

**Ahmad Hassan**  
TEXTILE MILLS LTD.

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**Half Yearly Report**

For the half year ended December 31, 2018  
(Reviewed)



## **COMPANY PROFILE**

### **BOARD OF DIRECTORS**

*Chairman*

*Chief Executive*

*Directors*

Mian Muhammad Javed Anwar

Mian Muhammad Aurangzeb

Mr. Muhammad Haris

Mrs. Salma Javed

Mrs. Waheeda Parvaiz

Mr. Muhammad Jahanzaib

Mr. Syed Raza Abbas Jaffari (*Rep. N.I.T*)

Mr. Nazir Ahmad Khan (*Independent Director*)

### **AUDIT COMMITTEE**

*Chairman*

*Members*

Mr. Nazir Ahmed Khan

Mr. Muhammad Jahanzaib

Mrs. Waheeda Parvaiz

### **HR & R COMMITTEE**

*Chairman*

*Members*

Mr. Nazir Ahmed Khan

Mr. Muhammad Haris

Mr. Muhammad Jahanzaib

### **CHIEF FINANCIAL OFFICER**

Sh. Muhammad Naeem

### **HEAD OF INTERNAL AUDIT**

Rao Saqib Ali

### **COMPANY SECRETARY**

Sh. Muhammad Naeem

### **AUDITORS**

M/s PKF F.R.A.N.T.S

Chartered Accountants,  
Multan.

### **BANKERS**

Bank Al-Habib Limited

Allied Bank Limited

United Bank Limited

Bank Al-Falah Limited

Habib Bank Limited

Soneri Bank Limited

Meezan Bank Limited

Habib Metropolitan Bank Limited

National Bank of Pakistan

### **REGISTERED OFFICE**

46 - Hassan Parwana Colony,  
Multan.

### **MILLS**

M.M. Road, Chowk Sarwar Shaheed,  
Distt. Muzaffargarh.

### **SHARES REGISTRAR**

M/s Vision Consulting Limited  
3-C, LDA Flats, Lawarncce Road,  
Lahore.



## DIRECTORS' REVIEW

In the Name of Allah, the Most Beneficent, the Merciful

Dear Shareholders

We have pleasure in presenting the un-audited accounts of your Company for the six months ended December 31, 2018.

### SUMMARIZED FINANCIAL RESULTS:

	Dec. 2018 (Rupees)	Dec. 2017 (Rupees)
Sales-Net	3,448,724,847	2,289,291,428
Gross Profit	205,223,708	133,245,760
Profit after taxation	<b>13,930,067</b>	<b>12,240,732</b>
G.P Ratio	<b>5.95%</b>	<b>5.82%</b>
Basic earnings per share	0.97	0.85

### REVIEW OF OPERATIONS:

Despite local and international challenging economic conditions, our Gross Profit ratio increases to 5.95% from 5.82% during six month period under review as compared to same period in last year. Our distribution cost increases by 6.40%, admin cost increases by 14.28% and finance cost increases by 6.21% for the period under review as compared to same period of last year.

Overall, due to better controls on working and operational parameters of the Company, still your Company has been able to make a profit after tax of Rs 13.93 Million

### FUTURE OUTLOOK

Your directors are quite hopeful regarding further increase in profit margin due to ongoing continuous process of BMR specially in weaving segment that will help them to reduce production cost. Secondly, we appreciate government efforts to decrease energy cost by reducing the gas and electricity rates. Meantime, we also eagerly look for conclusive government decisions for sales tax refund, which can make us more internationally competitive by having liquidity.

We hope all of your director's sincerely efforts towards the reduction in company's production cost; will result in increase in shareholder's wealth and stakeholder's interest in your Company.

### ACKNOWLEDGMENT

Your Directors place on record their deep appreciation for the efforts made by the workers and staff of the Company for their deep devotion to work.

Your Directors would also like to express their thanks to the Shareholders and Financial Institutions for their support and assistance.

Multan  
Dated: February 26, 2019

On behalf of the Board of Directors  
Sd/-  
Chief Executive Director

## ڈائریکٹرز کی جائزہ رپورٹ

محترم حصہ داران! ہم ڈائریکٹران بخوشی آپ کے سامنے مورخہ 31 دسمبر 2018 تک مکمل ہونے والے ادارے کے چھ ماہ کے غیر آڈٹ شدہ اکاؤنٹس پیش کر رہے ہیں۔

دسمبر 2017	دسمبر 2018	
2,289,291,428	3,448,724,847	کل رقم فروختگی
133,245,760	205,223,708	کل منافع
12,240,732	13,930,067	منافع بعد از ٹیکس
5.82%	5.95%	شرح منافع
0.85	0.97	فی حصص آمدنی

### کاروباری امور کا جائزہ

علاقائی اور بین الاقوامی صنعتی مشکلات کے باوجود ہماری شرح منافع پچھلے سال کے اسی عرصے کے مقابلے میں 5.82% سے بڑھ کر 5.95% پر پہنچ گئی ہے۔ ہمارے ترسیل و تقسیم کے خرچے 6.40% بڑھے ہیں، انتظامی خرچے 14.28% بڑھے ہیں اور مالیاتی خرچے بھی پچھلے سال کے اسی عرصے کے مقابلے میں 6.21% بڑھے ہیں۔ مجموعی طور پر انتظامی اور پیداواری صلاحیت پر بہتر عبور ہونے کی وجہ سے ابھی بھی آپ کے ادارے کو ٹیکس کی ادائیگی کے بعد 13.93 ملین منافع ہوا ہے۔

### مستقبل کا نقطہ نظر

آپ کے ڈائریکٹران پُر امید ہیں کہ فیکٹری میں، خاص طور پر ویلگ سیکشن میں، نئی لوموں کی تنصیب کی وجہ سے ہماری پیداواری لاگت میں کمی آئے گی جس سے ہمارا شرح منافع مزید بڑھے گا۔ دوسرے نمبر پر ہم فیکٹریوں کیلئے گیس اور بجلی کے نرخوں کو کم کرنے کے حکومتی اقدام کو سراہتے ہیں۔ اس کے ساتھ ساتھ سیلز ٹیکس کے ریفرنڈ کیلئے بڑی پیتابی سے حکومت کے حتمی فیصلے کی طرف دیکھ رہے ہیں جو ہماری مالی حالت کے بہتری کی وجہ سے ہمیں بین الاقوامی طور پر دوسرے ممالک سے مقابلے میں آسانی پیدا کرے گا۔

ہم پُر امید ہیں کہ آپ کے ڈائریکٹران کی مخلصانہ کوششوں کی وجہ سے ہمارے ادارے کی پیداواری لاگت میں کمی ہوگی۔ جو کہ حصہ داران کی دولت اور ادارے سے منسلک لوگوں کی ہمارے ادارے میں دلچسپی بڑھائے گا۔

### اعتراف

آپ کے ڈائریکٹران تمام کارکنان اور عملہ کی طرف سے کی گئی کوششوں کو تہ دل سے سراہتے ہیں اور آپ کے ڈائریکٹران تمام حصہ داران اور مالیاتی اداروں کے تعاون اور رہنمائی کے بھی شکر گزار ہیں۔

مخانب  
چیف ایگزیکٹو  
ڈائریکٹر

ملتان۔  
26 فروری 2019



## **INDEPENDENT AUDITOR'S REVIEW REPORT**

### **To the members of Ahmad Hassan Textile Mills Limited**

### **Report on review of Interim Financial Statements**

#### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Ahmad Hassan Textile Mills Limited** as at **December 31, 2018** and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2018 and December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2018.

#### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and 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 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 audit resulting in this independent auditor's report is Muhammad Talib.

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PKFF.R.A.N.T.S.  
Chartered Accountants  
Multan  
February 26, 2019



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2018**

		December 31, 2018 Un-audited Rupees	June 30, 2018 Audited Rupees
ASSETS	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	2,874,206,367	2,762,250,958
Investment property		43,311,500	43,311,500
Intangible assets		265,726	408,735
Long term deposits		13,202,777	12,337,177
		<u>2,930,986,370</u>	<u>2,818,308,370</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		56,946,152	51,824,641
Stock-in-trade	7	1,466,041,286	869,769,472
Trade debts		407,818,400	393,907,106
Loans, advances and prepayments		73,700,707	59,063,437
Due from Government		85,895,820	97,071,850
Other receivables		8,752,646	5,402,894
Short term investments		66,040	76,840
Cash and bank balances		9,141,200	19,477,569
		<u>2,108,362,251</u>	<u>1,496,593,809</u>
<b>TOTAL ASSETS</b>		<u><u>5,039,348,621</u></u>	<u><u>4,314,902,179</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital (20,000,000 ordinary shares of Rs. 10 each.)		200,000,000	200,000,000
Issued, subscribed and paid up share capital (14,408,248.8 ordinary shares of Rs. 10 each fully paid in cash)		144,082,488	144,082,488
Capital reserves:			
Share premium		32,746,284	32,746,284
Surplus on revaluation of property, plant and equipment		757,921,043	773,129,285
Revenue reserve - unappropriated profit		879,161,569	868,033,570
		<u>1,813,911,384</u>	<u>1,817,991,627</u>
Subordinated loans		105,000,000	105,000,000
<b>NON-CURRENT LIABILITIES</b>			
Long term loans and financing	8	549,697,808	464,058,353
Liabilities against assets subject to finance lease		8,797,356	7,035,960
Deferred taxation - net		211,214,738	206,075,724
		<u>769,709,902</u>	<u>677,170,037</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		632,119,718	404,611,545
Unclaimed dividend		3,237,923	3,019,542
Short term finances under markup arrangements and other credit facilities	9	1,460,227,839	1,054,662,438
Current portion of non-current liabilities		177,667,776	188,356,535
Accrued finance cost		45,679,540	32,252,064
Provision for taxation	11	31,794,539	31,838,391
		<u>2,350,727,335</u>	<u>1,714,740,515</u>
<b>TOTAL LIABILITIES</b>		<u>3,120,437,237</u>	<u>2,391,910,552</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>5,039,348,621</u></u>	<u><u>4,314,902,179</u></u>

The annexed notes, from 1 to 18, form an integral part of these condensed interim financial statements.

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018**

	Notes	Six months period ended		Quarter ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		Rupees	Rupees	Rupees	Rupees
Sales - net	15.2	3,448,724,847	2,289,291,428	1,693,228,497	1,183,066,839
Cost of sales	15.2	(3,243,501,139)	(2,156,045,668)	(1,604,564,848)	(1,124,716,502)
<b>Gross profit</b>		<b>205,223,708</b>	<b>133,245,760</b>	<b>88,663,649</b>	<b>58,350,337</b>
Other income		262,342	14,359,756	-	13,520,918
Loss on trading		-	(55,976)	-	-
Distribution cost		(32,706,605)	(30,738,658)	(17,975,198)	(13,956,797)
Administrative expenses		(37,822,940)	(33,097,887)	(21,960,801)	(20,239,211)
Other operating expenses		(4,031,363)	(18,085)	(4,391,820)	(6,525)
		<b>(74,298,566)</b>	<b>(49,550,850)</b>	<b>(44,327,819)</b>	<b>(20,681,615)</b>
<b>Profit from operations before finance cost</b>		<b>130,925,142</b>	<b>83,694,910</b>	<b>44,335,830</b>	<b>37,668,722</b>
Finance cost		(70,787,040)	(66,649,883)	(38,034,974)	(35,685,671)
<b>Profit before taxation</b>		<b>60,138,102</b>	<b>17,045,027</b>	<b>6,300,856</b>	<b>1,983,051</b>
Taxation	11	(46,208,035)	(4,804,295)	(7,532,342)	7,290,052
<b>Profit / (loss) for the period</b>		<b>13,930,067</b>	<b>12,240,732</b>	<b>(1,231,486)</b>	<b>9,273,103</b>
<b>Earnings / (loss) per share - basic and diluted</b>		<b>0.97</b>	<b>0.85</b>	<b>(0.09)</b>	<b>0.64</b>

The annexed notes, from 1 to 18, form an integral part of these condensed interim financial statements.

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018**

	Six months period ended		Quarter ended	
	December 31, 2018 Rupees	December 31, 2017 Rupees	December 31, 2018 Rupees	December 31, 2017 Rupees
Profit / (loss) for the period	13,930,067	12,240,732	(1,231,486)	9,273,103
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	13,930,067	12,240,732	(1,231,486)	9,273,103

*The annexed notes, from 1 to 18, form an integral part of these condensed interim financial statements.*

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
Chief Financial Officer





**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018**

	Share Capital	Reserves			Total
		Capital		Revenue	
	Issued, subscribed and paid up capital	Share premium	Surplus on revaluation of property, plant and equipment	Unappropriated profit	
	Rupees				
Balance as at June 30, 2017 (Audited)	144,082,488	32,746,284	805,470,486	825,574,086	1,807,873,344
Total comprehensive income for the period	-	-	-	12,240,732	12,240,732
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	(16,291,947)	16,291,947	-
Balance as at December 31, 2017 (Un-audited)	144,082,488	32,746,284	789,178,539	854,106,765	1,820,114,076
Total comprehensive loss for the period	-	-	-	(2,122,449)	(2,122,449)
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	(16,049,254)	16,049,254	-
Balance as at June 30, 2018 (Audited)	144,082,488	32,746,284	773,129,285	868,033,570	1,817,991,627
Distribution to owners:					
Final cash dividend of Rs. 1.25 per share for the year ended June 30, 2018	-	-	-	(18,010,310)	(18,010,310)
Total comprehensive income for the period	-	-	-	13,930,067	13,930,067
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	(15,208,242)	15,208,242	-
Balance as at December 31, 2018 (Un-audited)	144,082,488	32,746,284	757,921,043	879,161,569	1,813,911,384

*The annexed notes, from 1 to 18, form an integral part of these condensed interim financial statements.*

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018**

	<u>Notes</u>	<u>Six months period ended</u>	
		<u>December 31, 2018 Rupees</u>	<u>December 31, 2017 Rupees</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	12	(203,067,535)	(157,557,053)
Income tax paid - net		(32,266,829)	(12,530,826)
Finance cost paid		(57,359,564)	(59,691,824)
Long term deposits given		(865,600)	(958,000)
Duty Drawback of taxes on export sales received		1,126,840	5,829,546
		(89,365,153)	(67,351,104)
<b>Net cash used in operating activities</b>		<b>(292,432,688)</b>	<b>(224,908,157)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(178,851,245)	(171,616,891)
Proceeds from disposal of property, plant and equipment		490,000	4,360,000
Short term investments realized		-	14,340
Dividend income		-	4,301
<b>Net cash used in investing activities</b>		<b>(178,361,245)</b>	<b>(167,238,250)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(17,791,929)	-
Long term finances obtained		166,044,917	148,551,944
Repayment of long term finances		(92,110,291)	(68,083,414)
Repayment of principal portion of finance lease		(1,250,534)	(379,592)
Short term finances - net		387,371,334	289,097,512
<b>Net cash generated from financing activities</b>		<b>442,263,497</b>	<b>369,186,450</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(28,530,436)</b>	<b>(22,959,957)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		<b>(215,427,092)</b>	<b>(190,377,965)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	12.1	<b>(243,957,528)</b>	<b>(213,337,922)</b>

*The annexed notes, from 1 to 18, form an integral part of these condensed interim financial statements.*

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
Chief Financial Officer



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

### 1. STATUS AND ACTIVITIES

Ahmad Hassan Textile Mills Limited (the Company) was incorporated in Pakistan on December 03, 1989 as a Public Limited Company under the Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange Limited. It is principally engaged in the manufacturing and sale of yarn and fabric. The Company is also engaged in cotton ginning business by taking ginning factory on lease from its associated undertaking.

The registered office of the Company is situated at 46-Hassan Parwana Colony, Multan. The spinning and weaving mills are located at M. M. Road, Chowk Sarwar Shaheed, District Muzaffargarh. The ginning factory is located at Chowk Naseer Abad, Tehsil Jatoi, District Muzaffargarh.

### 2. STATEMENT OF COMPLIANCE

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 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 provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements comprise of condensed interim statement of financial position as at December 31, 2018, 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 flows and notes thereto for the six months period then ended. The condensed interim financial statements are unaudited but subject to limited scope review by the statutory auditors and is being submitted to the shareholders as required under listing regulations of the Pakistan Stock Exchange and section 237 of the Companies Act, 2017.

### 3. FUNCTIONAL AND PRESENTATION CURRENCY

The figures of these condensed interim financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

### 4. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2018, except for the adoption of some new IFRS Standards and interpretations as detailed in Note 5 below.

Judgments and estimates made by management in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2018.

### 5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS ADOPTED DURING THE SIX MONTHS PERIOD

The Company has adopted following new IFRS, amendments and interpretations that became effective during the period.

IAS 40	Investment property (Amendments); Amendments on transfers of property to or from investment property.
IFRS 2	Share-based Payment (Amendments); Clarification on the classification and measurement of share-based payment transactions
IFRS 15	Revenue from Contracts with Customers; This standard supersedes IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31.
IFRIC 22	Foreign Currency Transactions and Advance Consideration; Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.



The adoption of the above amendments to accounting standards did not have any significant impact on the financial statements. However, the effect of adoption of IFRS 15 is detailed below:

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the company has concluded that it is in compliance with the requirements of the new accounting standard.

		<b>December 31, 2018</b>	<b>June 30, 2018</b>
		<b>Un-audited</b>	<b>Audited</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>	<b>Notes</b>		
Operating property, plant and equipment - owned	<b>6.1</b>	<b>2,861,278,379</b>	2,751,873,948
Operating property, plant and equipment - leased	<b>6.2</b>	<b>12,927,988</b>	9,975,259
Capital work-in-progress	<b>6.4</b>	-	401,751
		<b>2,874,206,367</b>	<b>2,762,250,958</b>
<b>6.1. Operating property, plant and equipment - owned</b>			
Opening book value		<b>2,751,873,948</b>	2,630,823,011
Add: Cost of additions during the period / year	<b>6.1.1</b>	<b>179,154,136</b>	261,301,675
		<b>2,931,028,084</b>	2,892,124,686
Less: Book value of disposals during the period / year			
- Vehicles		<b>(227,658)</b>	(1,788,821)
- Computer equipments		-	(96,755)
		<b>2,930,800,426</b>	2,890,239,110
Less: Depreciation charged during the period / year		<b>(69,522,047)</b>	(138,365,162)
		<b>2,861,278,379</b>	<b>2,751,873,948</b>
<b>6.1.1 Cost of additions</b>			
Buildings on freehold land		-	4,036,000
Plant and machinery including generators		<b>179,024,136</b>	254,102,296
Electric installations		-	301,300
Factory equipments		-	439,479
Office equipments		-	128,200
Computer equipments		<b>130,000</b>	625,000
Telephone installations		-	52,000
Vehicles		-	1,617,400
		<b>179,154,136</b>	261,301,675
<b>6.2. Operating property, plant and equipment - leased</b>			
Opening book value		<b>9,975,259</b>	1,042,782
Add: Cost of additions during the period / year		<b>4,126,860</b>	10,433,260
		<b>14,102,119</b>	11,476,042
Less: Depreciation charged during the period / year		<b>(1,174,131)</b>	(1,500,783)
		<b>12,927,988</b>	9,975,259



### 6.3. Revaluation of assets

Revaluation of freehold land, building on freehold land and plant and machinery was carried out on June 26, 2016 by an independent valuer. Revaluation surplus on land and building had been credited to surplus on revaluation of property, plant and equipment, net of related deferred tax. Impairment on plant and machinery had been recognized against existing surplus on revaluation of plant and machinery. Basis used for valuation of assets were as follows:

Particulars of assets revalued	Basis of valuation
Freehold land	Inquiries from estate agents and brokers for similar plots in the vicinity.
Buildings on freehold land	Present cost of similar construction and structure (including amenities) after applying appropriate depreciation.
Plant and machinery including generators	Evaluated present values of similar machinery based on make, model, specification and condition.
The fair values of all assets subject to revaluation model fall under level 2 of fair value hierarchy (i.e. significant observable inputs).	

### 6.4. Capital work-in-progress

Capital work-in-progress comprises cost of plant and machinery. The following is movement in capital work-in-progress during the period / year:

	December 31, 2018 Un-audited Rupees	June 30, 2018 Audited Rupees
Notes		
Opening balance	401,751	78,484,725
Additions during the period / year - plant and machinery including generators	175,296,207	155,442,085
Transfers during the period / year	(175,697,958)	(233,525,059)
Closing balance	-	401,751

### 7. STOCK IN TRADE

Raw material	905,544,009	413,093,382
Work-in-process	65,121,730	52,969,655
Finished goods	495,375,547	403,706,435
	<u>1,466,041,286</u>	<u>869,769,472</u>

Stock-in-trade has been measured at lower of cost and net realizable value. Adjustments amounting to nil (June 30, 2018: Rs. 2.849 million) have been made to closing inventory to write down stocks to their net realizable value.

### 8. LONG TERM LOANS AND FINANCING - From banking companies - Secured

Long term loans and financing	8.1	724,055,811	650,121,185
Current portion shown under current liabilities		(174,358,003)	(186,062,832)
		<u>549,697,808</u>	<u>464,058,353</u>

8.1. Opening balance		650,121,185	639,531,379
Obtained during the period / year		166,044,917	149,837,144
Repaid during the period / year		(92,110,291)	(139,247,338)
Closing balance	8.2	<u>724,055,811</u>	<u>650,121,185</u>

8.2. The Company has availed additional finance from National bank of Pakistan for purchase of machinery. This loan carries markup at the rate of 6 month KIBOR + 1.5% per annum payable quarterly. This loan is secured by Joint pari passu charge on present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company. There is no change in terms and conditions of previously obtained long-term loans as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2018.

**9. SHORT TERM FINANCES UNDER MARKUP ARRANGEMENTS AND OTHER CREDIT FACILITIES**

		December 31, 2018	June 30, 2018
	Notes	Un-audited Rupees	Audited Rupees
<b>From banking companies - secured</b>			
Short term running finances	12.1	253,098,728	234,904,661
Short term loans (other than running finances)		1,189,196,112	763,157,777
Export finances		17,932,999	56,600,000
		<u>1,460,227,839</u>	<u>1,054,662,438</u>

There is no change in the terms and conditions of the short-term finances and other credit facilities as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2018.

**10. CONTINGENCIES AND COMMITMENTS****10.1. CONTINGENCIES**

There is no material change in the status of contingencies as mentioned in the annual financial statements of the Company for the year ended June 30, 2018, except that with reference to note 30.1.3 of the financial statements of the Company for the year ended June 30, 2018, during the period, the appeal filed with the Appellate Tribunal (Customs) Lahore has been decided against the Company. The Company has settled its liability of Rs. 2.114 million being the amount due as per order of the Appellate Authority.

**10.2 COMMITMENTS**

- a) Aggregate amount of contractual commitments for capital expenditure are as follows:
- |                    |           |            |
|--------------------|-----------|------------|
| Letters of credits | 6,682,200 | 82,539,520 |
| Other contracts    | 529,270   | -          |
- b) The Company's commitments other than capital expenditure; against letter of credit outstanding as at December 31, 2018 amount to Rs. 10.299 million (June 30, 2018: Rs. 5.417 million).
- c) Foreign bills discounted outstanding as at December 31, 2018 aggregate to Rs. 168.742 million (June 30, 2018: Rs. 181.206 million).

**11. TAXATION**

	Six months period ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Un-audited Rupees	Un-audited Rupees	Un-audited Rupees	Un-audited Rupees
Current taxation:				
Minimum tax payable on local sales	29,925,378	16,804,740	17,979,698	7,918,969
Final tax on exports realization	10,546,946	5,222,684	2,548,526	1,227,314
	<u>40,472,324</u>	<u>22,027,424</u>	<u>20,528,224</u>	<u>9,146,282</u>
Tax credits under section 65B of Income Tax Ordinance, 2001	(8,677,785)	(16,151,565)	(8,360,167)	(13,612,727)
Prior years adjustment	9,274,481	23,830	(73,465)	23,830
	<u>41,069,020</u>	<u>5,899,689</u>	<u>12,094,592</u>	<u>(4,442,615)</u>
Deferred taxation - net	5,139,015	(1,095,394)	(4,562,250)	(2,847,437)
	<u>46,208,035</u>	<u>4,804,295</u>	<u>7,532,342</u>	<u>(7,290,052)</u>

**12. CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>Notes</b>	<b>Six months period ended</b>	
		<b>December 31, 2018</b>	<b>December 31, 2017</b>
		<b>Un-audited Rupees</b>	<b>Un-audited Rupees</b>
Profit before taxation		60,138,102	17,045,027
Adjustments for:			
Depreciation on property, plant and equipment		70,696,178	67,187,956
Amortization of Intangible assets		143,009	143,009
Duty drawback of taxes on export sales		-	(10,435,008)
Provision for Workers' Profit Participation Fund		3,165,163	-
Gain on disposal of property, plant and equipment		(262,342)	(2,573,105)
Dividend income		-	(4,301)
Loss on disposal of investments		-	8,805
Unrealized loss / (gain) on remeasurement of short term investments		10,800	(8,040)
Exchange rate fluctuation loss / (gain) - net		816,000	(1,336,642)
Finance cost		70,787,040	66,649,883
		145,355,848	119,632,557
<b>Cash flows before working capital changes</b>		<b>205,493,950</b>	<b>136,677,584</b>
<b>Working capital changes:</b>			
<b>(Increase) / decrease in current assets:</b>			
Stores, spare parts and loose tools		(5,121,511)	(2,271,898)
Stock-in-trade		(596,271,814)	(416,169,536)
Trade debts		(14,727,294)	37,720,335
Loans, advances and prepayments (excluding advance income tax)		(9,882,888)	(19,433,223)
Due from Government		(3,551,236)	(1,065,315)
Other receivables		(3,349,752)	555,162
<b>Increase in current liabilities:</b>			
Trade and other payables (excluding provision for Workers' Profit Participation Fund and provision for Workers' Welfare Fund)		224,343,010	106,429,838
		(408,561,485)	(294,234,637)
<b>CASH USED IN OPERATIONS</b>		<b>(203,067,535)</b>	<b>(157,557,053)</b>

**12.1. CASH AND CASH EQUIVALENTS**

Cash and bank balances		9,141,200	4,257,830
Short term running finances	9	(253,098,728)	(217,595,752)
		(243,957,528)	(213,337,922)



### 13. RELATED PARTY TRANSACTIONS

The related parties comprise of M/S Ahmad Cotton Industries (an associated undertaking which is commonly owned /controlled by three of the directors of the Company), Chief Executive, directors, shareholders and executives/key management personnel of the Company.

Relationship and nature of transaction	Six months period ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Un-audited	Un-audited	Un-audited	Un-audited
	Rupees	Rupees	Rupees	Rupees
Associated Undertaking :				
- Sale of cotton seed	-	78,998,800	-	78,998,800
- Lease rental against ginning factory	452,964	546,903	452,964	546,903
Chief executive:				
- Managerial remuneration	1,800,000	1,500,000	1,050,000	750,000
- Payment of dividend	958,500	-	958,500	-
Directors :				
- Managerial remuneration	2,500,000	1,500,000	1,750,000	750,000
- Payment of rental of head office	1,500,000	1,500,000	750,000	750,000
- Meeting fee	16,000	11,600	16,000	11,600
- Payment of dividend	7,945,438	-	7,945,438	-
Shareholders - payment of dividend	8,887,991	-	8,887,991	-
Executives / key management personnel :				
- Advances given - net	407,018	1,356,600	37,758	326,033
- Remuneration and benefits	6,711,900	10,333,320	3,355,950	7,470,597

### 14. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the represented financial statements as at and for the year ended June 30, 2018.

#### 14.1 FAIR VALUE ESTIMATION

The carrying values of financial assets and liabilities reflected in the financial statements approximate their fair values.

The management estimates regarding fair values of financial instruments are same as disclosed in annual financial statements of the Company for the year ended June 30, 2018.

The table below analyses equity instruments measured at fair value at the balance sheet date by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Level 1	Level 2	Level 3	Total
	December 31, 2018 - Un-audited (Rupees)			
Short term investments - held for trading	66,040	-	-	66,040
	June 30, 2018 - Audited (Rupees)			
Short term investments - held for trading	76,840	-	-	76,840

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the period.





## 15. SEGMENT REPORTING

### 15.1 REPORTABLE SEGMENTS

The management has determined the operating segments of the Company on the basis of the difference in the products produced. There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

The Company's reportable segments are as follows:

- Ginning segment - production of cotton lint from raw cotton.
- Spinning segment - production of different qualities of yarn by using natural and artificial fibers.
- Weaving segment - production of different qualities of fabric using yarn.

Information regarding the Company's reportable segments is presented as follows:

### 15.2 SEGMENT REVENUE AND RESULTS

Following is an analysis of the Company's revenue and results by reportable operating segments:

	Ginning			Spinning			Weaving			Total		
	Six months period ended	Quarter ended	Quarter ended	Six months period ended	Quarter ended	Quarter ended	Six months period ended	Quarter ended	Quarter ended	Six months period ended	Quarter ended	Quarter ended
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2017
	Un-audited (Rupees)											
<b>Sales - net</b>												
External	-	78,998,800	-	713,880,500	810,343,044	366,843,445	1,797,575,904	1,496,402,128	882,885,453	737,424,594	2,289,291,428	1,183,066,839
Inter-segment	-	279,357,082	-	520,357,050	-	290,301,700	-	-	-	-	-	-
	-	358,355,882	-	1,234,237,550	810,343,044	656,945,145	1,797,575,904	1,496,402,128	882,885,453	737,424,594	2,289,291,428	1,183,066,839
<b>Cost of sales - excluding inter-segment purchase</b>	(3,603,888)	(352,380,521)	(3,603,888)	(881,338,573)	(822,075,821)	(338,713,255)	(1,659,446,415)	(922,126,574)	(778,885,199)	(433,422,746)	(2,156,045,668)	(1,124,716,502)
<b>Inter-segment purchase</b>	-	-	-	(279,357,082)	(822,075,821)	(279,357,082)	(3,252,021)	(520,357,050)	-	-	-	-
	(3,603,888)	(352,380,521)	(3,603,888)	(1,160,695,655)	(1,644,151,642)	(618,070,337)	(1,981,498,436)	(1,442,483,624)	(778,885,199)	(433,422,746)	(2,156,045,668)	(1,124,716,502)
<b>Gross profit</b>	5,775,361	5,775,361	5,775,361	73,551,885	117,277,777	38,874,628	134,877,468	53,916,504	104,000,314	13,700,148	205,223,708	58,339,337
Loss on trading	-	-	-	7,632,330	-	7,394,276	262,342	6,727,426	-	6,136,642	262,342	13,520,918
<b>Distribution cost</b>	-	-	-	(4,723,759)	(7,865,421)	(288,072)	(20,871,313)	(26,014,859)	(10,118,777)	(13,668,725)	(32,706,695)	(17,975,198)
<b>Administrative expenses</b>	(3,188,630)	(4,469,299)	(3,188,630)	(14,632,062)	(5,277,570)	(7,771,153)	(17,264,004)	(13,996,526)	(13,494,691)	(8,398,759)	(37,822,940)	(20,239,211)
<b>Other operating expenses</b>	-	-	-	(45,575)	(45,575)	(6,525)	(3,985,788)	-	(4,346,245)	(4,031,363)	(18,065)	(6,525)
<b>Finance cost</b>	(3,353)	(1,316,552)	(3,353)	(46,006,886)	(38,480,738)	(22,942,650)	(24,776,881)	(26,882,593)	(10,583,948)	(12,326,269)	(66,849,883)	(35,685,671)
<b>Profit / (loss) before taxation</b>	(6,796,871)	(10,490)	(6,796,871)	(1,307,551)	(52,300,016)	16,550,504	68,241,524	(6,274,024)	65,456,743	(14,556,963)	60,138,102	1,983,051
<b>Taxation - current</b>	-	-	-	-	-	-	-	-	-	-	(41,068,020)	4,442,615
<b>Taxation - deferred</b>	-	-	-	-	-	-	-	-	-	-	(5,138,015)	4,562,250
<b>Profit / (loss) after taxation</b>	-	-	-	-	-	-	-	-	-	-	13,930,067	9,273,103

## 15.3 SEGMENT ASSETS AND LIABILITIES

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Ginning			Spinning			Weaving			Total	
	Six months period ended December 31, 2018	Year ended June 30, 2018		Six months period ended December 31, 2018	Year ended June 30, 2018		Six months period ended December 31, 2018	Year ended June 30, 2018		Six months period ended December 31, 2018	Year ended June 30, 2018
	Un-audited	Audited		Un-audited	Audited		Un-audited	Audited		Un-audited	Audited
(Rupees)											
<b>Segment assets:</b>											
Property, plant and equipment	-	-		1,307,653,506	1,225,237,391		1,566,552,861	1,537,013,567		2,874,206,367	2,762,250,958
Investment property	-	-		-	-		43,311,500	43,311,500		43,311,500	43,311,500
Intangible assets	-	-		-	-		265,726	408,735		265,726	408,735
Long term deposits	-	-		1,202,700	794,700		12,000,077	11,542,477		13,202,777	12,337,177
<b>Total operating assets</b>										<b>2,930,986,370</b>	<b>2,818,308,370</b>
Stores, spare parts and loose tools	-	-		32,833,098	32,297,164		24,113,054	19,527,477		56,946,152	51,824,641
Stock-in-trade	380,763,836	-		540,347,833	351,955,411		564,929,617	517,814,061		1,466,041,286	869,769,472
Trade debts	-	-		125,999,164	145,597,641		281,819,236	246,309,465		407,818,400	393,907,106
Other unallocated corporate assets	-	-		-	-		-	-		177,556,413	181,092,590
<b>Total assets as per statement of financial position</b>										<b>5,039,348,621</b>	<b>4,314,902,179</b>
<b>Subordinated loans</b>										<b>105,000,000</b>	<b>105,000,000</b>
Creditors	75,833,033	-		23,810,758	39,077,428		286,557,510	177,068,566		386,201,301	216,145,994
Unclaimed dividend	-	-		1,618,959	1,509,769		1,618,964	1,509,773		3,237,923	3,019,542
Unallocated corporate liabilities	-	-		-	-		-	-		2,730,998,013	2,067,745,016
<b>Total liabilities as per statement of financial position</b>										<b>3,120,437,237</b>	<b>2,391,910,552</b>



#### 15.4 REVENUE FROM MAJOR CUSTOMERS

Revenue from major customers whose revenue exceeds 5% (December 31, 2017: 5%) of total sales is Rs. 1,219.279 million (December 31, 2017: Rs. 986.333 million).

#### 15.5 GEOGRAPHICAL INFORMATION

The Company's gross revenue from external customers by geographical location is detailed below:

	Six months period ended	
	December 31, 2018	December 31, 2017
	Un-audited Rupees	Un-audited Rupees
Pakistan	3,074,360,326	1,776,590,185
America	17,009,379	8,632,150
Asia	277,493,893	295,399,678
Europe	79,861,249	208,669,415
	<b>3,448,724,847</b>	<b>2,289,291,428</b>

All non-current assets of the Company are located and operating in Pakistan.

#### 16. CORRESPONDING FIGURES

The figures of the condensed interim statement of profit or loss for the quarters ended December 31, 2018 and December 31, 2017 have not been reviewed by the auditors of the Company as they have reviewed only the cumulative figures for the six months period ended December 31, 2018. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018 as these provide an update of previously reported information. Comparative statement of financial position is extracted from annual financial statements as of June 30, 2018, whereas comparative statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows are extracted from un-audited condensed interim financial statements for the six months period ended December 31, 2017.

No significant re-arrangements have been made in these condensed interim financial statements in respect of corresponding figures.

#### 17. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **February 26, 2019** by the Board of Directors of the Company.

#### 18. GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest Pakistani Rupee, except otherwise stated.

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
Chief Financial Officer

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