



SHAMS TEXTILE MILLS LIMITED

# HALF YEARLY REPORT

31 December 2022  
(Un-Audited)





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## COMPANY INFORMATION

**Board of Directors**

Muhammad Anwar	(Chairman)
Adil Bashir	
Asif Bashir	
Khurram Mazhar Karim	
Muhammad Shafiq Gill	(Nominee: NIT)
Shahid Arshad	
Minail Mishal Adamjee	

**Chief Executive Officer**

Khalid Bashir

**Chief Financial Officer**

Tariq Javed

**Company Secretary**

Muhammad Haroon Arif

**Audit Committee**

Shahid Arshad	(Chairman)
Khurram Mazhar Karim	(Member)
Adil Bashir	(Member)

**Human Resource & Remuneration Committee**

Minail Mishal Adamjee	(Chairman)
Asif Bashir	(Member)
Khurram Mazhar Karim	(Member)

**Risk Committee**

Asif Bashir	(Chairman)
Shahid Arshad	(Member)
Khurram Mazhar Karim	(Member)

**Share Registrar**

Corptec Associates (Pvt) Ltd.  
503-E, Johar Town, Lahore.

**Auditors**

Riaz Ahmad & Company  
Chartered Accountants

**Bankers**

MCB Bank Limited  
National Bank of Pakistan (Aitemaad Islamic Banking)  
Allied Bank Limited  
United Bank Limited

**Registered Office**

7-B-III, Aziz Avenue, Gulberg-V, Lahore  
Ph: +92-423-576 0379, 576 0381  
Fax: +92-423-576 0376  
Email: [info@shams.com.pk](mailto:info@shams.com.pk)  
Web: [www.shams.com.pk](http://www.shams.com.pk)

**Project Locations**

Kotla Kahloon, District Nankana Sahib, Punjab  
3-KM, Faisalabad Road, Chiniot, Punjab

**Independent Auditor's Review Report**  
**To the members of Shams Textile Mills Limited**  
**Report on review of Condensed Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of SHAMS TEXTILE MILLS LIMITED as at 31 December 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed 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 condensed 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 quarters ended 31 December 2022 and 31 December 2021 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2022.

**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 condensed 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 condensed 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 Syed Mustafa Ali.



**RIAZ AHMAD & COMPANY**

**Chartered Accountants**

**Lahore**

**Date: 28 February, 2023**

**UDIN: RR202210168SR5nDt4el**

## DIRECTORS' REPORT

The Board of Directors of your Company are pleased to present Directors' Report on the operations and financial performance of the Company for the period July 2022 to December 2022.

**Overview:**

It has been a challenging period for the textile spinning industry due to a range of economic factors both domestically and internationally. The global economy has been adversely impacted by the Russia/Ukraine war, high inflation, and a volatile global oil market, which has caused significant instability in the supply chain. These factors have affected the overall economic growth and have resulted in reduced consumer spending. The Government has implemented measures to manage the economic slowdown by reducing imports and increasing the mark-up rate to 17%. In this challenging economic environment, our company has faced several difficulties. The devaluation of the rupee has resulted in an increase in the cost of imported raw materials, and the supply chain has been fraught with challenges, including increases in energy costs and increased political instability. Furthermore, unexpected weather patterns have caused significant damage to the cotton crop both in Pakistan and internationally.

**Industrial Background:**

The textile sector in Pakistan has an overwhelming impact on the economy and has been contributing around 60% to the country's exports. It comprises of 46% of the total manufacturing sector and being the second largest employment generating sector that provides employment to 40% of the total labor force. There was significant increase in the cost of imported raw material owing to devaluation of the rupee in the last quarter of FY22. Moreover, higher international cotton prices and overall challenging supply chain, fraught with shortage of gas, increased political instability and uncertain taxes and levies, have made it difficult for the industry to take a long-term view over its operations. The spinning industry at the start of cotton year was very optimistic that the demand and price for cotton would be reduced due to anticipated growth in current year cotton crop and carry-over of last year's surplus stocks. Afterwards, because of drought in US, its crop has fallen substantially and likewise devastating rains in Pakistan have also severely damaged the cotton & other crops. Resultantly cotton market has suddenly taken an upturn and prices have started getting elevated. In Pakistan, unprecedented rains have seriously damaged the crops and so far, the quality and quantity both are below expectations. Despite these challenges, we have maintained our commitment to quality and excellence. However, due to the closure of two of our production units, our sales have decreased by 85%, from Rs. 4,808.305 million to Rs. 715.076 million. Inflation has continued to rise at a fast pace, and the depreciation of the rupee has caused concerns about the performance of the economy.

**FINANCIAL SUMMARY:**

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(Rupees in thousand)			
SALES	715,076	4,808,305	392,497	2,378,033
COST OF SALES	(768,421)	(4,373,588)	(438,952)	(2,183,012)
GROSS (LOSS)/PROFIT	(53,345)	434,717	(46,455)	195,021
OPERATING EXPENSE	(64,096)	(109,652)	(35,471)	(51,241)
OTHER INCOME	36,589	6,202	26,431	2,986
(LOSS)/PROFIT FROM OPERATIONS	(80,852)	331,267	(55,495)	146,766
FINANCE COST	(1,998)	(44,818)	(155)	(23,089)
(LOSS)/PROFIT BEFORE TAXATION	(82,850)	286,449	(55,650)	123,677
TAXATION	(12,497)	(57,593)	(8,465)	(27,601)
(LOSS)/PROFIT AFTER TAXATION	(95,347)	228,856	(64,115)	96,076
(LOSS)/PROFIT PER SHARE (Rs.)	(11.04)	26.49	(7.42)	11.12

**Future Outlook:**

Prospects for stability of the economy are largely dependent on several factors, including political stability, the implementation of a proactive and prudent monetary policy, and access to external financing.

For the textile sector to remain competitive on the global stage, the main priority is ensuring the availability and affordability of energy. Currently, the industrial electricity tariff in Pakistan is higher compared to other textile exporting countries, making us less competitive in the international market. Therefore, it is necessary to establish a predictable, stable, and compatible energy policy that can improve business confidence levels and promote investments in the industry. Additionally, the taxation structure should also aim to create an environment that promotes ease of doing business, while expanding the tax base instead of overburdening existing taxpayers. The next year is expected to be a challenging year for both the company and the economy of Pakistan. Nevertheless, the company is committed to keeping up the momentum and doing its best to overcome the challenges.

**Acknowledgment:**

We would like to always thank the Board of Directors for their guidance and to all employees and shareholders for their cooperation.

For and On behalf of Board of Directors



Khalid Bashir  
Chief Executive

28 February, 2023  
Lahore



Asif Bashir  
Director

## ڈائریکٹر رپورٹ

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو جولائی 2022ء سے دسمبر 2022ء کی مدت کے لیے کمپنی کے آپریشنز اور مالیاتی کارکردگی پر ڈائریکٹرز کی رپورٹ پیش کرنے پر خوشی ہے۔

**چانزدہ:**

ملکی اور بین الاقوامی سطح پر متعدد اقتصادی عوامل کی وجہ سے ٹیکسٹائل اسپننگ انڈسٹری کے لیے یہ ایک مشکل دور رہا ہے۔ عالمی معیشت روس کی جنگ، بلند افراط زر، اور تیل کی غیر مستحکم عالمی منڈی سے بری طرح متاثر ہوئی ہے جس نے چلائے چلین میں نمایاں عدم استحکام پیدا کیا ہے۔ ان عوامل نے مجموعی اقتصادی ترقی کو متاثر کیا ہے اور اس کے نتیجے میں صارفین کے اخراجات میں کمی آئی ہے۔ حکومت نے درآمدات کو کم کر کے اور مارک اپ کی شرح کو 17 فیصد تک بڑھا کر معاشی رستی سے نمٹنے کے لیے اقدامات نافذ کیے ہیں۔ اس مشکل معاشی ماحول میں ہماری کمپنی کو کئی مشکلات کا سامنا کرنا پڑا ہے۔ روپے کی قدر میں کمی کے نتیجے میں درآمدی خام مال کی قیمت میں اضافہ ہوا ہے اور سپلائی چین میں بہت سے چیلنجوں کا سامنا کرنا پڑا ہے جس میں توانائی کی لاگت میں اضافہ اور سیاسی عدم استحکام میں اضافہ بھی شامل ہے۔ مزید برآں غیر متوقع عمومی صورتحال نے پاکستان اور بین الاقوامی سطح پر کپاس کی فصل کو کافی نقصان پہنچایا ہے۔

**مستی میں سفر:**

پاکستان میں ٹیکسٹائل سیکٹر کا معیشت پر بہت گہرا اثر ہے اور یہ ملک کی برآمدات میں تقریباً 60 فیصد حصہ ڈال رہا ہے۔ یہ کل مینوفیکچرنگ سیکٹر کا 46 فیصد پر مشتمل ہے اور روزگار پیدا کرنے والا دور اور اس شعبہ ہے جو کل لیبر فورس کے 40 فیصد کو روزگار فراہم کرتا ہے۔ مالی سال 2022 کی آخری سہ ماہی میں روپے کی قدر میں کمی کی وجہ سے درآمدی خام مال کی قیمت میں نمایاں اضافہ ہوا ہے۔ مزید برآں بین الاقوامی سطح پر کپاس کی بلند قیمتوں اور مجموعی طور پر چیلنجنگ سپلائی چین، گیس کی قلت، بڑھتا ہوا سیاسی عدم استحکام اور غیر یقینی ٹیکسوں اور لیوریز میں صنعت کے لیے اپنے آپریشنز پر طویل المدتی نقطہ نظر اختیار کرنا مشکل بنا دیا ہے۔ کپاس کے سال کے آغاز میں اسپننگ انڈسٹری بہت پر امید تھی کہ رواں سال کپاس کی فصل میں متوقع نمو اور گزشتہ سال کے زائد خارجی ترسیل کی وجہ سے کپاس کی مانگ اور قیمت میں کمی آئے گی۔ اس کے بعد امریکہ میں خشک سالی کی وجہ سے اس کی فصل کافی کم ہو گئی اور اسی طرح پاکستان میں تناؤ کن بارشوں نے بھی کپاس اور دیگر فصلوں کو شدید نقصان پہنچایا ہے اور اب تک معیار اور مقدار دونوں ہی توقعات سے کم ہیں۔ ان چیلنجوں کے باوجود ہم بلند ہونا شروع ہو گئیں۔ پاکستان میں بے شمار بارشوں نے فصلوں کو شدید نقصان پہنچایا ہے اور اب تک معیار اور مقدار دونوں ہی توقعات سے کم ہیں۔ ان چیلنجوں کے باوجود ہم نے معیار اور معاشی کے لیے اپنے عزم کو برقرار رکھا ہے۔ تاہم، ہمارے دو پروڈکشن پینٹس کے بند ہونے کی وجہ سے ہماری فروخت میں 85 فیصد کمی واقع ہوئی ہے، جو کہ پچھلی ششماہی میں 4,808,305 ملین روپے سے کم ہو کر 715,076 ملین روپے ہو گئی ہے۔ مہنگائی تیز رفتاری سے بڑھ رہی ہے اور روپے کی قدر میں کمی نے معیشت کی کارکردگی کے بارے میں خدشات پیدا کر دیے ہیں۔

**مالیاتی خلاصہ:**

(مبلغ ملین میں)		ششماہی		سہ ماہی	
31 دسمبر 2022ء	31 دسمبر 2021ء	31 دسمبر 2022ء	31 دسمبر 2021ء	31 دسمبر 2022ء	31 دسمبر 2021ء
715,076	4,808,305	392,497	2,378,033		
(768,421)	(4,373,588)	(438,952)	(2,183,012)		
(53,345)	434,717	(46,455)	195,021		
(64,096)	(109,652)	(35,471)	(51,241)		
36,589	6,202	26,431	2,986		
(80,852)	331,267	(55,495)	146,766		
(1,998)	(44,818)	(155)	(23,089)		
(82,850)	286,449	(55,650)	123,677		
(12,497)	(57,593)	(8,465)	(27,601)		
(95,347)	228,856	(64,115)	96,076		
(11.04)	228,856	(7.42)	11.12		

**مستقبل کے امکانات:**

معیشت کے استحکام کے امکانات بڑی حد تک کئی عوامل پر منحصر ہیں، جن میں سیاسی استحکام، ایک فعال اور سمجھدار مالیاتی پالیسی کا نفاذ اور بیرونی فنانسنگ تک رسائی شامل ہیں۔ ٹیکسٹائل سیکٹر کو عالمی سطح پر مسابقتی بنانے رکھنے کے لیے بنیادی ترجیح توانائی کی دستیابی اور قابل استطاعت کو یقینی بنانا ہے۔ فی الحال پاکستان میں صنعتی بجلی کا ٹیرف دیگر ٹیکسٹائل برآمد کرنے والے ممالک کے مقابلے میں زیادہ ہے جس سے ہم بین الاقوامی منڈی میں کم مسابقت رکھتے ہیں۔ لہذا ایک متوقع، مستحکم اور ہم آہنگ توانائی کی پالیسی قائم کرنے کی ضرورت ہے جو کاروباری سطح کو بہتر بنا سکے اور صنعت میں سرمایہ کاری کو فروغ دے سکے۔ مزید برآں، بجلی کے نفاذ کا مقصد ایک ایسا ماحول پیدا کرنا ہے جو کاروبار کرنے میں آسانی کو فروغ دے جب کہ موجودہ بجلی دہندگان پر زیادہ بوجھ ڈالنے کی بجائے بجلی کی بنیاد کو بڑھائے۔ آئندہ سال کمپنی اور پاکستان کی معیشت دونوں کے لیے ایک چیلنجنگ سال ہونے کی توقع ہے اس کے باوجود کمپنی اپنے عزم کو برقرار رکھے اور مشکلات پر قابو پانے کے لیے اپنی پوری کوشش کر رہی ہے۔

**انتہائی فکر:**

ہم اس موقع پر اپنے تمام حصص داروں، شرکاء داروں کے تعاون اور اپنے ملازمین کے کام کو مہماتے ہیں۔ ہم بورڈ آف ڈائریکٹرز کا ان کی رہنمائی اور ان کے مشوروں کا شکریہ ادا کرتے ہیں۔

*محمد*

آصف بشیر

ڈائریکٹر

*Lumini Rose*

خالد بشیر

چیف ایگزیکٹو

28 فروری 2023ء

# SHAMS TEXTILE MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION As At 31 December 2022

	Un Audited 31 December 2022 Note	Audited 30 June 2022 (Rupees in thousands)
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorized share capital</b>		
25,000,000 (30 June 2022: 25,000,000) ordinary shares of Rupees 10 each	<b>250,000</b>	250,000
<b>Issued, subscribed and paid-up share capital</b>		
8,640,000 (30 June 2022: 8,640,000) ordinary shares of Rupees 10 each	<b>86,400</b>	86,400
<b>Reserves</b>	<b>912,551</b>	1,018,035
<b>Total equity</b>	<b>998,951</b>	1,104,435
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>928,779</b>	1,115,719
Accrued mark-up	<b>9</b>	9,284
Short term borrowings	<b>1,786</b>	156,539
GIDC payable	<b>31,227</b>	34,130
Unclaimed dividend	<b>4,622</b>	4,627
Taxation - net	<b>21,965</b>	30,723
	<b>988,388</b>	1,351,022
<b>Total liabilities</b>	<b>988,388</b>	1,351,022
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>4</b>	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,987,339</b>	2,455,457

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

  
Chief Executive

  
Director

  
Chief Financial Officer



		Un Audited 31 December 2022 (Rupees in thousands)	Audited 30 June 2022
	Note		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	721,963	719,645
Long term investments		42,455	52,592
Long term security deposits		7,736	7,736
Deferred income tax asset - net		-	-
		<b>772,154</b>	<b>779,973</b>
<b>CURRENT ASSETS</b>			
Stores and spare parts		133,524	89,270
Stock-in-trade		350,551	631,120
Trade debts		337,938	903,581
Advances		4,862	4,271
Short term prepayment		3,099	-
Other receivables		32,935	35,040
Short term investment	6	301,820	-
Cash and bank balances		50,456	12,202
		<b>1,215,185</b>	<b>1,675,484</b>
<b>TOTAL ASSETS</b>		<b>1,987,339</b>	<b>2,455,457</b>



Chief Executive



Director



Chief Financial Officer

# SHAMS TEXTILE MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-Audited)

For The Half Year Ended 31 December 2022

	Note	HALF YEAR ENDED		QUARTER ENDED	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
(Rupees in thousand)					
REVENUE FROM CONTRACTS WITH CUSTOMERS	7	715,076	4,808,305	392,497	2,378,033
COST OF SALES	8	(768,421)	(4,373,588)	(438,952)	(2,183,012)
GROSS (LOSS) / PROFIT		(53,345)	434,717	(46,455)	195,021
DISTRIBUTION COST		(9,501)	(37,764)	(5,669)	(14,459)
ADMINISTRATIVE EXPENSES		(52,512)	(46,895)	(27,719)	(23,853)
OTHER EXPENSES		(2,083)	(24,993)	(2,083)	(12,929)
		(64,096)	(109,652)	(35,471)	(51,241)
		(117,441)	325,065	(81,926)	143,780
OTHER INCOME		36,589	6,202	26,431	2,986
(LOSS) / PROFIT FROM OPERATIONS		(80,852)	331,267	(55,495)	146,766
FINANCE COST		(1,998)	(44,818)	(155)	(23,089)
(LOSS) / PROFIT BEFORE TAXATION		(82,850)	286,449	(55,650)	123,677
TAXATION		(12,497)	(57,593)	(8,465)	(27,601)
(LOSS) / PROFIT AFTER TAXATION		(95,347)	228,856	(64,115)	96,076
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		(11.04)	26.49	(7.42)	11.12

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

  
Chief Executive

  
Director

  
Chief Financial Officer

SHAMS TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(Un-audited)

For The Half Year Ended 31 December 2022

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(Rupees in thousand)			
<b>(LOSS) / PROFIT AFTER TAXATION</b>	(95,347)	228,856	(64,115)	96,076
<b>OTHER COMPREHENSIVE (LOSS) / INCOME</b>				
<b>Items that will not be reclassified to profit or loss:</b>				
(Deficit) / surplus arising on remeasurement of investments at fair value through other comprehensive income	(10,137)	16,614	(1,599)	6,901
<b>Items that may be reclassified subsequently to profit or loss</b>	-	-	-	-
<b>Other comprehensive (loss) / income for the period</b>	(10,137)	16,614	(1,599)	6,901
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</b>	(105,484)	245,470	(65,714)	102,977

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



Chief Executive



Director



Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)**  
For The Half Year Ended 31 December 2022

	SHARE CAPITAL	Reserves						TOTAL RESERVE	TOTAL EQUITY
		Capital		Revenue					
		Premium on issue of right shares	Fair value reserve FVTOCI investments	Sub total	General reserve	appropriated profit	Sub total		
		(Rupees in thousands)							
<b>Balance as at 30 June 2021 (Audited)</b>	86,400	86,400	27,384	113,784	600,000	95,410	695,410	809,194	895,594
Transaction with owners - Dividend for the year ended 30 June 2021	-	-	-	-	-	(17,280)	(17,280)	(17,280)	(17,280)
@ Rupees 2 per ordinary share	-	-	-	-	-	228,856	228,856	228,856	228,856
Profit for the half year ended 31 December 2021	-	-	-	-	-	-	-	-	16,614
Other comprehensive income for the half year ended 31 December 2021	-	-	16,614	16,614	-	-	-	-	16,614
Total comprehensive income for the half year ended 31 December 2021	-	-	16,614	16,614	-	228,856	228,856	245,470	245,470
<b>Balance as at 31 December 2021 (Un-audited)</b>	86,400	86,400	43,998	130,398	600,000	306,986	906,986	1,037,384	1,123,784
Loss for the half year ended 30 June 2022	-	-	-	-	-	(8,704)	(8,704)	(8,704)	(8,704)
Other comprehensive loss for the half year ended 30 June 2022	-	-	(10,645)	(10,645)	-	-	-	(10,645)	(10,645)
Total comprehensive loss for the half year ended 30 June 2022	-	-	(10,645)	(10,645)	-	(8,704)	(8,704)	(19,349)	(19,349)
<b>Balance as at 30 June 2022 (Audited)</b>	86,400	86,400	33,353	119,753	600,000	298,282	898,282	1,018,035	1,104,435
Loss for the half year ended 31 December 2022	-	-	-	-	-	(95,347)	(95,347)	(95,347)	(95,347)
Other comprehensive loss for the half year ended 31 December 2022	-	-	(10,137)	(10,137)	-	-	-	(10,137)	(10,137)
Total comprehensive loss for the half year ended 31 December 2022	-	-	(10,137)	(10,137)	-	(95,347)	(95,347)	(105,484)	(105,484)
<b>Balance as at 31 December 2022 (Un-audited)</b>	86,400	86,400	23,216	109,616	600,000	202,935	802,935	912,551	998,951

Land Troels

Chief Executive

Deep Singh

Director

Yangfeng

Chief Financial Officer

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

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

*Land Hoegs*  
Chief Executive

*Wojciech*  
Director

*Yanggund*  
Chief Financial Officer

SHAMS TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOW (Un-Audited)  
For The Half Year Ended 31 December 2022

		Half Year Ended	
		31 December 2022	31 December 2021
	Note	(Rupees in thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from / (used in) operations</b>	<b>9</b>	<b>549,759</b>	(213,971)
Finance cost paid		<b>(11,273)</b>	(34,873)
Income tax paid		<b>(21,255)</b>	(46,426)
Workers' profit participation fund paid		<b>(20,702)</b>	(25,066)
GIDC paid		<b>(2,903)</b>	(8,773)
<b>Net cash generated from / (used in) operating activities</b>		<b>493,626</b>	(329,109)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		<b>(36,254)</b>	(14,885)
Short term investment made		<b>(601,219)</b>	-
Proceeds from redemption of mutual fund		<b>302,000</b>	-
Dividend received		<b>21,746</b>	180
Return on bank deposits received		<b>4,095</b>	-
Proceeds from sale of property, plant and equipment		<b>9,018</b>	2,660
<b>Net cash used in investing activities</b>		<b>(300,614)</b>	(12,045)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings - net		<b>(154,753)</b>	379,267
Dividend paid		<b>(5)</b>	(16,879)
<b>Net cash (used in) / from financing activities</b>		<b>(154,758)</b>	362,388
<b>Net increase in cash and cash equivalents</b>		<b>38,254</b>	21,234
<b>Cash and cash equivalents at the beginning of the period</b>		<b>12,202</b>	17,585
<b>Cash and cash equivalents at the end of the period</b>		<b>50,456</b>	38,819

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



Chief Executive



Director



Chief Financial Officer

**SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (Un-Audited)**  
For The Half Year Ended 31 December 2022

**1. THE COMPANY AND ITS OPERATIONS**

- 1.1** Shams Textile Mills Limited ("the Company") is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. Its registered office is situated at 7-B-III, Aziz Avenue, Gulberg V, Lahore. The Company is engaged in the business of manufacturing, sale and trading of yarn and trading of cloth.
- 1.2** The three manufacturing units of the Company were temporarily closed on 11 March 2022, 18 April 2022 and 01 May 2022 in view of low demand for yarn and unviable cotton prices. One manufacturing unit of the Company resumed production from 15 November 2022. The management has carried out a going concern assessment of the Company and believes that the going concern assumption used for the preparation of these condensed interim financial statements is appropriate and no material uncertainty exists. The assessment is based on: positive working capital and firm commitment to start full operations very shortly; availability of borrowing limits (funded) from financial institutions amounting to Rupees 1,100 million as at the reporting date for procurement of cotton as the sale rates of yarn are very shortly expected to be aligned with increase in cotton price and operating costs; and chief executive of the Company and his spouse are committed to support the Company to continue as a going concern. As at the reporting date, the balance due to chief executive of the Company and his spouse is interest free and they have provided support to the Company. Accordingly, no material uncertainties leading to a significant doubt about going concern have been identified.

**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** 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 annual audited financial statements of the Company for the year ended 30 June 2022. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

**3. ACCOUNTING POLICIES**

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

**3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2022.

**4. CONTINGENCIES AND COMMITMENTS**

**Contingencies**

- i) Bank guarantees of Rupees 74.249 million (30 June 2022: Rupees 80.409 million) are given by the banks of the Company in favour of Sui Northern Gas Pipelines Limited against gas connections, and Director Excise and Taxation, Karachi against infrastructure cess.

**Commitments**

- i) Letters of credit for other than capital expenditures amounted to Rupees 53.892 million (30 June 2022: Rupees 47.016 million).

## SHAMS TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (Un-Audited)  
For The Half Year Ended 31 December 2022

	Un-audited 31 December 2022 (Rupees in thousands)	Audited 30 June 2022
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets (Note 5.1)	717,007	714,842
Capital work-in-progress - advances against purchase of vehicles	4,956	4,803
	<b>721,963</b>	<b>719,645</b>
<b>5.1 Operating fixed assets</b>		
Opening book value	714,842	748,210
Add: Cost of additions during the period / year (Note 5.1.1)	36,101	32,895
Less: Book value of deletions during the period / year (Note 5.1.2)	(1,942)	(749)
Less: Depreciation charged during the period / year	(31,994)	(65,514)
	<b>717,007</b>	<b>714,842</b>
<b>5.1.1 Cost of additions</b>		
Factory buildings on freehold land	-	6,543
Plant and machinery	27,022	11,783
Vehicles	9,079	14,569
	<b>36,101</b>	<b>32,895</b>
<b>5.1.2. Book value of deletions</b>		
Vehicles	1,942	749
<b>6. SHORT TERM INVESTMENT</b>		
<b>At fair value through profit or loss:</b>		
<b>Mutual fund:</b>		
MCB Cash Management Optimizer		
2,973,569.15 units (30 June 2022: Nil)	301,820	-

**7 REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers. Sales of yarn represents 98.78% (31 December 2021: 96.47%) of the total sales of the Company. Remaining sales represents waste sales. 83.928% (31 December 2021: 96.79%) of the sales of the Company relates to customers in Pakistan. Of the remaining sales of the Company relating to customers outside Pakistan, 100% (31 December 2021: 100%) of those sales are made to customers in China.

	Un-Audited			
	Half Year Ended 31 December 2022	31 December 2021	Quarter Ended 31 December 2022	31 December 2021
	(Rupees in thousand)			
<b>8 COST OF SALES</b>				
Raw materials consumed	436,850	3,934,460	436,850	2,057,735
Salaries, wages and other benefits	65,415	274,366	36,204	136,445
Stores and spare parts consumed	12,580	72,226	9,388	38,513
Packing materials consumed	5,852	59,490	5,320	30,168
Repair and maintenance	8,680	7,428	4,498	3,686
Fuel and power	53,676	335,058	43,505	176,575
Insurance	2,919	3,152	1,457	1,690
Other factory overheads	3,516	3,956	1,525	2,324
Depreciation	28,143	29,441	14,296	14,762
	<b>617,631</b>	<b>4,719,577</b>	<b>553,043</b>	<b>2,461,898</b>
Work-in-process:				
Opening stock	84,228	60,331	68,046	69,163
Closing stock	(72,306)	(82,171)	(72,306)	(82,171)
	<b>11,922</b>	<b>(21,840)</b>	<b>(4,260)</b>	<b>(13,008)</b>
Cost of goods manufactured	<b>629,553</b>	<b>4,697,737</b>	<b>548,783</b>	<b>2,448,890</b>
Finished goods and waste:				
Opening stock	402,146	606,424	153,447	664,695
Closing stock	(263,278)	(930,573)	(263,278)	(930,573)
	<b>138,868</b>	<b>(324,149)</b>	<b>(109,831)</b>	<b>(265,878)</b>
	<b>768,421</b>	<b>4,373,588</b>	<b>438,952</b>	<b>2,183,012</b>

SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (Un-Audited)  
For The Half Year Ended 31 December 2022

	Un-audited Half Year Ended	
	31 December 2022	31 December 2021
	(Rupees in thousand)	
<b>9 CASH GENERATED FROM OPERATIONS</b>		
(Loss) / profit before taxation	(82,850)	286,449
Adjustments for non-cash charges and other items:		
Depreciation	31,994	32,231
Finance cost	1,998	44,818
Allowance for expected credit losses	-	3,609
Gain on sale of property, plant and equipment	(7,076)	(1,925)
Profit on deposits with banks	(4,095)	-
Exchange loss	2,083	100
Provision for workers' profit participation fund	-	15,437
Provision for workers' welfare fund	-	5,846
Unrealized gain on FVTPL investment	(463)	-
Gain on redemption of mutual fund	(2,137)	-
Dividend income	(21,746)	(180)
Working capital changes (Note 9.1)	632,051	(600,356)
	549,759	(213,971)
<b>9.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
- Stores and spare parts	(44,254)	998
- Stock-in-trade	280,569	(718,632)
- Trade debts	563,560	(346,664)
- Advances	(591)	(26,557)
- Short term prepayment	(3,099)	(3,033)
- Other receivables	2,105	(10,177)
	798,290	(1,104,065)
( Decrease) / increase in trade and other payables	(166,239)	503,709
	632,051	(600,356)

**10 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS**

**(i) Fair value hierarchy**

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 31 December 2022 (Un-audited)	Level 1	Level 2	Level 3	Total
Rupees in thousand				
<b>Financial assets</b>				
Fair value through profit or loss	301,820	-	-	301,820
Fair value through other comprehensive income	42,455	-	-	42,455
<b>Total financial assets</b>	<b>344,275</b>	<b>-</b>	<b>-</b>	<b>344,275</b>
Recurring fair value measurements At 30 June 2022 (Audited)	Level 1	Level 2	Level 3	Total
Rupees in thousand				
<b>Financial assets</b>				
Fair value through other comprehensive income	52,592	-	-	52,592
<b>Total financial assets</b>	<b>52,592</b>	<b>-</b>	<b>-</b>	<b>52,592</b>

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial



**SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (Un-Audited)**  
For The Half Year Ended 31 December 2022

liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further, there was no transfer in and out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**(ii) Valuation techniques used to determine fair values**

Specific valuation technique used to value financial instruments was use of quoted market prices.

**11. TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Company comprise associated undertakings, other related parties, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

i. Transactions	Un-Audited			
	Half year ended 31 December 2022	31 December 2021	Quarter ended 31 December 2022	31 December 2021
	(Rupees in thousand)			
<b>Associated companies</b>				
Sale of goods and services	2,562	75,434	1,316	2,506
Purchase of goods and services	629	4,061	400	3,950
Insurance premium	6,101	7,442	114	304
Rent expense	1,650	1,200	825	600
Dividend paid	-	5863	-	5,863
<b>Other related parties</b>				
Company's contribution to employees' provident fund trust	1,493	3,967	684	1,914
Remuneration of chief executive, directors and executives	22,731	18,956	13,253	9,478
Dividend paid	-	3,918	-	3,918
<b>ii. Period end balances</b>	<b>As at 31 December 2022 (Un-audited)</b>			
	<b>Associated Companies</b>	<b>Other related Parties</b>	<b>Total</b>	
	(Rupees in thousand)			
Trade and other payables	2,941	127,684	130,625	
Long term investments	4,590	-	4,590	
Advances	464	-	464	
	<b>As at 30 June 2022 (Audited)</b>			
	<b>Associated Companies</b>	<b>Other related Parties</b>	<b>Total</b>	
	(Rupees in thousand)			
Trade and other payables	185	198,875	199,060	
Trade debts	5,249	-	5,249	
Other receivables	189	-	189	
Long term investments	3,208	-	3,208	

**SELECTED NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (Un-Audited)**  
For The Half Year Ended 31 December 2022

**12. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2022.

	<b>Un-audited 31 December 2022</b>	<b>Audited 30 June 2022</b>
	<b>(Rupees in thousand)</b>	

**13. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX**

**Loan / advances obtained as per Islamic mode:**

Loans	-	-
Advances	<b>151,121</b>	172,115

**Shariah compliant bank deposits / bank balances**

Bank balances	<b>99</b>	98
---------------	-----------	----

	<b>Un-Audited Half Year Ended 31 December 2022</b>	<b>31 December 2021</b>
	<b>(Rupees in thousand)</b>	

**Profit earned from shariah compliant  
bank deposits / bank balances**

Profit on deposits with banks	-	-
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<b>Revenue earned from shariah compliant business</b>	<b>715,076</b>	4,808,305
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**Gain / (loss) or dividend earned from  
shariah complaint investments**

<b>Exchange loss</b>	<b>(2,083)</b>	(100)
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<b>Mark-up paid on Islamic mode of financing</b>	-	-
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**Profits earned or interest paid on any  
conventional loan / advance**

Interest paid on loans	<b>10,581</b>	34,873
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Profit earned on deposits with banks	<b>4,095</b>	-
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**Relationship with shariah compliant banks**

<b>Name</b>	<b>Relationship</b>
Bank Islami Pakistan Limited	Bank balance
National Bank of Pakistan - Aitemaad	Bank balance

**14. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on 28 February, 2023.

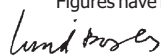
**15. CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

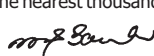
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

**16. GENERAL**

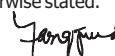
Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



Chief Executive



Director



Chief Financial Officer

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\*Mobile apps are also available for download for android and ios devices



## BOOK POST

Shams Textile Mills Limited  
7-B-3, Aziz Avenue, Gulberg 5  
Lahore Pakistan  
T: 92 (42) 3576 0381  
F: 92 (42) 3576 0376  
E: [info@shams.com.pk](mailto:info@shams.com.pk)

[www.shams.com.pk](http://www.shams.com.pk)

