2020	840,000	5,811,480	(39,860)	5,771,620	6,611,620
Net profit for the period	-	219,902	-	219,902	219,902
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	219,902	-	219,902	219,902
Transactions with owners					
Cash dividend paid @ Rs. 3.00 per ordinary share of Rs.10 each for the year ended June 30, 2020	-	(252,000)	-	(252,000)	(252,000)
Balance as at December 31, 2020	<u>840,000</u>	<u>5,779,382</u>	<u>(39,860)</u>	<u>5,739,522</u>	<u>6,579,522</u>
Balance as at July 1, 2021	840,000	5,913,382	(25,864)	5,887,518	6,727,518
Net profit for the period	-	242,179	-	242,179	242,179
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	242,179	-	242,179	242,179
Transactions with owners					
Cash dividend paid @ Rs. 2.00 per ordinary share of Rs.10 each for the year ended June 30, 2021	-	(168,000)	-	(168,000)	(168,000)
Balance as at December 31, 2021	<u>840,000</u>	<u>5,987,561</u>	<u>(25,864)</u>	<u>5,961,697</u>	<u>6,801,697</u>

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

Muhammad Faisal Ahmed
Chief Executive Officer

Yazdani Zia
Director

Sagheer Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)

		Half Year Ended	
		December 31, 2021	December 31, 2020
	Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		322,411	271,865
Adjustments for non-cash charges and other items:			
Depreciation / amortization		250,595	243,355
Provision for gratuity		27,665	23,207
Unrealised loss on short-term investments		8,605	-
Dividend income		(2,419)	(32,287)
Gain on disposal of operating fixed assets		(478)	(105)
Finance cost		179,384	103,846
		463,352	338,016
Profit before working capital changes		785,763	609,881
(Increase) / decrease in current assets			
Stores and spares		(16,885)	6,693
Stock-in-trade		(1,585,239)	(1,001,838)
Trade debts		(352,107)	(248,089)
Loans and advances		(48,782)	(73,981)
Trade deposits and short-term prepayments		99	(66,951)
Other receivables and sale tax refundable		(247,012)	(84,741)
		(2,249,926)	(1,468,907)
Increase in current liabilities			
Trade and other payables		645,187	399,074
Cash used in operations		(818,976)	(459,952)
Income tax (paid) / received		(79,247)	19,112
Gratuity paid		(3,352)	(2,373)
Finance costs paid		(159,102)	(101,502)
		(241,701)	(84,763)
Net cash used in operating activities		(1,060,677)	(544,715)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	5.1 & 5.2	(1,327,020)	(500,816)
Short-term investment -net		(7)	730,285
Long-term loans		(2,836)	(13,959)
Dividend received		2,419	32,287
Proceeds from disposal of operating fixed assets		1,243	291
Net cash (used in) / generated from investing activities		(1,326,201)	248,088
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing repaid		(104,200)	-
Long-term financing availed		649,794	83,512
Short-term borrowings - net		2,022,395	(3,828)
Dividends paid		(167,791)	(251,712)
Net cash generated from / (used in) financing activities		2,400,198	(172,028)
Net increase / (decrease) in cash and cash equivalents		13,320	(468,655)
Cash and cash equivalents at beginning of the period		370,701	884,428
Cash and cash equivalents at end of the period		384,021	415,773

* Cash and cash equivalents comprise of cash and bank balances.

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

Muhammad Faisal Ahmed
Chief Executive Officer

Yazdani Zia
Director

Sagheer Ahmed
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)

1 STATUS AND NATURE OF BUSINESS

Artistic Denim Mills Limited (the Company) was incorporated in Pakistan on May 18, 1992 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and is currently listed on Pakistan Stock Exchange Limited. The principal activity of the Company is to manufacture and sell yarn, rope dyed denim fabric, garments 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 standard 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 Standard 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, 2021 and December 31, 2020 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 year ended December 31, 2021 and December 31, 2020.

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, 2021. These condensed interim financial statements are un-audited, however, have been subjected 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 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 the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2021.

3.1 Standards, amendments and improvements to IFRS's effective during the period:

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

	Effective for period beginning on or after
Amendments to IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures', IFRS 9 'Financial Instruments', IFRS 16 'Leases', IAS 39 'Financial Instruments: Recognition and Measurement': Amendments regarding replacement issues in the context of the IBOR reform	January 1, 2021
Amendments to IFRS 16 'Leases': Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification	April 1, 2021

The adoption of the above standards, amendments, improvements to accounting standards did not have any material effect on these condensed interim financial statements.

3.2 Amendments to standards and IFRS interpretations that are not yet effective

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's condensed interim financial statements other than certain additional disclosures:

	Effective from accounting period beginning on or after
Classification of Liabilities as Non Current or Current - Amendments to IAS 1	January 1, 2022
Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach	January 1, 2023
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use.	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous	January 1, 2022
Annual improvements to IFRS standards 2018-2020	January 1, 2022
Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.	
Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
IFRS 1 - First Time Adoption of International Financial Reporting Standards	
IFRS 17 - Insurance Contracts	

4 ACCOUNTING JUDGEMENTS AND ESTIMATES

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, judgements that affect the application of policies and the reported amount of assets and liabilities and income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual financial statements of the company as at and for the year ended June 30, 2021.

	Note	December 31, 2021 ------(Rupees in '000)----- (Un-audited)	June 30, 2021 (Audited)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	5,587,518	5,577,115
Capital work-in-progress (CWIP)	5.2	3,234,847	2,168,764
		8,822,365	7,745,879
5.1 Operating fixed assets			
Opening written down value		5,577,115	5,452,914
Additions during the period / year	5.1.1	4,365	14,239
Transfers from CWIP during the period / year	5.1.1	256,572	620,142
		260,937	634,381
		5,838,052	6,087,295
Disposals during the period / year			
at written down value	5.1.2	(765)	(5,405)
Depreciation charge for the period / year		(249,769)	(504,775)
		5,587,518	5,577,115
5.1.1 Additions / transfers* during the period / year			
Building on leasehold land		* 84,832	* 38,624
Plant and machinery		* 142,605	* 540,564
Factory equipment		* 29,135	* 40,954
Furniture and fixtures		741	7,690
Office equipment, including computers		3,624	5,216
Vehicles		-	1,333
		260,937	634,381

	Note	December 31, 2021 ------(Rupees in '000)----- (Un-audited)	June 30, 2021 (Audited)
5.1.2 Disposals, at their written down values, during the period / year			
Plant and machinery		-	4,658
Vehicles		765	747
		<u>765</u>	<u>5,405</u>
5.2 Capital work-in-progress			
Opening written down value		2,168,764	625,402
Additions made during the period / year			
Civil works		502,212	548,985
Plant and machinery		564,961	983,691
Factory equipment		29,135	38,004
Advances		226,347	592,824
		<u>1,322,655</u>	<u>2,163,504</u>
Transfers to operating assets	5.1.1	(256,572)	(620,142)
		<u>3,234,847</u>	<u>2,168,764</u>
5.2.1 Capital work-in-progress as at period / year end			
Civil works		1,120,541	703,161
Plant and machinery		1,358,121	935,765
Advances		756,185	529,838
		<u>3,234,847</u>	<u>2,168,764</u>
6 STOCK IN TRADE			
Raw and packing material			
In hand		4,114,150	2,902,694
In transit		146,750	477,794
		<u>4,260,900</u>	<u>3,380,488</u>
Work-in-process		<u>1,913,386</u>	<u>1,165,487</u>
Finished goods		<u>510,964</u>	<u>554,036</u>
		<u>6,685,250</u>	<u>5,100,011</u>
7 TRADE DEBTS - considered good			
Secured - against letters of credit			
Related parties			
Artistic Fabric & Garment Industries (Pvt). Limited		-	7,792
Artistic Fabric Mills (Private) Limited		-	60,967
		-	68,759
Others		<u>1,380,298</u>	<u>645,376</u>
		<u>1,380,298</u>	<u>714,135</u>
Unsecured			
Related parties			
DL1961 Premium Denim Inc.		197,748	118,751
Artistic Fabric & Garment Industries (Pvt). Limited		-	26
Casual Sports Wear (SMC-Pvt) Limited		233	2,386
Regency Brands		1,353,629	1,701,656
Premium Distributors		64,360	29,151
Artistic Fabric Mills (Private) Limited		2,537	-
		<u>1,618,507</u>	<u>1,851,970</u>
Others		<u>652,842</u>	<u>733,435</u>
		<u>3,651,647</u>	<u>3,299,540</u>

	Note	December 31, 2021 ------(Rupees in '000)----- (Un-audited)	June 30, 2021 (Audited)
8 SHORT - TERM INVESTMENT			
- At fair value through profit or loss			
In units of mutual funds	8.1	741	733
In Quoted securities			
Carrying value		95,300	98,165
Loss on re-measurement of investment	8.2	(8,605)	(2,865)
		<u>86,695</u>	<u>95,300</u>
		<u>87,436</u>	<u>96,033</u>

8.1 Mutual funds

December 31, 2021	June 30, 2021		December 31, 2021 ------(Rupees in '000)----- (Un-audited)	June 30, 2021 (Audited)
Number in units				
10,577	10,566	Al-Meezan Rozana Amdani Fund	529	528
21,170	20,497	NPB Islamic Daily Dividend Fund	212	205
<u>31,747</u>	<u>31,063</u>		<u>741</u>	<u>733</u>

8.2 Quoted Shares

December 31, 2021	June 30, 2021		December 31, 2021 ------(Rupees in '000)----- (Un-audited)	June 30, 2021 (Audited)
Number of shares			Market value	
180,500	180,500	Oil & Gas Development Company Ltd.	15,559	17,153
900,000	900,000	Pakistan Petroleum Limited	71,136	78,147
<u>1,080,500</u>	<u>1,080,500</u>		<u>86,695</u>	<u>95,300</u>

	Note	December 31, 2021 ------(Rupees in '000)----- (Un-audited)	June 30, 2021 (Audited)
9	TRADE AND OTHER PAYABLES		
Creditors	9.1 & 9.2	1,074,793	680,983
Accrued liabilities	9.3	1,520,026	1,360,438
Advances from customers - unsecured		110,003	55,992
Book overdraft		43,185	-
Advance against expenses		4,433	3,102
Staff contribution for vehicle		31,477	29,921
Worker's Profit Participation Fund		17,304	24,424
Worker's Welfare Fund		11,727	13,032
Withholding tax		11,074	10,943
		2,824,022	2,178,835

9.1 This includes balance with Artistic Fabric Mills (Private) Limited amounting to Rs. 3.209 (June 30, 2021: Rs.Nil) million.

9.2 This includes foreign bills payable amounting to Rs. 123.775 (June 30, 2021: 58.862) million.

9.3 This includes provision of Rs.1,265.807 (June 30, 2021: Rs.1,209.630) million prudently recorded against increase in tariff / levies by utility company and government authority which are subjudice in the Honourable Courts of Laws, hence the relevant details are not disclosed.

During the year ended June 30, 2021, Honourable Supreme Court of Pakistan (SCP) has, in its original decision and decision against the review petition, ordered Industrial Gas Consumers to Pay GID Cess (included in aforementioned provision as per GIDC Act, 2015) in accordance with the parameters mentioned therein. Being aggrieved, the Company has filed suit before Honourable High Court of Sindh against billing of GID Cess by the Gas company (at captive power rates instead of industrial rates) considering it to be in contrast with the decision of SCP. Accordingly, the payment of GID Cess is dependant on the decision of the said case which is pending till the reporting date.

		December 31, 2021 ------(Rupees in '000)----- (Un-audited)	June 30, 2021 (Audited)
10	SHORT TERM BORROWINGS		
Short term loans - secured	10.1	5,523,000	4,723,000
Short term loans - money market - secured	10.2	2,000,000	-
Short term running finances under FE-25	10.3	-	777,605
		7,523,000	5,500,605

10.1 There are no major changes in the terms and conditions of short terms loans as disclosed in note 22.1 of the annual audited financial statements for the year ended June 30, 2021.

	Note	December 31, 2021 ------(Rupees in '000)----- (Un-audited)	June 30, 2021 ------(Rupees in '000)----- (Audited)
10.2 Short term loans - money market - secured			
Commercial Bank I	10.2.1	1,800,000	-
Commercial Bank II	10.2.2	200,000	-
		<u>2,000,000</u>	<u>-</u>

10.2.1 During the period, the Company has arranged a short term loan amounting to Rs. 1,800 million, from a commercial bank to meet working capital requirements. It carries markup at the rate of one month KIBOR plus 0.3% per annum and is secured against enhanced registered first pari passu hypothecation charge of Rs. 4,100 million over moveables and receivables of the Company.

10.2.2 During the period, the Company has arranged a short term loan amounting to Rs. 200 million, from a commercial bank to meet working capital requirements. It carries markup at the rate of one month KIBOR plus 0.15% per annum and is secured against enhanced registered first pari passu hypothecation charge of Rs. 1,500 million over stocks and receivables of the Company.

10.3 During the period, the Company has fully repaid short-term running finances under Foreign Exchange Circular No.25, dated June 20, 1998.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There are no major changes in the status and nature of contingencies as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2021.

	December 31, 2021 ------(Rupees in '000)----- (Un-audited)	June 30, 2021 ------(Rupees in '000)----- (Audited)
11.1.1 Outstanding counter guarantees	<u>374,632</u>	<u>295,152</u>
11.1.2 Foreign bills discounted	<u>-</u>	<u>258,064</u>

11.2 Commitments

- 11.2.1** Commitments in respect of Building on leasehold land and machinery at the end of the period amounted to Rs. 379.614 (June 30, 2021: Rs. 698.851) million.
- 11.2.2** Outstanding letters of credit at the end of the period amounted to Rs. 2,076.702 (June 30, 2021: Rs. 2,810.855) million.
- 11.2.3** Post dated cheques issued in favour of Custom Authorities aggregating to Rs. 615.457 (June 30, 2021: Rs.406.330) million, against various statutory notifications.
- 11.2.4** Outstanding foreign currency forward contracts of Rs. 328.309 million (June 30, 2021: Rs. 2,584.648 million).

12 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise 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 financial statements, are as follows:

Type of Related Parties	Relationship	Nature of Transactions	Half-year ended	
			December 2021	December 2020
			------(Rupees in '000)----- (Un-audited)	(Un-audited)
Associated Companies	Common directorship	Sales	276,702	50,719
		Purchases	22,255	38,634
		Services rendered	41,644	-
		Services rendered	4,556	48,623
Directors & Executives	Key management personnel	Salaries	8,700	6,160
		Retirement benefits	745	685
		Directorship fee	420	600
		Dividend paid to directors	136,266	205,432
Relative of directors	Others - spouse / daughter of a director	Sales	2,901,045	239,191
		Reimbursement of expenses	93,257	46,944

12.1 The above transactions are at arms length using admissible valuation methods.

13 FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statement 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, 2021. 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 amortized cost in these condensed interim financial statements approximate their fair values.

14 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial statements were authorised for issue on February 22, 2022 by the Board of Directors of the Company.

15 GENERAL

15.1 Figures have been rounded-off to the nearest thousands rupees, unless otherwise stated.

Muhammad Faisal Ahmed
Chief Executive Officer

Yazdani Zia
Director

Sagheer Ahmed
Chief Financial Officer



HEAD OFFICE + FACTORY

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