



**HALF YEARLY REPORT  
(Un-Audited)  
FOR THE PERIOD ENDED  
DECEMBER 31, 2021**

# ZAHUR COTTON MILLS LIMITED

## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	MRS. MAHREEN GUL HASSAN (Chair person) MR. JAVED ZAHUR (Chief Executive) MS. RABIA ZAHUR MS. IZZA ALI MR. NAZIR AKHTAR MR. KHAN MUHAMMAD MR. M. TANVEER
<b>COMPANY SECRETARY</b>	MS. RABIA ZAHUR
<b>AUDITORS</b>	ARSHAD RAHEEM & CO. CHARTERED ACCOUNTANTS 39 LINK FARID KOT ROAD NEAR A.G OFFICE, LAHORE.
<b>LEGAL ADVISOR</b>	MR. QAMAR-UZ-ZAMAN
<b>AUDIT COMMITTEE</b>	MR. KHAN MUHAMMAD MR. M. TANVEER MS. IZZA ALI
<b>BANKERS</b>	BANK AL-HABIB LIMITED HABIB METROPOLITAN BANK LIMITED MCB BANK LIMITED AL-BARAKA BANK
<b>REGISTRAR</b>	SHARES DEPARTMENT M/S. CORPLINK (PVT) LIMITED WINGS ARCADE, 1-K COMMERCIAL MODEL TOWN LAHORE. PHONE : (042) 35839182, 35887262 Fax: (042) 35869037
<b>REGISTERED OFFICE &amp; MILLS</b>	94TH K.M. LAHORE - MULTAN ROAD NEAR PUL JAURIAN, AKHTARABAD, DISTT. OKARA, PAKISTAN.

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## DEAR SHAREHOLDER

On behalf of Board of Directors of the Company, we are pleased to present un-audited accounts for the half year ended 31st December, 2021.

The accounting policies adopted for the presentation of Half Yearly accounts are the same as applied in the preparation of preceding annual accounts of the Company

## AUDITORS' OBSERVATION

In their report they did not agree with the going concern assumption used in the preparation of condensed interim financial information and accordingly they have given their adverse conclusion on the condensed Interim financial information. The management is hopeful that the favourable business opportunities will be found in the future which will enable the company to come out of this situation. The justification regarding preparation of condensed Interim financial information on going concern assumption are fully explained in note 2 to the condensed Interim financial information.

These accounts are un-audited are being submitted to the shareholders as required under the Companies Act 2017.

ON BEHALF OF BOARD OF DIRECTORS

LAHORE  
FEBRUARY 03, 2022

(JAVED ZAHUR)  
CEO

# ZAHUR COTTON MILLS LIMITED

## ARSHAD RAHEEM & CO Chartered Accountants

YOUSAF ISLAM HOUSE  
39-Link Road Kot Road,  
Near A.G. Office, LAHORE.  
Tel: (92-42) 7236167 - 7312590  
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### INDEPENDENT AUDITOR'S REVIEW REPORT

#### TO THE MEMBER OF ZAHUR COTTON MILLS LIMITED REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENT

##### Introduction

We have reviewed the accompanying condensed interim statement of financial position of ZAHUR COTTON MILLS LIMITED ("the Company") as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flow and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the condensed interim financial information). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarter ended December 31, 2021 and 2020 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 December 31, 2021.

##### Scope of Review

We conducted our review in accordance with the 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 information 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.

##### Basis for Adverse Conclusion

We draw attention of the members to the contents of note 1.2 to the annexed interim financial information, the Company has accumulated losses of Rs. 233,002 million against the paid-up capital of Rs. 98,60 million as at December 31, 2021 and as of that date, the Company's current liabilities exceeds its current assets by Rs. 146,298 million. The operations of Company ceased and these operations remained suspended during the year due to working capital constraints and unfavorable business conditions and the Company has also applied for voluntarily delisting from the Pakistan Stock Exchange on May 08, 2017 but decision is still pending. These factors raise doubts about the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. This situation indicates that the Company is no longer a going concern, the financial statements of the Company shall be prepared on a basis other than a going concern. However, the Company has prepared its financial statements on going concern basis. Had these financial statements been prepared on basis other than going concern, many elements in the accompanying financial statements would have been materially affected. The effects on the financial statements have not been determined.

##### Adverse Conclusion

Based on our review, as described in the Basis for adverse conclusion section of this report, the accompanying Condensed interim financial statements does not present fairly, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

##### Other Matter

The financial statements of the Company for the period ended December 31, 2020 were reviewed by another firm of auditors who had expressed an adverse conclusion thereon vide their report dated February 11, 2021.

The engagement partner on the review resulting in this independent auditor's report is Arshad Raheem.

  
ARSHAD RAHEEM & CO.  
CHARTERED ACCOUNTANTS  
LAHORE

DATED: 03 FEB 2022

# ZAHUR COTTON MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-Audited)

AS AT DECEMBER 31, 2021

		(Un-Audited) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	67,677,775	68,913,148
Long term deposits		68,210	68,210
		67,745,985	68,981,358
<b>CURRENT ASSETS</b>			
Balance with statutory authorities		1,912	1,912
Cash and bank balances	6	82,421	137,653
		84,333	139,565
		67,830,318	69,120,923
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
20,000,000 ordinary shares of Rs.10 each		200,000,000	200,000,000
<b>Issued, subscribed and paid up capital</b>			
9,860,000 ordinary shares of Rs.10 each fully paid in cash		98,600,000	98,600,000
Accumulated loss		(233,002,950)	(231,475,110)
Deposited for shares		-	20,066,240
Surplus on revaluation of property plant and equipment	7	44,776,899	45,256,439
		(89,626,051)	(67,552,431)
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities	8	11,073,508	11,269,376
<b>CURRENT LIABILITIES</b>			
Trade and other payables		11,732,460	10,819,817
Short term borrowings	9	134,650,401	114,584,161
		146,382,861	125,403,978
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10	-	-
		67,830,318	69,120,923

The annexed notes 1 to 13 form an integral part of the condensed interim financial information

Statement under section 232(1) of the Companies Act,2017:

Currently, no one is acting as Chief Financial Officer, therefore, these Financial Statements have been signed by Chief Executive and Director only.

**CHIEF EXECUTIVE**

**DIRECTOR**

# ZAHUR COTTON MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT ( Un-Audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Note	Half year Ended		Quarter Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
----- Rupees -----				
Sales - <i>net</i>	-	-	-	-
Cost of sales	-	-	-	-
Gross profit / (loss)	-	-	-	-
<b>Operating expenses</b>				
Administrative expenses	11      2,203,017	2,270,804	1,152,720	1,098,787
<b>Operation loss</b>	(2,203,017)	(2,270,804)	(1,152,720)	(1,098,787)
Other Operating Income	-	-	-	-
	(2,203,017)	(2,270,804)	(1,152,720)	(1,098,787)
Finance Cost	232	81	35	40
<b>Loss before taxation</b>	(2,203,249)	(2,270,885)	(1,152,755)	(1,098,827)
Taxation	195,869	195,869	97,934	97,934
<b>Loss for the period</b>	<u>(2,007,380)</u>	<u>(2,075,016)</u>	<u>(1,054,821)</u>	<u>(1,000,893)</u>
<b>Loss per share - Basic and diluted</b>	<u>(0.20)</u>	<u>(0.21)</u>	<u>(0.11)</u>	<u>(0.10)</u>

The annexed notes 1 to 13 form an integral part of the condensed interim financial information

Statement under section 232(1) of the Companies Act,2017:

Currently, no one is acting as Chief Financial Officer, therefore, these Financial Statements have been signed by Chief Executive and Director only.

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (Un-Audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year Ended		Quarter Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
----- Rupees -----				
<b>Loss for the period</b>	(2,007,380)	(2,075,016)	(1,054,821)	(1,000,893)
<b>Other comprehensive income/(loss) for the period:</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Unrealized profit/ (loss) on changes in fair value of investment	-	-	-	-
<b>Total comprehensive loss for the period</b>	<u>(2,007,380)</u>	<u>(2,075,016)</u>	<u>(1,054,821)</u>	<u>(1,000,893)</u>

The annexed notes 1 to 13 form an integral part of the condensed interim financial information

Statement under section 232(1) of the Companies Act,2017: .

Currently, no one is acting as Chief Financial Officer, therefore, these Financial Statements have been signed by Chief Executive and Director only.

CHIEF EXECUTIVE

DIRECTOR

# ZAHUR COTTON MILLS LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT - (Un-Audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year Ended	
	December 31, 2021	December 31, 2020
	----- Rupees -----	
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(2,203,249)	(2,270,885)
Adjustments for non cash and other items		
Depreciation	1,235,374	1,235,374
Finance cost	232	81
Cash generated /used before changes in working capital	(967,643)	(1,035,432)
Changes in working capital		
(Increase)/decrease in current assets	-	-
Increase/(decrease) in current liabilities		
Trade and other payables	912,643	647,419
	912,643	647,419
Cash used in operations	(55,000)	(388,013)
Finance cost paid	(232)	(81)
Net cash used in operating activities	(55,232)	(388,092)
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	-	-
<b>c) CASH FLOW FROM FINANCING ACTIVITIES</b>		
NET CASH FROM FINANCING ACTIVITIES	-	-
Net decrease in cash and cash equivalents (a+b+c)	(55,232)	(388,092)
Cash and cash equivalents at the beginning of the period	137,653	801,075
Cash and cash equivalents at the end of the period	82,421	412,984

The annexed notes 1 to 13 form an integral part of the condensed interim financial information

Statement under section 232(1) of the Companies Act,2017:

Currently, no one is acting as Chief Financial Officer, therefore, these Financial Statements have been signed by Chief Executive and Director only.

**CHIEF EXECUTIVE**

**DIRECTOR**

# ZAHUR COTTON MILLS LIMITED

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Un-Audited) FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Share Capital	Accumulated loss	Share Deposit Money	Surplus on revaluation of property, plant and equipment	Total
----- Rupees -----					
<b>Balance as at July 01, 2020</b>	98,600,000	(227,808,973)	20,066,240	46,215,520	(62,927,213)
Loss for the period	-	(2,075,016)	-	-	(2,075,016)
Transfer of Incremental depreciation on revalued property, plant and equipment for the period - <i>(net)</i>	-	479,540	-	(479,540)	-
<b>Balance as at December 31, 2020</b>	98,600,000	(229,404,449)	20,066,240	45,735,980	(65,002,229)
<b>Balance as at July 01, 2021</b>	98,600,000	(231,475,110)	20,066,240	45,256,439	(67,552,431)
Loss for the period	-	(2,007,380)	-	-	(2,007,380)
Share deposit money transferred to short term borrowing			(20,066,240)		(20,066,240)
Transfer of incremental depreciation on revalued assets for the period - <i>(net)</i>	-	479,540	-	(479,540)	-
<b>Balance as at December 31, 2021</b>	98,600,000	(233,002,950)	-	44,776,899	(89,626,051)

The annexed notes 1 to 13 form an integral part of the condensed interim financial information

Statement under section 232(1) of the Companies Act, 2017:

Currently, no one is acting as Chief Financial Officer, therefore, these Financial Statements have been signed by Chief Executive and Director only.

**CHIEF EXECUTIVE**

**DIRECTOR**

# ZAHUR COTTON MILLS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS ( Un-Audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

### 1. COMPANY AND ITS OPERATIONS

**1.1** Zahur Cotton Mills Limited (the Company) is a public limited company incorporated in Pakistan on April 21, 1990 under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). Its Ordinary Shares are quoted on Pakistan Stock Exchanges. The principal activity of the Company is manufacturing and selling of grey fabric. The company has shut down its operations in past which continued suspended during the year. The Company is domiciled in Pakistan and its registered office and factory /mills is situated at 94 KM, Multan Road, near Pul Jaurian, Akhtarabad, District Okara.

### 1.2 Going concern assumption

The Company has accumulated loss stands at Rs. 233.002 million (June 30, 2021: Rs. 231.475 million) as against issued, subscribed and paid up capital of Rs.98.60 million as at December 31, 2021 and as of that date, the Company's current liabilities exceeds its current assets by Rs. 146.928 million (June 30, 2021: Rs. 125.264 million) respectively. These factors along with matters described in condensed interim financial statements may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business, for which no adjustments have been incorporated in these financial statements.

Inspite of the huge accumulated losses and negative current ratio, the management of the Company is making strenuous efforts, optimal production strategies and effective cost controls to improve the profitability of the Company. These measures include balancing and modernization of plant and machinery in previous years, improvement in future industry situation and better production efficiency. The management positively looks forward to counter all challenges and is firmly committed to deliver the best possible results and will continue to meet its objectives and goals. Based upon these aspects and continuing financial support from directors and associates, the financial statements have been prepared on going concern basis.

### 2. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standard (IFRS) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information is un-audited and has been prepared in condensed form in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS -34 "Interim Financial Reporting" as applicable in Pakistan. This interim financial information do not include all the information and disclosures as required in the annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2021.

This condensed interim financial statements comprise of condensed interim statement of financial position, condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the selected notes for the half year ended December 31, 2021 which have been subjected to a review but not audited. This condensed interim financial statements also include condensed profit and loss statement for the quarter ended December 31, 2021.

### 3. SIGNIFICANT ACCOUNTING POLICIES

**3.1** The accounting policies and methods of computations which have been used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements for the year ended June 30, 2021.

**3.2** Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period were either not relevant to the Company's operations or did not have any impact on the accounting policies of the Company.

### 4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

**4.1** The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

**4.2** Judgments and estimates made by management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2021.

**4.3** The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2021.



# ZAHUR COTTON MILLS LIMITED

## 5. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST / REVALUATION		DEPRECIATION		BOOK VALUE		Rate %
	As at July 01, 2021	As at December 31, 2021	As at July 01, 2021	For the Period	As at December 31, 2021	As at December 31, 2021	
Freehold land	19,924,000	19,924,000	-	-	-	19,924,000	-
Building on freehold land	81,858,256	81,858,256	33,101,608	1,227,874	34,329,482	47,528,775	3%
Plant and machinery	23,519,389	23,519,389	23,286,889	7,500	23,294,389	225,000	5%
<b>Rupees: December 2021</b>	<b>125,301,645</b>	<b>125,301,645</b>	<b>56,388,497</b>	<b>1,235,374</b>	<b>57,623,871</b>	<b>67,677,775</b>	

\*\*\*\*\* Rupees \*\*\*\*\*

# ZAHUR COTTON MILLS LIMITED

		(Un-Audited) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees
<b>6. CASH AND BANK BALANCES</b>			
Cash in hand		695	695
Bank balances :			
Current Accounts		78,704	133,936
Demand Deposits		2,119	2,119
Saving Account		903	903
		81,726	136,958
		82,421	137,653
<b>7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
Balance as on July 01, 2021		45,256,439	46,215,519
Surplus on revaluation created during the period/year		-	-
		45,256,439	46,215,519
Incremental depreciation on revalued property, plant and equipment for the period/year		675,409	1,350,817
Related effect of deferred tax liability		(195,869)	(391,737)
		479,540	959,080
		44,776,899	45,256,439
<b>8. DEFERRED LIABILITIES</b>			
This represents the related deferred tax liability of surplus on revaluation of building and plant and machinery.			
<b>9. SHORT TERM BORROWINGS</b>			
Chief Executive	<b>9.1</b>	57,753,815	37,687,575
Directors	<b>9.2</b>	2,556,500	28,588,131
		60,310,315	66,275,706
Others	<b>9.3</b>	74,340,086	48,308,455
		134,650,401	114,584,161
<b>(9.1) Loan from chief executive is made up as follows:</b>			
Balance at beginning of the Year		37,687,575	37,687,575
Add: transferred from share deposit money		20,066,240	-
		57,753,815	37,687,575
Less: Payments during the Year		-	-
		57,753,815	37,687,575
<b>(9.2) Loan from directors is made up as follows:</b>			
Balance at beginning of the Year		28,588,131	28,688,131
Add: Receipts during the Year		-	-
Less:			
- Payments during the Year		-	(100,000)
- Transferred to loan from others		(26,031,631)	-
		2,556,500	28,588,131

# ZAHUR COTTON MILLS LIMITED

	Note	(Un-Audited) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees
<b>(9.3) Loan from others is made up as follows:</b>			
Balance at beginning of the Year		48,308,455	48,308,455
Add: Transferred from directors' loan during the Year		26,031,631	-
		74,340,086	48,308,455
Less: Payments during the Year		-	-
		74,340,086	48,308,455

## 10. CONTINGENCIES AND COMMITMENTS

There are no material contingencies and commitments outstanding as at 31 December 2021(30 June 2021: Nil).

	(Un-Audited)			
	Half Year Ended		Quarter Ended	
	December 31 2021 Rupees	December 31 2020 Rupees	December 31 2021 Rupees	December 31 2020 Rupees
Note				
<b>11. ADMINISTRATIVE EXPENSES</b>				
Directors remuneration	720,000	720,000	360,000	360,000
Salaries and other benefits	120,000	120,000	60,000	60,000
Communication expenses	8,130	11,080	5,520	5,750
Travelling and conveyance	-	10,000	-	10,000
Legal and professional charges	88,513	120,000	78,513	10,000
Advertisement	15,000	15,500	15,000	15,500
Vehicle running and maintenance	16,000	38,850	16,000	19,850
Depreciation	1,235,374	1,235,374	617,687	617,687
	2,203,017	2,270,804	1,152,720	1,098,787

## 12. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue on February 03, 2022 by the Board of Directors of the Company.

## 13. GENERAL

- Figure have been rounded off to the nearest thousand rupees unless otherwise stated.
- Corresponding figures have been rearranged , wherever necessary , for the purpose of comparison However, no significant reclassification / rearrangements were made during the period.

**CHIEF EXECUTIVE**

**DIRECTOR**

# BOOK POST



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