

## COMPANY PROFILE

### **BOARD OF DIRECTORS**

*Chairman*

*Chief Executive Officer*

*Directors*

Mian Muhammad Javed Anwar

Mian Muhammad Parvez

Mrs. Salma Javed

Mr. Muhammad Haris

Mr. Muhammad Aurangzeb

Mr. Muhammad Jahanzeb

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

### **AUDIT COMMITTEE**

*Chairman*

*Members*

Mr. Muhammad Jahanzeb

Mrs. Salma Javed

Mr. Muhammad Haris

### **HR & R COMMITTEE**

*Chairman*

*Members*

Mr. Muhammad Jahanzeb

Mrs. Salma Javed

Mian Muhammad Parvez

### **CHIEF FINANCIAL OFFICER & COMPANY SECRETARY**

Mr. Abdul Sattar (ACA)

### **HEAD OF INTERNAL AUDIT**

Mr. Waqas Qureshi

### **AUDITORS**

M/s F.R.A.N.T.S & Co.  
Chartered Accountants,  
Multan.

### **BANKERS**

Bank Al-Habib Limited  
Allied Bank Limited  
United Bank Limited  
Bank Al-Falah Limited  
Habib Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited

### **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.

**DIRECTOR'S REVIEW**

In the Name of Allah the Most Beneficent the Most Merciful

Dear Shareholders,

Your directors are pleased to present before you the reviewed accounts of the company for the half year ended December 31, 2014.

	Dec. 2014 (Rupees)	Dec. 2013 (Rupees)
Sales-Net	1,657,885,365	2,064,102,859
Gross Profit	115,711,293	246,716,878
Profit after taxation	13,370,797	78,948,392
G.P Ratio	6.98%	11.95%

**REVIEW OF OPERATIONS:**

Due to depressed local and international textile market (especially weaving industry) the operations of the company remained below standards during the six months under review. The industry has immense market pressure in terms of sales prices which were gone down by almost 20%-25%, resultantly sales decreased by Rs. 406.2 Million as compared to corresponding period of last year- despite of increased quantum of production and sales. Though the raw material prices also gone down (prices of cotton and cotton yarn reduced by 20% and 10% respectively) but this decrease was lesser than the decrease in corresponding sales prices. Increase in energy cost and load shading in the country also contributed towards decreased gross profit ratio of the company i.e. 6.98% (2013:11.95%).

**FUTURE OUTLOOK**

The depressed prices situation still continues, though slight betterment can be seen subsequently but yet nothing can be predicted at this stage as we cannot control the market situation. The company's BMR plan along with enhancement of power generation capacity from gas gen-sets and Government's commitment towards consistent supply of energy are the positive sentiments in the near future.

We hope all these arrangements will contribute towards the reduction in company's fixed cost as well as variable cost (energy cost) and management expects better performance in upcoming six months of ongoing financial year.

**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.

On behalf of the Board of Directors

Multan  
Dated: February 23, 2015

Mian Muhammad Javed Anwar  
Chairman

**AUDITORS' REPORT TO THE MEMBERS  
ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Ahmad Hassan Textile Mills Limited** (the company) as at **December 31, 2014** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting 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 profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2014 and December 31, 2013 have not been reviewed by us, as we are required to review only the cumulative figures for the six months period ended December 31, 2014.

**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 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.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**F. R. A. N. T. S. & Co.**

Chartered Accountants

**Engagement Partner: Muhammad Talib**

**Multan: February 24, 2015**

# Ahmad Hassan Textile Mills Limited

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT DECEMBER 31, 2014

	Notes	December 31, 2014 Un-Audited	June 30, 2014 Audited Re-stated	June 30, 2013 Audited Re-stated
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	6	2,479,602,273	2,494,300,059	2,336,860,177
Long term investments		-	-	259,272
Long term deposits		39,234,610	39,180,010	39,180,010
		<b>2,518,836,883</b>	<b>2,553,480,069</b>	<b>2,376,299,206</b>
<b>CURRENT ASSETS</b>				
Stores, spare parts and loose tools		54,139,829	45,458,241	42,421,206
Stock-in-trade		870,093,908	586,406,095	492,998,541
Trade debts		234,522,004	337,488,604	227,255,138
Loans, advances, deposits and prepayments		103,489,769	70,820,838	94,885,564
Tax refunds due from Government		80,890,604	44,915,515	22,590,804
Other receivables		2,718,952	9,971,019	7,669,591
Current portion of long term investments		129,636	259,272	104
Cash and bank balances		4,923,551	5,474,903	17,936,655
		<b>1,350,908,253</b>	<b>1,100,794,487</b>	<b>905,757,603</b>
<b>TOTAL ASSETS</b>		<b>3,869,745,136</b>	<b>3,634,274,556</b>	<b>3,282,057,062</b>
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Authorized share capital		200,000,000	200,000,000	200,000,000
Issued, subscribed and paid up share capital		144,082,488	144,082,488	144,082,488
Capital reserve		32,746,284	32,746,284	32,746,284
Revenue reserve - unappropriated profit		791,872,605	758,945,476	643,411,497
		968,701,377	935,774,248	820,240,269
Surplus on revaluation of property, plant and equipment	5	914,850,343	934,406,675	975,456,905
<b>NON-CURRENT LIABILITIES</b>				
Long term financing		314,159,465	302,706,378	226,086,668
Subordinated loans		105,000,000	105,000,000	105,000,000
Deferred taxation	5	215,973,199	255,661,124	255,546,447
		635,132,664	633,367,502	586,633,115
<b>CURRENT LIABILITIES</b>				
Trade and other payables		206,813,248	163,857,122	229,315,518
Finances under mark up arrangements and other credit facilities		967,802,040	763,803,893	492,115,903
Current portion of non-current liabilities		139,313,996	141,139,181	119,296,349
Accrued finance cost		31,435,335	29,398,747	20,516,985
Provision for taxation		5,696,133	2,527,188	38,442,018
		1,351,060,752	1,100,726,131	899,726,773
<b>CONTINGENCIES AND COMMITMENTS</b>	7			
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,869,745,136</b>	<b>3,634,274,556</b>	<b>3,282,057,062</b>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

Sd/-  
Mian Muhammad Javed Anwar  
Chairman

Sd/-  
Mian Muhammad Pervez  
Chief Executive Officer

Sd/-  
Muhammad Haris  
Director

Sd/-  
Abdul Sattar  
Chief Financial Officer

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED  
DECEMBER 31, 2014**

Note	Six months period ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	Rupees	Rupees	Rupees	Rupees
Sales - net	1,657,885,365	2,064,102,859	909,455,791	1,050,473,399
Cost of sales	(1,542,174,072)	(1,817,385,981)	(862,744,346)	(908,379,759)
<b>Gross profit</b>	<b>115,711,293</b>	<b>246,716,878</b>	<b>46,711,445</b>	<b>142,093,640</b>
Other operating income	1,660,746	3,932,125	771,191	2,946,296
(Loss) / profit on trading	(77,770)	60,000	-	60,000
Distribution cost	(55,573,961)	(75,863,821)	(30,226,135)	(41,980,622)
Administrative expenses	(25,208,106)	(24,374,375)	(13,266,232)	(13,658,280)
Other operating expenses	(226,375)	(7,172,116)	(66,032)	(7,134,916)
	(79,465,466)	(103,418,187)	(42,787,208)	(59,767,522)
<b>Profit from operations before finance cost</b>	<b>36,245,827</b>	<b>143,298,691</b>	<b>3,924,237</b>	<b>82,326,118</b>
Finance cost	(55,358,033)	(48,792,308)	(29,050,566)	(28,201,912)
<b>(Loss) / profit before taxation</b>	<b>(19,112,206)</b>	<b>94,506,383</b>	<b>(25,126,329)</b>	<b>54,124,206</b>
Taxation:				
Current	(5,696,133)	(7,334,616)	(1,748,273)	(2,708,321)
Prior year adjustment	(1,508,789)	-	(1,508,789)	-
Deferred	39,687,925	(8,213,375)	39,687,925	(8,213,375)
	32,483,003	(15,557,991)	36,430,863	(10,921,696)
<b>Profit after taxation for the period</b>	<b>13,370,797</b>	<b>78,948,392</b>	<b>11,304,534</b>	<b>43,202,510</b>
<b>Basic earnings per share</b> 8	<b>0.93</b>	<b>5.48</b>	<b>0.78</b>	<b>3.00</b>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

Sd/-  
Mian Muhammad Javed Anwar  
Chairman

Sd/-  
Mian Muhammad Pervez  
Chief Executive Officer

Sd/-  
Muhammad Haris  
Director

Sd/-  
Abdul Sattar  
Chief Financial Officer

# Ahmad Hassan Textile Mills Limited

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2014

	Six months period ended		Quarter ended	
	December 31, 2014	December 31, 2013 Re-stated	December 31, 2014	December 31, 2013
	Rupees	Rupees	Rupees	Rupees
Profit after taxation for the period	13,370,797	78,948,392	11,304,534	43,202,510
Other comprehensive income for the period:				
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	19,556,332	20,416,557	8,600,480	14,573,052
<b>Total comprehensive income for the period</b>	<b>32,927,129</b>	<b>99,364,949</b>	<b>19,905,014</b>	<b>57,775,562</b>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

Sd/-  
Mian Muhammad Javed Anwar  
Chairman

Sd/-  
Mian Muhammad Pervez  
Chief Executive Officer

Sd/-  
Muhammad Haris  
Director

Sd/-  
Abdul Sattar  
Chief Financial Officer

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD DECEMBER 31, 2014**

	Note	Six months period ended	
		December 31, 2014	December 31, 2013
		Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	9	(79,472,066)	(194,272,503)
Income tax paid		(20,440,135)	(11,144,333)
Finance cost paid		(53,198,449)	(39,724,656)
Long term deposits		(54,600)	-
Paid to Workers' Profit Participation Fund		(4,427,761)	(10,174,070)
Workers' Welfare Fund paid		(188,818)	-
Staff gratuity paid		(2,273,398)	(5,684,922)
		<b>(80,583,161)</b>	<b>(66,727,981)</b>
<b>Net cash used in operating activities</b>		<b>(160,055,227)</b>	<b>(261,000,484)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(55,379,827)	(195,953,627)
Proceeds from disposal of property, plant and equipment		2,150,000	400,000
Redemption of long term investments		129,636	52
Profit on investments		25,772	14,509
Mark-up on security deposit with SNGPL		-	3,449,898
<b>Net cash used in investing activities</b>		<b>(53,074,419)</b>	<b>(192,089,168)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances obtained		69,517,463	155,268,724
Repayment of long term finances		(59,889,561)	(61,618,891)
Short term finances under markup arrangements and other credit facilities - net		270,277,509	305,678,929
Dividend paid		(1,047,755)	(5,623,134)
<b>Net cash generated from financing activities</b>		<b>278,857,656</b>	<b>393,705,628</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>65,728,010</b>	<b>(59,384,024)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>(158,822,665)</b>	<b>(115,621,119)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	9.1	<b>(93,094,655)</b>	<b>(175,005,143)</b>

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

Sd/-  
Mian Muhammad Javed Anwar  
Chairman

Sd/-  
Mian Muhammad Pervaz  
Chief Executive Officer

Sd/-  
Muhammad Haris  
Director

Sd/-  
Abdul Sattar  
Chief Financial Officer

# Ahmad Hassan Textile Mills Limited

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2014

Share Capital	Reserves		Total (Re-stated)
	Capital	Revenue	
Issued, subscribed and paid up capital	Share premium	Unappropriated profit (Re-stated)	

Rupees			
144,082,488	32,746,284	643,411,497	820,240,269

Balance as at June 30, 2013 (Audited)

Total comprehensive income for the period:

Profit for the period

Other comprehensive income for the period (re-stated)

Total comprehensive income for the period

-	-	78,948,392	78,948,392
-	-	20,416,557	20,416,557
-	-	99,364,949	99,364,949

Transactions with owners of the Company  
recognized directly in equity:

Final dividend for the year ended

June 30, 2013 @ Rs. 1.50 per share

-	-	(21,612,373)	(21,612,373)
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Balance as at December 31, 2013 (Un-Audited)

144,082,488	32,746,284	721,164,073	897,992,845
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Balance as at June 30, 2014 (Audited)

144,082,488	32,746,284	758,945,476	935,774,248
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Total comprehensive income for the period:

Profit for the period

Other comprehensive income for the period

Total comprehensive income for the period

-	-	13,370,797	13,370,797
-	-	19,556,332	19,556,332
-	-	32,927,129	32,927,129

Balance as at December 31, 2014 (Un-Audited)

144,082,488	32,746,284	791,872,605	968,701,377
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The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

Sd/-  
Mian Muhammad Javed Anwar  
Chairman

Sd/-  
Mian Muhammad Pervez  
Chief Executive Officer

Sd/-  
Muhammad Haris  
Director

Sd/-  
Abdul Sattar  
Chief Financial Officer



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2014**

**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. Its shares are quoted on all Stock Exchanges in Pakistan. It is principally engaged in the manufacturing and sale of yarn and fabric. The registered office of the Company is situated at 46-Hassan Parwana Colony, Multan. The mill is located at M. M. Road, Chowk Sarwar Shaheed, District Muzaffargarh.

**2. STATEMENT OF COMPLIANCE**

This condensed interim financial information of the Company for the six months period ended December 31, 2014 has been prepared in accordance with approved accounting standards for interim financial reporting as applicable in Pakistan. Approved accounting standards comprise of International Accounting Standard 34 - 'Interim Financial Reporting' the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with the requirements of IAS-34, the requirements of the Companies Ordinance, 1984, and the said directives have been followed.

This condensed interim financial information comprises of condensed interim balance sheet as at December 31, 2014, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes thereto for the six months period then ended which is unaudited but subject to limited scope review by the statutory auditors and is being submitted to the shareholders as required under listing regulations of Karachi, Lahore and Islamabad Stock Exchange and section 245 of the Companies Ordinance, 1984.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2014 and December 31, 2013 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, 2014. This condensed interim financial information should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2014 as it provides an update of previously reported information. Comparative balance sheet is extracted from annual financial statements as of June 30, 2014 whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are extracted from un-audited condensed interim financial information for the six months period ended December 31, 2013.

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

**3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2014.

Judgements and estimates made by management in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2014.

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, 2014.

**4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS ADOPTED DURING THE SIX MONTHS PERIOD**

Certain standards, amendments and a new interpretation to approved accounting standards became effective during the period but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

**5. RE-STATEMENT**

In 2013 the company revalued its land, building and plant & machinery and the full amount of resultant revaluation surplus was credited to the account of 'surplus on revaluation of property plant and equipment' instead of crediting it net off related deferred tax liability. As a result, the balance on account of 'surplus on revaluation of property plant and equipment' was overstated and the deferred tax liability was understated. These balances has been re-stated to comply with the requirements of IAS-12 (Income Taxes) and the relevant impact of such re-statement in accordance with the requirements of IAS-8 (Accounting Policies, Changes in Accounting Estimates and Errors) is as follows:

# Ahmad Hassan Textile Mills Limited

## RE-STATEMENT - CONTINUED

Impact of re-statement on financial statements for the year ended June 30, 2013:

	June 30, 2013 Re-stated	June 30, 2013 As previously Reported	Impact of Re-statement
	Rupees	Rupees	Rupees
Surplus on revaluation of property, plant and equipment	975,391,068	1,040,851,548	(65,460,480)
Transfer from revaluation surplus to retained earnings (through statement of comprehensive income) on account of incremental depreciation (net of deferred tax)	20,311,211	20,245,373	65,838
Impact on revaluation surplus			(65,394,642)
Deferred tax liability	255,546,447	190,489,847	65,056,600
<b>Net impact on retained earning (through statement of comprehensive income)</b>	<b>1,251,248,726</b>	<b>1,251,586,768</b>	<b>(338,042)</b>
Effect of incremental depreciation on revaluation carried out during the year			(272,204)
Effect of incremental depreciation on Previous revaluation			(65,838)
			(338,042)

Impact of re-statement on financial statements for the year ended June 30, 2014:

	June 30, 2014 Re-stated	June 30, 2014 As previously Reported	Impact of Re-statement
	Rupees	Rupees	Rupees
<b>Surplus on revaluation of property, plant and equipment</b>			
Opening balance	975,456,906	1,040,851,548	(65,394,642)
Transfer from revaluation surplus to retained earnings (through statement of comprehensive income) on account of incremental depreciation (net of deferred tax)	(41,050,230)	(43,823,409)	2,773,179
Closing balance	934,406,676	997,028,139	(62,621,463)
<b>Deferred tax liability</b>			
Opening balance	255,546,447	190,489,847	65,056,600
Charge for the year	114,678	114,678	-
Closing balance	255,661,125	190,604,525	65,056,600
<b>Net impact on retained earnings (through statement of comprehensive income)</b>			<b>2,435,137</b>
Impact of re-statement in 2013			(338,042)
Impact of re-statement in 2014			2,773,179
			<b>2,435,137</b>

		December 31, 2014 Un-Audited	June 30, 2014 Audited
	Note	Rupees	Rupees
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating property, plant and equipment	6.1	2,474,312,938	2,434,363,351
Capital work-in-progress	6.2	5,289,335	59,936,708
		<b>2,479,602,273</b>	<b>2,494,300,059</b>

# Ahmad Hassan Textile Mills Limited

## PROPERTY, PLANT AND EQUIPMENT - continued

6.1. The following is movement in operating property, plant and equipment during the period:

### Opening carrying value

Add: Additions or transfers during the period - at cost

Plant and machinery  
Computer software  
Power plant - generators  
Electric installations  
Factory equipment  
Office equipment

Less: Carrying value of vehicles disposed off during the period  
Depreciation charge for the period

### Closing carrying value

### Carrying value as at December 31, 2013

Additions during January 01, 2014 to June 30, 2014  
Depreciation charged during January 01, 2014 to June 30, 2014

### Carrying value as at June 30, 2014

6.2. Capital work-in-progress comprises of cost of plant and machinery, civil works in progress and advances to suppliers against capital expenditure. The following is movement in capital work-in-progress during the period:

Opening balance

Additions during the period - at cost

Factory building  
Plant and machinery  
Power plant - generators

Less: Transfers during the period

Closing balance

### Balance as at December 31, 2013

Additions during January 01, 2014 to June 30, 2014  
Transfers during January 01, 2014 to June 30, 2014

### Balance as at June 30, 2014

		Six months period ended	
		December 31, 2014	December 31, 2013
		Rupees	Rupees
		2,434,363,351	2,200,103,426
		104,399,648	102,502,158
		1,200,000	-
		871,000	157,597,560
		3,382,952	1,950,000
		-	1,150,000
		173,600	82,000
		110,027,200	263,281,718
		2,544,390,551	2,463,385,144
		(1,377,296)	(99,363)
		(68,700,317)	(59,045,211)
		2,474,312,938	2,404,240,570
			Six months period ended June 30, 2014
			Rupees
			2,404,240,570
			102,895,854
			(72,773,073)
			2,434,363,351
			Six months period ended June 30, 2014
			Rupees
			136,756,751
			13,157,439
		42,488,757	43,304,481
			35,041,925
		(97,136,130)	(158,831,935)
		5,289,335	69,428,661
			Six months period ended June 30, 2014
			Rupees
			69,428,661
			13,772,336
			(23,214,289)
			59,936,708

# Ahmad Hassan Textile Mills Limited

## 7. CONTINGENCIES AND COMMITMENTS

### 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, 2014 except for the following:

**7.1** During the year ended June 30, 2013, the Company imported Cotton yarn under Duty and Tax Remission for Exports (DTRE) Scheme. According to the scheme, the Company had issued post dated cheque of Rs. 1.93 million to Collector of Customs, Multan against the amount of import duty, Sales Tax and Income Tax. This Cheque has been received back by the Company subsequent to the balance sheet date. Moreover, during the period, the Company has issued post dated cheque of Rs. 94.541 million to Collector of Customs, Multan against the amount of Sales Tax on purchase of yarn, chemical and packing material under DTRE Scheme. This cheque will be returned to the Company after complying with the formal requirements.

**7.2** During the year ended June 30, 2013, the Commissioner Inland Revenue, Regional Tax Office (RTO) Multan passed an order under section 122(5A) for amendment of deemed assessment for tax year 2010. As a result refund determined in the deemed assessment had been curtailed by Rs. 8,259,367. The Company did not make any adjustment in the refund already accounted for in the financial statements and filed appeal before the Commissioner Income Tax (Appeals), Multan. The appeal had been disposed off by the Commissioner Income Tax (Appeals), against the Company. During the year ended June 30, 2014, the Company had filed appeal in the Appellate Tribunal. During the six months period ended December 31, 2014, the Appellate Tribunal has decided the case in favour of the Company.

	December 31, 2014 Un-Audited Rupees	June 30, 2014 Audited Rupees
<b>COMMITMENTS</b>		
<b>Note</b>		
a) Aggregate amount of contractual commitments for capital expenditure and property, plant and equipment against:		
Letter of credits	83,550,943	201,461,508
Others contracts	5,789,378	4,018,760
b) The Company's commitments other than capital expenditure; against letter of credit outstanding as at December 31, 2014 amount to Rs. 2.178 Million (June 30, 2014: Rs. 4.8 million).		
c) Foreign bills discounted outstanding as at December 31, 2014, aggregated Rs. 316.917 million (June 30, 2014: Rs. 191.494 million).		

## 8. EARNING PER SHARE

There is no dilutive effect on the basic earnings per share of the Company.

## 9. CASH FLOWS FROM OPERATING ACTIVITIES

	Six months period ended	
	December 31, 2014 Rupees	December 31, 2013 Rupees
(Loss) / profit before taxation	(19,112,206)	94,506,383
Adjustments for:		
Depreciation on property, plant and equipment	68,700,317	59,045,211
Provision for gratuity	2,400,000	2,455,000
Provision for Workers' Profit Participation Fund	-	5,075,530
Provision for Workers' Welfare Fund	-	1,928,702
Gain on disposal of property, plant and equipment	(772,704)	(300,637)
Profit on investments	(25,772)	(14,509)
Mark-up on security deposit with SNGPL	(859,750)	(10,898)
Gain on exchange rate fluctuation	-	(3,606,081)
Finance cost	55,358,033	48,792,308
	124,800,124	113,364,626
<b>Cash flows before working capital changes carried forward</b>	<b>105,687,918</b>	<b>207,871,009</b>

<b>CASH FLOWS FROM OPERATION ACTIVITIES - continued</b>	<b>Six months period ended</b>	
	<b>December 31, 2014</b>	<b>December 31, 2013</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Cash flows before working capital changes brought forward</b>	<b>105,687,918</b>	<b>207,871,009</b>
<b>Working capital changes:</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spare parts and loose tools	(8,681,588)	2,240,502
Stock-in-trade	(283,687,813)	(441,508,393)
Trade debts	102,966,600	86,103,725
Loans, advances, deposits and prepayments - excluding advance income tax	(49,602,680)	(22,652,612)
Tax refunds due from government	(2,917,755)	(23,699,671)
Other receivables	8,111,817	592,650
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables (excluding provision for gratuity, unclaimed dividend, provision for Workers' Profit Participation Fund and provision for Workers' Welfare Fund)	48,651,435	(3,219,713)
	<b>(185,159,984)</b>	<b>(402,143,512)</b>
	<b>(79,472,066)</b>	<b>(194,272,503)</b>
<b>CASH USED IN OPERATIONS</b>		
<b>9.1 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	4,923,551	2,679,733
Short term running finances	(98,018,206)	(177,684,876)
	<b>(93,094,655)</b>	<b>(175,005,143)</b>
<b>10. RELATED PARTY TRANSACTIONS</b>		
The related parties comprise of an associated undertaking (Ahmad Cotton Industries), Chief Executive Officer, directors and executives of the Company. Transactions with related parties during the period are as follows:		
<b>Associated Undertaking:</b>		
Sale of goods and services	73,736,400	-
Lease rent	575,000	-
Purchase of goods and services	-	185,059,188
	<b>-</b>	<b>185,059,188</b>
<b>Chief Executive Officer, Directors and Executives:</b>		
Remuneration and benefits	5,808,000	4,753,000
	<b>5,808,000</b>	<b>4,753,000</b>
<b>11. SEGMENT REPORTING</b>		
<b>11.1 REPORTABLE SEGMENTS</b>		
The management has determined the operating segments of the Company on the basis of the difference in the products produced.		
During the six months period ended December 31, 2014, the Company entered into lease agreement in the undertaking to take on lease the Ginning section of associated undertaking. The Ginning section was operated by the Company against the consideration of lease rental payment.		
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 below:		

# Ahmad Hassan Textile Mills Limited

## 11.2 SEGMENT REVENUE AND RESULTS

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

	Six months period ended				
				December 31, 2014	December 31, 2013
	Ginning	Spinning	Weaving		
	Rupees	Rupees	Rupees	Rupees	Rupees
Sales - net					
External	74,462,878	435,156,381	1,148,266,106	1,657,885,365	2,064,102,859
Inter-segment	239,880,345	411,456,500	-	-	-
	314,343,223	846,612,881	1,148,266,106		
Cost of sales - excluding inter-segment purchase	(314,004,917)	(527,038,433)	(701,130,722)	(1,542,174,072)	(1,817,385,981)
Inter-segment purchase	-	(239,880,345)	(411,456,500)	-	-
	(314,004,917)	(766,918,778)	(1,112,587,222)		
<b>Gross profit</b>	<b>338,306</b>	<b>79,694,103</b>	<b>35,678,884</b>	<b>115,711,293</b>	<b>246,716,878</b>
(Loss) / Profit on trading	-	-	(77,770)	(77,770)	60,000
Distribution and marketing expenses	-	(15,523,974)	(40,049,987)	(55,573,961)	(75,863,821)
Administrative expenses	-	(9,273,574)	(15,934,532)	(25,208,106)	(24,374,375)
Finance cost	-	(31,427,817)	(23,930,216)	(55,358,033)	(48,792,308)
<b>Profit / (loss) before tax</b>	<b>338,306</b>	<b>23,468,738</b>	<b>(44,313,621)</b>	<b>(20,506,577)</b>	<b>97,746,374</b>
Other operating expenses	-	(73,205)	(193,170)	(266,375)	(7,172,116)
Other operating income	-	456,406	1,204,340	1,660,746	3,932,125
Taxation - current	(323,605)	(1,891,125)	(4,990,192)	(7,204,922)	(7,344,616)
Taxation - deferred	-	-	-	39,687,925	(8,213,375)
<b>Profit / (loss) after taxation</b>	<b>14,701</b>	<b>21,960,814</b>	<b>(48,292,643)</b>	<b>13,370,797</b>	<b>78,948,392</b>

## 11.3 SEGMENT ASSETS AND LIABILITIES

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

	Ginning	Spinning	Weaving	December 31,	June 30,
				2014	2014
	Rupees	Rupees	Rupees	Un-Audited	Audited
<b>Segment assets:</b>					
Operating property, plant and equipment	-	1,167,986,089	1,305,126,849	2,473,112,938	2,434,363,351
Un allocated operating assets	-	-	-	6,489,335	59,936,708
<b>Total operating assets</b>				<b>2,479,602,273</b>	<b>2,494,300,059</b>
Stores, spare parts and loose tools	-	15,431,170	38,708,659	54,139,829	45,458,241
Stock-in-trade	-	602,872,579	267,221,329	870,093,908	586,406,095
Trade debts	15,144,090	58,718,254	160,659,660	234,522,004	337,488,604
Other unallocated corporate assets	-	-	-	231,387,122	170,621,557
<b>Total assets as per balance sheet</b>				<b>3,869,745,136</b>	<b>3,634,274,556</b>
<b>Segment liabilities</b>	14,870,665	46,153,226	54,879,374	115,903,265	464,259,249
Unallocated corporate liabilities (June 2014: re-stated)	-	-	-	1,870,290,151	1,299,834,384
<b>Total liabilities as per balance sheet</b>				<b>1,986,193,416</b>	<b>1,764,093,633</b>

## 11.4 REVENUE FROM MAJOR CUSTOMERS

Revenue from major customers whose revenue exceeds 5% (December 31, 2013: 10%) of sales is Rs. 329 million (December 31, 2013: Rs. 824million).

## 11.5 GEOGRAPHICAL INFORMATION

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

	Six months period ended	
	December 31, 2014 Rupees	December 31, 2013 Rupees
Pakistan	585,939,098	660,367,519
America	9,239,054	-
Asia	739,764,841	1,001,726,300
Europe	322,942,372	402,009,040
	1,657,885,365	2,064,102,859

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

## 12. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made except re-statement of figures as mentioned in Note 5.

## 13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on **February 23, 2015** by the board of directors of the Company.

## 14. GENERAL

Figures in this condensed interim financial information have been rounded off to the nearest Pakistani Rupee.

