



SHAMS TEXTILE MILLS LIMITED

HALF YEARLY REPORT

31 December 2023

(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
Email: info@shams.com.pk
Web: 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 2023 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 2023 and 31 December 2022 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 2023.

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: 26 February, 2024

UDIN: RR2023101684Tbq0NsRU

DIRECTORS REPORT

The Board of Directors of your Company is pleased to present the Directors' Report on the operations and financial performance of the Company for the period July 2023 to December 2023.

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 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 24%. In this challenging economic environment, our company has faced several difficulties. The devaluation of the rupee has increased the cost of imported raw materials, and the supply chain has been fraught with challenges, including increases in energy costs and increased political instability.

FINANCIAL SUMMARY:

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	(Rupees in thousand)			
SALES	3,264,131	715,076	1,599,113	392,497
COST OF SALES	(3,057,728)	(768,421)	(1,454,963)	(438,952)
GROSS PROFIT/(LOSS)	206,403	(53,345)	144,150	(46,455)
OPERATING EXPENSE	(95,357)	(64,096)	(47,827)	(35,471)
OTHER INCOME	1,542	36,589	1,070	26,431
PROFIT/(LOSS) FROM OPERATIONS	112,589	(80,852)	97,394	(55,495)
FINANCE COST	(38,279)	(1,998)	(22,226)	(155)
PROFIT/(LOSS) BEFORE TAXATION	74,310	(82,850)	75,168	(55,650)
TAXATION	(40,812)	(12,497)	(19,999)	(8,465)
PROFIT/(LOSS) AFTER TAXATION	33,498	(95,347)	55,169	(64,115)
PROFIT/(LOSS) PER SHARE (Rs.)	3.88	(11.04)	6.39	(7.42)

FUTURE OUTLOOK:

- The company is currently operating at 40% of its production capacity due to high costs of energy and raw materials making production unviable. 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. Volatility in raw material prices as well as high finance and energy costs are likely to have an adverse impact on the industry's outlook. The management is closely monitoring economic factors that will have an impact on the company's performance and taking proactive steps to ensure effective responses to future challenges.
- Members are informed that the registered office of the Company has been shifted from 7-B-III, Aziz Avenue, Gulberg V, Lahore to Office No. 801, Tricon Corporate Centre, 73-E Main Jail Road, Gulberg II Lahore with effect from 26th February 2024.

ACKNOWLEDGEMENTS:

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

26 February, 2024
Lahore



Asif Bashir
Director

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو جولائی 2023ء سے دسمبر 2023ء کی مدت کے لیے کمپنی کے آپریشنز اور مالیاتی کارکردگی پر ڈائریکٹرز کی رپورٹ پیش کرنے پر خوشی ہے۔

عمومی جائزہ:

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 بلند افراط زر اور تیل کی غیر مستحکم قیمت سے عالمی منڈی بہت بری طرح متاثر ہوئی ہے جس نے سپلائی چین 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 سطح کو 24 فیصد تک بڑھا کر معاشی سست روی 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 نے درآمدی خام مال کی قیمت میں اضافہ کیا ہے۔ سپلائی چین چیلنجوں سے بڑھا ہوا ہے اور توانائی کی قیمتوں میں اضافہ اور عدم استحکام جیسی مشکلات میں اضافہ ہوا ہے۔

مالیاتی خلاصہ:

سہ ماہی		شش ماہی		(مبلغ ملین میں)
31 دسمبر 2022ء	31 دسمبر 2023ء	31 دسمبر 2022ء	31 دسمبر 2023ء	
392,497	1,599,113	715,076	3,264,131	فروخت
(438,952)	(1,454,963)	(768,421)	(3,057,728)	فروخت کی لاگت
(46,455)	144,150	(53,345)	206,403	خام منافع / (نقصان)
(35,471)	(47,827)	(64,096)	(95,357)	آپریٹنگ خرچہ
26,431	1,070	36,589	1,542	دیگر آمدنی
(55,495)	97,394	(80,852)	112,589	آپریٹنگ سے منافع / (نقصان)
(155)	(22,226)	(1,998)	(38,279)	فنانسنگ خرچہ
(55,650)	75,168	(82,850)	74,310	ٹیکسیشن سے پہلے منافع / (نقصان)
(8,465)	(19,999)	(12,497)	(40,812)	ٹیکسیشن
(64,115)	55,169	(95,347)	33,498	ٹیکسیشن کے بعد منافع / (نقصان)
(7.42)	6.39	(11.04)	3.88	فی شخص منافع / (نقصان) روپے

مستقبل کے امکانات:

- کمپنی اس وقت اپنی 40 فیصد پیداواری صلاحیت پر کام کر رہی ہے کیونکہ توانائی اور خام مال کی زیادہ قیمتوں کی وجہ سے پیداوار ناقابل عمل ہے۔ معیشت کے استحکام کے امکانات سیاسی سمیت کئی عوامل پر منحصر ہے۔ ٹیکسٹائل کے شعبے کو عالمی سطح پر مسابقتی بنانے رکھنے کے لیے استحکام ایک فعال اور کھردرا مالیاتی پالیسی کا نفاذ اور بیرونی وسائل تک رسائی ہونا ضروری ہے۔ توانائی کی دستیابی اس وقت پاکستان میں صنعتی ترقی کے لیے بہت ضروری ہے۔ پاکستان میں بجلی کا ٹیرف دوسرے برآمداتی ٹیکسٹائل ممالک سے بہت زیادہ ہے جو پاکستان کی ٹیکسٹائل کو بین الاقوامی مارکیٹ میں کم مسابقتی بناتا ہے۔ اس لیے ضروری ہے کہ ایک قابل قیاس مستحکم اور ہم آہنگ توانائی کی پالیسی قائم کی جائے جو کاروباری اعتماد کی سطح کو بہتر بنانے اور صنعت میں سرمایہ کاری کو فروغ دے۔ خام مال کی قیمتوں میں اتار چڑھاؤ اور توانائی کے اخراجات میں اضافہ صنعت پر منفی اثرات مرتب کرتا ہے۔ انتظامیہ معاشی اثرات کا اچھے سے جائزہ لے رہی ہے اور کمپنی کی کارکردگی کو بہتر بنانے کے لیے مثبت اقدامات کر رہی ہے تاکہ مستقبل کے چیلنجز پر قابو پایا جاسکے۔
- ممبران کو مطلع کیا جاتا ہے کہ 26 فروری 2024ء سے کمپنی کارجر ڈی آف III-B-7 عزیز ایونیو گلبرگ 5 لاہور سے آفس نمبر 801 ٹرانسکون کارپوریشن سنٹر E-73 بین جیل روڈ گلبرگ-2 لاہور منتقل کر دیا گیا ہے۔

اظہار تشکر:

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

منجانب برائے بورڈ آف ڈائریکٹرز

محمد صفیر

آصف بشیر
ڈائریکٹر

محمد خالد بشیر

چیف ایگزیکٹو
26 فروری 2024ء

لاہور

SHAMS TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As At 31 December 2023

	Un Audited 31 December 2023	Audited 30 June 2023
	Note	(Rupees in thousands)
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
25,000,000 (30 June 2023: 25,000,000) ordinary shares of Rupees 10 each	250,000	250,000
Issued, subscribed and paid-up share capital		
8,640,000 (30 June 2023: 8,640,000) ordinary shares of Rupees 10 each	86,400	86,400
Reserves	901,823	857,301
Total equity	988,223	943,701
LIABILITIES		
NON-CURRENT LIABILITIES		
	-	-
CURRENT LIABILITIES		
Trade and other payables	1,273,334	1,363,923
Accrued mark-up	18,553	4,959
Short term borrowings	424,752	108,298
GIDC payable	31,226	31,226
Unclaimed dividend	4,622	4,622
Taxation - net	11,000	1,356
	1,763,487	1,514,384
Total liabilities	1,763,487	1,514,384
CONTINGENCIES AND COMMITMENTS	4	-
TOTAL EQUITY AND LIABILITIES	2,751,710	2,458,085

The annexed notes form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

SHAMS TEXTILE MILLS LIMITED

		Un Audited 31 December 2023 (Rupees in thousands)	Audited 30 June 2023
	Note		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	733,065	719,628
Long term investments		56,175	45,150
Long term security deposits		7,736	7,736
Deferred income tax asset - net		-	-
		796,976	772,514
CURRENT ASSETS			
Stores and spare parts		97,516	92,730
Stock-in-trade		661,558	629,506
Trade debts		872,430	536,089
Advances		12,499	2,361
Short term prepayment		3,093	-
Other receivables		10,448	32,813
Sales tax refundable		285,776	366,336
Cash and bank balances		11,414	25,736
		1,954,734	1,685,571
TOTAL ASSETS		2,751,710	2,458,085


Chief Executive


Director


Chief Financial Officer

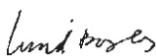
SHAMS TEXTILE MILLS LIMITED

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

For The Half Year Ended 31 December 2023

	Note	HALF YEAR ENDED		QUARTER ENDED	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		(Rupees in thousand)			
REVENUE FROM CONTRACTS WITH CUSTOMERS	6	3,264,131	715,076	1,599,113	392,497
COST OF SALES	7	(3,057,728)	(768,421)	(1,454,963)	(438,952)
GROSS PROFIT / (LOSS)		206,403	(53,345)	144,150	(46,455)
DISTRIBUTION COST		(28,414)	(9,501)	(12,862)	(5,669)
ADMINISTRATIVE EXPENSES		(61,062)	(52,512)	(29,084)	(27,719)
OTHER EXPENSES		(5,880)	(2,083)	(5,880)	(2,083)
		(95,356)	(64,096)	(47,826)	(35,471)
		111,047	(117,441)	96,324	(81,926)
OTHER INCOME		1,542	36,589	1,070	26,431
PROFIT / (LOSS) FROM OPERATIONS		112,589	(80,852)	97,394	(55,495)
FINANCE COST		(38,279)	(1,998)	(22,226)	(155)
PROFIT / (LOSS) BEFORE TAXATION		74,310	(82,850)	75,168	(55,650)
TAXATION		(40,812)	(12,497)	(19,999)	(8,465)
PROFIT / (LOSS) AFTER TAXATION		33,498	(95,347)	55,169	(64,115)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)		3.88	(11.04)	6.39	(7.42)

The annexed notes form an integral part of this condensed interim financial information.


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 2023

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	(Rupees in thousand)			
PROFIT / (LOSS) AFTER TAXATION	33,498	(95,347)	55,169	(64,115)
OTHER COMPREHENSIVE INCOME / (LOSS)				
Items that will not be reclassified to profit or loss:				
Surplus / (deficit) arising on remeasurement of investments at fair value through other comprehensive income	11,024	(10,137)	7,418	(1,599)
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income / (loss) for the period	11,024	(10,137)	7,418	(1,599)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	44,522	(105,484)	62,587	(65,714)

The annexed notes form an integral part of this condensed interim financial information.


Chief Executive


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)
For The Half Year Ended 31 December 2023

	Reserves							TOTAL RESERVE	TOTAL EQUITY
	SHARE CAPITAL	Capital			Revenue				
		Premium on issue of right shares	Fair value reserve FVTOCI investments	Sub total	General reserve	Un-appropriated profit	Sub total		
	(Rupees in thousands)								
Balance as at 30 June 2022 (Audited)	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)	
Balance as at 31 December 2022 (Un-audited)	86,400	23,216	109,616	600,000	202,935	802,935	912,551	998,951	
Loss for the half year ended 30 June 2023	-	-	-	-	(57,945)	(57,945)	(57,945)	(57,945)	
Other comprehensive income for the half year ended 30 June 2023	-	2,695	2,695	-	-	-	2,695	2,695	
Total comprehensive loss for the half year ended 30 June 2023	-	2,695	2,695	-	(57,945)	(57,945)	(55,250)	(55,250)	
Balance as at 30 June 2023 (Audited)	86,400	25,911	112,311	600,000	144,990	744,990	857,301	943,701	
Profit for the half year ended 31 December 2023	-	-	-	-	33,498	33,498	33,498	33,498	
Other comprehensive income for the half year ended 31 December 2023	-	11,024	11,024	-	-	-	11,024	11,024	
Total comprehensive income for the half year ended 31 December 2023	-	11,024	11,024	-	33,498	33,498	44,522	44,522	
Balance as at 31 December 2023 (Un-audited)	86,400	36,935	123,335	600,000	178,488	778,488	901,823	988,223	

The annexed notes form an integral part of this condensed interim financial information.

Lund Peters
Chief Executive

Yongfund
Director

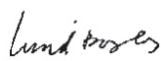
Chief Financial Officer

SHAMS TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-Audited)
For The Half Year Ended 31 December 2023

	Half Year Ended	
	31 December 2023	31 December 2022
Note	(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated / (used in) from operations	8 (230,041)	549,759
Finance cost paid	(24,685)	(11,273)
Income tax paid	(31,168)	(21,255)
Workers' profit participation fund paid	(114)	(20,702)
GIDC paid	-	(2,903)
Net cash generated / (used in) from operating activities	(286,008)	493,626
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(45,452)	(36,254)
Short term investment made	-	(601,219)
Proceeds from redemption of mutual fund	-	302,000
Dividend received	180	21,746
Return on bank deposits received	504	4,095
Proceeds from sale of property, plant and equipment	-	9,018
Net cash used in investing activities	(44,768)	(300,614)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	316,454	(154,753)
Dividend paid	-	(5)
Net cash from / (used in) financing activities	316,454	(154,758)
Net (decrease) / increase in cash and cash equivalents	(14,322)	38,254
Cash and cash equivalents at the beginning of the period	25,736	12,202
Cash and cash equivalents at the end of the period	11,414	50,456

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive



Director



Chief Financial Officer

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (Un-Audited)**
For The Half Year Ended 31 December 2023

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.

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 2023. 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 2023.

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 2023.

4. CONTINGENCIES AND COMMITMENTS

Contingencies

- i) Bank guarantees of Rupees 76.249 million (30 June 2023: Rupees 74.249 million) are given by the banks of the Company in favor 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 78.425 million (30 June 2023: Rupees 24.158 million).

	Un-audited 31 December 2023	Audited 30 June 2023
	(Rupees in thousands)	
5 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 5.1)	715,340	701,903
Capital work-in-progress - advances against building on freehold land	17,725	17,725
	733,065	719,628

SHAMS TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (Un-Audited)
For The Half Year Ended 31 December 2023

	Un-audited 31 December 2023	Audited 30 June 2023
	(Rupees in thousands)	
5.1 Operating fixed assets		
Opening book value	701,903	714,842
Add: Cost of additions during the period / year (Note 5.1.1)	45,452	62,050
Less: Book value of deletions during the period / year (Note 5.1.2)	-	(9,770)
Less: Depreciation charged during the period / year	(32,015)	(65,219)
	715,340	701,903
5.1.1 Cost of additions		
Plant and machinery	45,164	47,714
Vehicles	288	14,336
	45,452	62,050
5.1.2 Book value of deletions		
Plant and machinery	-	7,687
Vehicles	-	2,083
	-	9,770

6 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 97.41% (31 December 2022: 98.78%) of the total sales of the Company. Remaining sales represents waste sales. 100% (31 December 2022: 83.928%) of the sales of the Company relates to customers in Pakistan.

	Un-Audited			
	Half Year Ended	31 December	Quarter Ended	31 December
	31 December	2022	31 December	2022
	(Rupees in thousand)			
7 COST OF SALES				
Raw materials consumed	2,481,040	436,850	1,358,412	436,850
Salaries, wages and other benefits	114,280	65,415	56,172	36,204
Stores and spare parts consumed	61,098	12,580	38,233	9,388
Packing materials consumed	41,377	5,852	25,237	5,320
Repair and maintenance	7,536	8,680	4,461	4,498
Fuel and power	334,126	53,676	213,377	43,505
Insurance	2,932	2,919	1,466	1,457
Other factory overheads	6,036	3,516	3,086	1,525
Depreciation	28,090	28,143	14,452	14,296
	3,076,515	617,631	1,714,896	553,043
Work-in-process:				
Opening stock	62,185	84,228	52,064	68,046
Closing stock	(67,380)	(72,306)	(67,380)	(72,306)
	(5,195)	11,922	(15,316)	(4,260)
Cost of goods manufactured	3,071,320	629,553	1,699,580	548,783
Finished goods and waste:				
Opening stock	440,589	402,146	209,564	153,447
Closing stock	(454,181)	(263,278)	(454,181)	(263,278)
	(13,592)	138,868	(244,617)	(109,831)
	3,057,728	768,421	1,454,963	438,952

SHAMS TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (Un-Audited)
For The Half Year Ended 31 December 2023

	Un-audited Half Year Ended	
	31 December 2023	31 December 2022
(Rupees in thousand)		
8 CASH GENERATED / (USED IN) FROM OPERATIONS		
Profit / (loss) before taxation	74,310	(82,850)
Adjustments for non-cash charges and other items:		
Depreciation	32,015	31,994
Finance cost	38,279	1,998
Allowance for expected credit losses	373	-
Gain on sale of property, plant and equipment	-	(7,076)
Profit on deposits with banks	(504)	(4,095)
Exchange loss	-	2,083
Provision for workers' profit participation fund	3,991	-
Provision for workers' welfare fund	1,517	-
Unrealized gain on FVTPL investment	-	(463)
Gain on redemption of mutual funds	-	(2,137)
Dividend income	(180)	(21,746)
Working capital changes (Note 8.1)	(379,842)	632,051
	(230,041)	549,759
8.1 Working capital changes		
(Increase) / decrease in current assets:		
- Stores and spare parts	(4,786)	(44,254)
- Stock-in-trade	(32,052)	280,569
- Trade debts	(336,714)	563,560
- Advances	(10,138)	(591)
- Short term prepayment	(3,093)	(3,099)
- Other receivables	22,365	2,105
- Sales tax refundable	80,560	-
	(283,858)	798,290
Decrease in trade and other payables	(95,984)	(166,239)
	(379,842)	632,051

9 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 2023 (Un-audited)	Level 1	Level 2	Level 3	Total
Rupees in thousand				
Financial assets				
Fair value through other comprehensive income	56,175	-	-	56,175

Recurring fair value measurements At 30 June 2023 (Audited)	Level 1	Level 2	Level 3	Total
Rupees in thousand				
Financial assets				
Fair value through other comprehensive income	45,150	-	-	45,150

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 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.

**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (Un-Audited)**
For The Half Year Ended 31 December 2023

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.

10 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 2023	31 December 2022	Quarter ended 31 December 2023	31 December 2022
	(Rupees in thousand)			
Associated companies				
Sale of goods and services	2,938	2,562	1,347	1,316
Purchase of goods and services	177	629	77	400
Insurance premium	7,826	6,101	8	114
Rent expense	1,650	1,650	825	825
Loan obtained	50,000	-	50,000	-
Loan repaid	50,000	-	-	-
Interest paid on loan amount	2,157	-	133	-
Other related parties				
Company's contribution to employees' provident fund trust	2,763	1,493	1,492	684
Remuneration of chief executive, directors and executives	22,199	22,731	8,262	13,253
Loan obtained from chief executive	10,000	-	2,500	-
Loan repaid to chief executive	910	71,000	910	-
Loan obtained from director	9,609	-	9,609	-
Loan repaid to director	7,450	-	-	-
ii. Period end balances				
	As at 31 December 2023 (Un-audited)			
	Associated Companies	Other related Parties	Total	
	(Rupees in thousand)			
Trade and other payables	8,776	159,813	168,589	
Long term investments	5,210	-	5,210	
Advances	2,643	-	2,643	
As at 30 June 2023 (Audited)				
	Associated Companies	Other related Parties	Total	
	(Rupees in thousand)			
Trade and other payables	7,708	147,263	154,971	
Other receivables	2,425	-	2,425	
Long term investments	3,695	-	3,695	

11. 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 2023.

SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (Un-Audited)
For The Half Year Ended 31 December 2023

	Un-audited 31 December 2023	Audited 30 June 2023
	(Rupees in thousand)	

12. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX**Loan / advances obtained as per Islamic mode:**

Contract Liabilities	132,682	115,546
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Shariah compliant bank deposits / bank balances

Bank balances	96	96
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	Un-Audited Half Year Ended 31 December 2023	31 December 2022
	(Rupees in thousand)	

Revenue earned from shariah compliant business	3,264,131	715,076
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Exchange loss	-	(2,083)
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Profits earned or interest paid on any conventional loan / advance

Interest paid on loans	19,922	10,581
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Profit earned on deposits with banks	504	4,095
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Relationship with shariah compliant banks

Name	Relationship
BankIslami Pakistan Limited	Bank balance
National Bank of Pakistan - Aitemaad	Bank balance

13. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on 26 February, 2024.

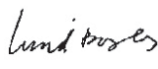
14. CORRESPONDING FIGURES

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.

15. 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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