



ARCTIC TEXTILE MILLS LIMITED

www.arctictextile.com

**ACCOUNTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2022**

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COMPANY INFORMATION

Board of Directors	Mr. Muhammad Ashraf	Chairman
	Mr. Muhammad Iqbal	Chief Executive Officer
	Mr. Zeeshan Saeed	Director
	Mr. Usman Mahmood	Director (Independent)
	Mrs. Saira Affan	Director (Independent)
	Mr. Muhammad Amman Adil	Director (Nominee BIPL)
	Mr. Qaiser Nasir	Director (Nominee BIPL)
Audit Committee	Mr. Usman Mahmood	Chairman
	Mr. Muhammad Amman Adil	Member
	Mr. Muhammad Ashraf	Member
HR and Remuneration Committee	Mrs. Saira Affan	Chairperson
	Mr. Qaiser Nasir	Member
	Mr. Muhammad Iqbal	Member
Nomination Committee	Mr. Muhammad Ashraf	Chairman
	Mr. Usman Mahmood	Member
	Mrs. Saira Affan	Member
Risk Management Committee	Mr. Muhammad Iqbal	Chairman
	Mr. Muhammad Ashraf	Member
	Mr. Usman Mahmood	Member
Company Secretary	Mr. Ali Mudassar	
Chief Financial Officer	Mr. Bisharat Ali	
Auditors	Riaz Ahmad and Company (Chartered Accountants) 560-F, Raja Road, Gulistan Colony, Faisalabad	
Banks	The Bank of Punjab Habib Metropolitan Bank Limited MCB Bank Limited	
Share Registrar	Corplink (Private) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore	
Registered/Head Office	133 - 134, Regency the Mall, Faisalabad. +92-41-2611028, 2610030 www.arctictextile.com	
Mills	35 - Kilometer, Sheikhpura Road, Faisalabad	



DIRECTORS' REPORT TO THE MEMBERS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

The Board of Directors of the Company is pleased to present the un-audited financial results of the Company reviewed by statutory auditors of the Company for the half year ended on 31 December 2022.

Financial Results:

The financial results of the Company for the half year ended 31 December 2022 are as follow:

	Half year ended	
	31-December 2022	31-December 2021
	(Rupees in thousand)	
REVENUE FROM CONTRACTS WITH CUSTOMERS	805,899	611,184
COST OF SALES	(741,240)	(544,003)
GROSS PROFIT	64,659	67,181
DISTRIBUTION COST	(4,030)	(2,296)
ADMINISTRATIVE EXPENSES	(17,240)	(14,965)
OTHER EXPENSES	(3,598)	(4,430)
OTHER INCOME	13,689	14,460
FINANCE COST	(955)	(2,538)
PROFIT BEFORE TAXATION	52,525	57,412
TAXATION	(11,125)	(18,817)
PROFIT AFTER TAXATION	41,400	38,595
EARNING PER SHARE - BASIC AND DILUTED (RUPEES)	3.14	2.93

During the half year under review, your Company achieved revenue of Rupees 805.899 million as compared to Rupees 611.184 million during corresponding period of previous year. The Company has succeeded to earn profit after taxation of Rupees 41.400 million as compared to previous half year's profit after taxation of Rupees 38.595 million. Earnings per share (EPS) for the current period is Rupees 3.14 as compared to EPS of Rupees 2.93 in the corresponding period last year.

Industry Overview:

Spinning industry is the backbone of textile industry and plays major role for the development of the economy of the country. The performance of our textile sector has remained unimpressive in international markets, where exports of textile goods has been decreased significantly. Due to floods in Pakistan, cotton production has negatively impacted the already inefficient supply chain of the country. Further, forex issue has curtailed the import of cotton and other essential inputs for exports. Rates of fuel & power are in increasing trend and unbearable inflationary pressure has also driven the economy towards uncertainty.

Future Prospects:

The economic situation of the country is very alarming which cause massive challenges to the business activities. We are hopeful that the industry will again gain its momentum once political and economic chaos is overcome. The management of your Company is dedicated to maintain its present market share and also try to enter in new markets as well. We are determined to cut operating costs without compromising the quality of products and services. The directors of the Company are well aware and struggling hard to get maximum output in production activities.

**Composition of the Board:**

The total number of directors are seven as per the following:

- a. Male: **06**
b. Female: **01**

The composition of board is as follows:

- a) Independent Directors: **02**
b) Non-executive Directors: **03**
c) Executive Directors: **02**

Committees of the Board:**Audit Committee:**

Sr. #	Name of Directors	
1-	Mr. Usman Mahmood	Chairman/Member
2-	Mr. Muhammad Amman Adil	Member
3-	Mr. Muhammad Ashraf	Member

Human Resource & Remuneration (HR&R) Committee:

Sr. #	Name of Directors	
1-	Mrs. Saira Affan	Chairperson/Member
2-	Mr. Qaiser Nasir	Member
3-	Mr. Muhammad Iqbal	Member

Nomination Committee:

Sr. #	Name of Directors	
1-	Mr. Muhammad Ashraf	Chairman/Member
2-	Mr. Usman Mahmood	Member
3-	Mrs. Saira Affan	Member

Risk Management Committee:

Sr. #	Name of Directors	
1-	Mr. Muhammad Iqbal	Chairman/Member
2-	Mr. Muhammad Ashraf	Member
3-	Mr. Usman Mahmood	Member

Director's Remuneration :

The Company does not pay any remuneration to its Non-Executive Directors including independent Directors except meeting fee. Aggregate amount of remuneration paid to directors have been disclosed in Note 6 of the annexed financial statements.

Acknowledgment:

We would like to take this opportunity to express appreciation to the employees of the Company for their hard work and commitment. We would also like to express our gratitude to the valued shareholders and lenders for extending their co-operation.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Director

Chief Executive Officer

**Faisalabad:
February 27, 2023**

حصص یافتگان کے لیے ڈائریکٹرز کا جائزہ

کمپنی کے ڈائریکٹرز اختتام پذیر شدہ 31 دسمبر 2022 کے غیر آڈٹ شدہ مالیاتی نتائج آپ کی خدمت میں پیش کر رہے ہیں۔

مالیاتی کارکردگی:

مالیاتی نتائج کا خلاصہ 31 دسمبر 2022 کے اختتام پر درج ذیل ہے۔

اختتام پذیر شدہ

31 دسمبر 2021	31 دسمبر 2022	
روپے ہزاروں میں	روپے ہزاروں میں	کنٹرولنگ کے ساتھ معاہدوں سے حاصل ہونے والی آمدن
611,184	805,899	لاگت آمدن
<u>(544,003)</u>	<u>(741,240)</u>	مجموعی نفع
67,181	64,659	تقسیم لاگت
(2,296)	(4,030)	انتظامی اخراجات
(14,965)	(17,240)	دیگر اخراجات
(4,430)	(3,598)	دیگر آمدن
14,460	13,689	مالیاتی لاگت
<u>(2,538)</u>	<u>(955)</u>	قبل از ٹیکس منافع
57,412	52,525	ٹیکس
<u>(18,817)</u>	<u>(11,125)</u>	بعد از ٹیکس منافع
<u>38,595</u>	<u>41,400</u>	فی حصص منافع روپے میں
<u>2.93</u>	<u>3.14</u>	

زیر نظر نصف سال کے عرصے کے دوران کمپنی کی آمدنی 805,899 ملین روپے ہے۔ جبکہ گزشتہ اسی مدت کی آمدنی 611,184 ملین روپے تھی۔ کمپنی کا مجموعی نفع 41,400 ملین روپے بعد از ٹیکس ہے جبکہ گزشتہ اسی ششماہی میں مجموعی نفع 38,595 ملین روپے بعد از ٹیکس تھا۔ موجودہ ششماہی میں فی حصص منافع 3.14 روپے ہے۔ جبکہ گزشتہ اسی ششماہی میں فی حصص منافع 2.93 روپے تھا۔

انڈسٹری کا جائزہ:

سپننگ انڈسٹری کئی معضلات کا مضبوط استون ہے۔ اور ملک کی معیشت کی ترقی میں اہم کردار ادا کرتی ہے۔ ٹیکسٹائل صنعت کی کارکردگی بین الاقوامی منڈیوں میں غیر متاثر کن رہی ہے۔ جب کہ ٹیکسٹائل مصنوعات کی برآمدات میں نمایاں کمی واقع ہوئی ہے۔ پاکستان میں سیلاب کی وجہ سے کپاس کی پیداوار کافی کم ہوئی ہے۔ جس نے کئی انڈسٹری کی سپلائی چین کو کافی متاثر کیا ہے۔ نمید برآں، غیر کئی کرنسی کی عدم دستیابی نے کپاس اور دیگر ضروری اشیاء کی درآمدات پر اثر ڈالا ہے۔ جو کہ برآمدات کی بنیادی ضرورت ہیں۔ ایسٹرن اور کچل کی مسلسل بڑھتی قیمتیں اور مہنگائی کا ناقابل برداشت دباؤ معیشت کو غیر یقینی صورت حال کی طرف لے جا رہا ہے۔

مستقبل کے امکانات:

ملک کی معاشی صورتحال انتہائی تشویشناک ہے جس کی وجہ سے کاروباری سرگرمیوں کو بڑے پیمانے پر سائل درپیش ہیں۔ ہمیں امید ہے کہ سیاسی اور معاشی انتشار پر قابو پانے سے انڈسٹری دوبارہ اپنی رفتار حاصل کر لے گی۔ آپ کی کمپنی کی انتظامیہ موجودہ مارکیٹ کے شہر کو بڑھانے اور نئی مارکیٹوں کی تلاش کے لئے سخت جدوجہد کر رہی ہے۔ ہم مصنوعات اور خدمات کے معیار پر سمجھوتہ کیے بغیر آپریشننگ اخراجات میں کمی کے لیے پرعزم ہیں۔ کمپنی کے ڈائریکٹرز معاملات سے بخوبی آگاہ ہیں اور پیداواری صلاحیت کو بڑھانے کے لئے سخت کوششیں کر رہے ہیں۔

بورڈ کی کمیٹیاں:

بورڈ کی کمیٹیوں کی ترتیب درج ذیل ہے۔

صنعتی لحاظ سے:

06 مرد:

01 خواتین:

ڈائریکٹرز کی ترتیب:

02 آزاد ڈائریکٹرز:

03 غیر ایگزیکٹو ڈائریکٹرز:

02 ایگزیکٹو ڈائریکٹرز:

بورڈ کی کمیٹیاں:

بورڈ کی کمیٹیوں کی ترتیب درج ذیل ہے۔

بورڈ کی آڈٹ کمیٹی:

جناب عثمان محمود

جناب محمد امان عادل

جناب محمد شرف

بورڈ کی انسانی وسائل اور معاوضہ کمیٹی:

مسز سائرہ عصفان

جناب قیصر ناصر

جناب محمد اقبال

نمائندگی کی کمیٹی:

جناب محمد شرف

جناب عثمان محمود

مسز سائرہ عصفان

رسک مینجمنٹ کمیٹی:

جناب محمد اقبال

جناب محمد شرف

جناب عثمان محمود

ڈائریکٹرز کا معاوضہ:

کمیٹی اپنے نان ایگزیکٹو ڈائریکٹرز سے آزاد ڈائریکٹرز کو اجازت نہیں کے علاوہ معاوضہ ادا نہیں کرتی۔ ڈائریکٹرز کو ادا کئے گئے معاوضہ کی مجموعی رقم منسلکہ مالی حسابات کے نوٹ 6 میں درج کی گئی ہے۔

اعتراف:

بورڈ آف ڈائریکٹرز، شیئرز ہولڈرز، بینک، تجارتی فراہم کاروں اور اپنے ملازمین کی گمن، گاہکوں اور صحت کی قدر کرتا ہے

بورڈ آف ڈائریکٹرز کی طرف سے:



ذیشان سعید

ڈائریکٹر



محمد اقبال

چیف ایگزیکٹو آفیسر

فیصل آباد

27 فروری 2023

**INDEPENDENT AUDITOR'S REVIEW REPORT****To the members of Arctic Textile Mills Limited****Report on review of Condensed Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of ARCTIC 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 condensed interim financial statements for the half year then ended (here-in-after referred to as "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 Liaqat Ali Panwar.

RIAZ AHMAD & COMPANY
Chartered Accountants**Faisalabad****Date: FEBRUARY 27, 2023****UDIN: RR2022101840eg63PpoK**



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Un-audited 31-December 2022	Audited 30-June 2022
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
17 000 000 (2022: 17 000 000) ordinary shares of Rupees 10 each	170,000	170,000
Issued, subscribed and paid up share capital		
13 174 800 (2022: 13 174 800) ordinary shares of Rupees 10 each fully paid in cash	131,748	131,748
Capital reserves		
Equity portion of former shareholders' loan	13,335	13,335
Surplus on revaluation of property, plant and equipment - net of deferred income tax	183,482	190,208
Accumulated loss	(236,555)	(284,681)
Total equity	92,010	50,610
LIABILITIES		
NON-CURRENT LIABILITIES		
Deferred income tax liability	62,810	70,280
Staff retirement gratuity	43,543	35,039
Long term security deposit	30,000	30,000
	136,353	135,319
CURRENT LIABILITIES		
Trade and other payables	302,884	344,536
Accrued mark-up	-	150
Current portion of non-current liabilities	-	31,340
Taxation - net	4,203	16,609
	307,087	392,635
TOTAL LIABILITIES	443,440	527,954
CONTINGENCIES AND COMMITMENTS	3	
TOTAL EQUITY AND LIABILITIES	535,450	578,564
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	414,660	429,456
Long term deposits and prepayment	8,801	10,704
	423,461	440,160
CURRENT ASSETS		
Stores, spare parts and loose tools	52,254	44,271
Stock in trade	-	61,712
Trade debts	44,071	19,930
Loans and advances	3,431	5,902
Short term deposit, prepayment and other receivables	2,343	1,646
Cash and bank balances	9,890	4,943
	111,989	138,404
TOTAL ASSETS	535,450	578,564

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER



**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	5	805,899	611,184	394,824	321,506
COST OF SALES		(741,240)	(544,003)	(359,699)	(270,798)
GROSS PROFIT		64,659	67,181	35,125	50,708
DISTRIBUTION COST		(4,030)	(2,296)	(2,333)	(1,090)
ADMINISTRATIVE EXPENSES		(17,240)	(14,965)	(8,411)	(7,794)
OTHER EXPENSES		(3,598)	(4,430)	(2,098)	(3,639)
OTHER INCOME		13,689	14,460	7,826	8,721
FINANCE COST		(955)	(2,538)	(643)	(1,233)
PROFIT BEFORE TAXATION		52,525	57,412	29,466	45,673
TAXATION		(11,125)	(18,817)	(6,841)	(15,436)
PROFIT AFTER TAXATION		<u>41,400</u>	<u>38,595</u>	<u>22,625</u>	<u>30,237</u>
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		<u>3.14</u>	<u>2.93</u>	<u>1.72</u>	<u>2.30</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

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CHIEF FINANCIAL OFFICER



**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) -----

PROFIT AFTER TAXATION 41,400 38,595 22,625 30,237

OTHER COMPREHENSIVE INCOME

Items that will not be reclassified subsequently to profit or loss

Surplus on revaluation of property, plant and equipment

Related deferred tax liability

Items that may be reclassified subsequently to profit or loss

Other comprehensive income / (loss) for the period-net of tax

TOTAL COMPREHENSIVE INCOME FOR THE YEAR

-	104,559	-	104,559
-	(23,480)	-	(23,480)
-	81,079	-	81,079
-	-	-	-
-	81,079	-	81,079
41,400	119,674	22,625	111,316

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

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CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	CAPITAL RESERVES			TOTAL	ACCUMULATED LOSS	TOTAL EQUITY
	SHARE CAPITAL	Equity portion of former shareholders' loan	Surplus on revaluation of property, plant and equipment - net of deferred income tax			
Balance as at 30 June 2021-audited	131,748	13,335	122,679	136,014	(379,776)	(112,014)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(5,514)	(5,514)	5,514	-
Transfer from surplus on disposal of property, plant and equipment -net of deferred income tax	-	-	(874)	(874)	874	-
Adjustment of deferred income tax liability due to remeasurement at period end	-	-	306	306	(306)	-
Profit for the period	-	-	-	-	38,595	38,595
Other comprehensive income for the period	-	-	81,079	81,079	-	81,079
Total comprehensive income for the period	-	-	81,079	81,079	38,595	119,674
Balance as at 31 December 2021-Unaudited	131,748	13,335	197,676	211,011	(335,099)	7,660
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(8,596)	(8,596)	8,596	-
Transfer from surplus on disposal of property, plant and equipment - net of deferred income tax	-	-	(6)	(6)	6	-
Adjustment of deferred income tax liability due to remeasurement at period end	-	-	734	734	(734)	-
Profit for the period	-	-	-	-	44,969	44,969
Other comprehensive income for the period	-	-	400	400	(2,419)	(2,019)
Total comprehensive income for the period	-	-	400	400	42,550	42,950
Balance as at 30 June 2022-audited	131,748	13,335	190,208	203,543	(284,681)	50,610
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(7,955)	(7,955)	7,955	-
Adjustment of deferred income tax liability due to remeasurement at period end	-	-	1,229	1,229	(1,229)	-
Profit for the period	-	-	-	-	41,400	41,400
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	41,400	41,400
Balance as at 31 December 2022-Unaudited	131,748	13,335	183,482	196,817	(236,555)	92,010

Balance as at 30 June 2021-audited
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Transfer from surplus on disposal of property, plant and equipment -net of deferred income tax

Adjustment of deferred income tax liability due to remeasurement at period end

Profit for the period

Other comprehensive income for the period

Total comprehensive income for the period

Balance as at 31 December 2021-Unaudited
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Transfer from surplus on disposal of property, plant and equipment - net of deferred income tax

Adjustment of deferred income tax liability due to remeasurement at period end

Profit for the period

Other comprehensive income for the period

Total comprehensive income for the period

Balance as at 30 June 2022-audited
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Adjustment of deferred income tax liability due to remeasurement at period end

Profit for the period

Other comprehensive income for the period

Total comprehensive income for the period

Balance as at 31 December 2022-Unaudited

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	Half year ended	
	31-December 2022	31-December 2021
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	52,525	57,412
Adjustments for non-cash charges and other items:		
Depreciation	19,036	16,253
Provision for staff retirement gratuity	10,228	6,844
Gain on disposal of property, plant and equipment	-	(1,014)
Amortization of deferred grant	(155)	(1,355)
Profit on saving account	(30)	(109)
Finance cost	955	2,538
	<u>82,559</u>	<u>80,569</u>
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(7,983)	(14,515)
Stock in trade	61,712	2,005
Trade debts	(24,141)	(11,146)
Loans and advances	2,471	(3,709)
Short term deposit, prepayment and other receivables	(735)	(37)
	<u>31,324</u>	<u>(27,402)</u>
(Decrease) / increase in trade and other payables	(52,999)	22,987
Cash generated from operations	<u>60,884</u>	<u>76,154</u>
Finance cost paid	(946)	(930)
Staff retirement gratuity paid	(1,724)	(2,336)
Net decrease / (increase) in long term deposits and prepayment	1,903	(2,800)
Income tax paid	(31,002)	(19,463)
Net cash generated from operating activities	<u>29,115</u>	<u>50,625</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(4,240)	(4,686)
Proceeds from sale of property, plant and equipment	-	3,500
Profit on saving account received	68	124
Net cash used in investing activities	<u>(4,172)</u>	<u>(1,062)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(19,996)	(19,996)
Repayment of short term borrowing	-	(40,000)
Net cash used in financing activities	<u>(19,996)</u>	<u>(59,996)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>4,947</u>	<u>(10,433)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,943</u>	<u>39,628</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>9,890</u></u>	<u><u>29,195</u></u>

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

CHIEF EXECUTIVE OFFICER

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

Arctic Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at 133-134, Regency the Mall, Faisalabad. The Company manufactures and deals in all types of yarn and also deals in trading of fabric / made ups. The manufacturing facility of the Company is situated at 35 Kilometers, Main Sheikhpura Road, Mouza Johal, Tehsil Jaranwala, District Faisalabad.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

a) Statement of compliance

- i) 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.

- ii) These condensed interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2022.
- iii) These condensed interim financial statements are un-audited, 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.

b) Accounting policies and methods of computations

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

2.2 Critical accounting estimates and judgments

The preparation of these condensed interim financial statements in conformity with approved accounting and reporting standards requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical exposure and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements of the Company for the year ended 30 June 2022.

2.3 Financial risk management

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

3. CONTINGENCIES AND COMMITMENTS

a) Contingencies

There have been no change during the period in the contingencies reported in the annual financial statements for the year ended 30 June 2022.

b) Commitments

There was no commitment as at 31 December 2022 (30 June 2022: Rupees Nil).



Un-Audited	Audited
31 December 2022	30 June 2022

(Rupees in thousand)

4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 4.1)	414,660	423,310
Capital work-in-progress	-	6,146
	<u>414,660</u>	<u>429,456</u>

4.1 Operating fixed assets:

Opening book value	423,310	338,533
Add:		
Cost of additions during the period / year (Note 4.1.1)	10,386	19,350
Effect of surplus on revaluation during the period / year	-	104,559
	<u>433,696</u>	<u>462,442</u>
Less: Book value of deletions during the period / year	-	(2,486)
	<u>433,696</u>	<u>459,956</u>
Less: Depreciation charged during the period / year	(19,036)	(36,646)
	<u>414,660</u>	<u>423,310</u>

4.1.1 Cost of additions during the period / year

Buildings on freehold land	10,386	-
Plant and machinery	-	8,674
Electric installations	-	4,879
Power generation house	-	5,662
Factory equipment	-	135
	<u>10,386</u>	<u>19,350</u>

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

5.1 The revenue represents conversion and doubling income of Rupees 716.546 million (31 December 2021: Rupees 593.948 million) and export sale of fabric of Rupees 89.353 million (31 December 2021 : Rupees 17.236).

5.2 The Company's revenue from external customers by geographical locations was Rupees 59.168 million (31 December 2021: Rupees Nil) from Africa, Rupees 30.107 million (31 December 2021: Rupees 17.236 million) from Asia, Rupees 0.078 million (31 December 2021: Rupees Nil) from North America and Rupees 716.546 million (31 December 2021: Rupees 593.948 million) from Pakistan.

6. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associate and key management personnel. The Company in the normal course of business carries out transactions with various parties. Detail of transactions and balances with related parties are as follows:

(Un-audited) Half year ended		(Un-audited) Quarter ended	
31 December 2022	31 December 2021	31 December 2022	31 December 2021

----- (Rupees in thousand) -----

i) Transactions**Associate**

Purchase of goods, services and others	135,341	16,769	82,228	4,500
Services provided	515,258	-	344,049	-
Receipt of long term security deposit	30,000	-	-	-
Repayment of borrowings	-	40,000	-	40,000

Key management personnel

Remuneration and meeting fee paid to Chief Executive Officer, directors and executives	9,786	7,611	4,858	4,513
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Un-Audited	Audited
31 December 2022	30 June 2022

(Rupees in thousand)

ii) Period end balances**Associate**

Trade and other payables	85,051	85,627
Long term security deposit	30,000	-

(Un-audited)	
Half year ended	
31 December 2022	31 December 2021

(Rupees in thousand)

7. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX**Loans / advances obtained as per Islamic mode**

Contract liabilities - unsecured	1,494	15,590
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Revenue earned from shariah compliant business

805,899 611,184

Exchange gain

4,132 1,039

Profits earned or interest paid on any conventional loan / advance

Mark-up on long term financing	79	680
Profit on saving accounts with banks	30	109

There was no dividend on any investment. Moreover there was no relationship with any shariah compliant bank.

8. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 27, 2023.

9. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual 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.

10. GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



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