

COMPANY INFORMATION

BOARD OF DIRECTORS:

Chairman
Chief Executive
Directors

Mian Muhammad Javed Anwar
Mian Muhammad Pervez
Mr. Muhammad Haris
Mr. Muhammad Aurangzeb
Mrs. Salma Javed
Mr. Muhammad Jahanzeb
Mr. Raza Abbas Jafferri (*Rep. N.I.T*)

AUDIT COMMITTEE

Chairman
Members

Mr. Muhammad Aurangzeb
Mrs. Salma Javed
Mr. Muhammad Jahanzeb

CHIEF FINANCIAL OFFICER

Dr. Rashid Nawaz Khan

HEAD OF INTERNAL AUDIT

Mr. Najeeb Ahmed Khan

COMPANY SECRETARY

Mr. Shamsur Rahman

AUDITORS

F.R.A.N.T.S. & CO.
Chartered Accountants
Lahore

BANKERS

Bank Al-Habib Limited.
Allied Bank Limited
United Bank Limited
Bank Al-Falah Limited
MCB Bank Limited
Meezan Bank Limited
Habib Bank Limited
Faysal Bank Limited

REGISTERED / HEAD OFFICE

46 - Hassan Parwana Colony, Multan.

MILLS

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

DIRECTORS' 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, 2011

OPERATING RESULTS

During the financial period under review, company's financial performance is compatible as compared to the corresponding period despite tough market situation & energy shortage in the country.

By the grace of Almighty Allah and with the efforts staff, during the period company has earned a profit of Rupees 68.30 Million before tax; by reducing operating cost by Rupees 20.00 million and financial cost by Rupees 36.00 million. The management also succeeded to improve current ratio to 1:0.99. During the financial period, prices of yarn and fabric have shown a decrease affecting the company's sales and GP ratio which has been reduced as compared to the corresponding period resulting in decrease.

FUTURE OUTLOOK

It is vital to mention that effective and efficient controls and cost effectiveness is the key to compete in the market and ultimately for survival of the company, the management is working on both issues. Energy issue will also be resolved in near future as electricity cost is the major overhead in manufacturing process and optimizing the cost, and to reduce this cost is our main target. In this regards the management decided to invest in gas operated generators at mill site. Alhamd-o-Lillah, the demand note was served which have been eventually paid and after sanctioning of gas, development work for pipe line has also been completed. We hope this will result in significant reduction in manufacturing cost and will also help to streamline the manufacturing process of the company through consistency in supply of energy.

ACKNOWLEDGMENT

Your directors place on record their appreciation for the efforts made by the worker and staff of the company for their devotion to work.

Your directors would also like to express their thanks to financial institutions especially Bank AL-Habib Limited, Bank Al-Falah Limited, Allied Bank Limited, Faysal Bank Limited, Meezan Bank Limited, MCB Bank Limited, United Bank Limited and Habib Bank Limited for their support and assistance.

On behalf of the Board

Mian Muhammad Javed Anwar
Chairman

Multan:
Dated: 27.02.2012

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF 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, 2011, and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month 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.

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 half year ended December 31, 2011 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2011 and December 31, 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

The financial statements/information of the Company for the year ended June 30, 2011 and for the half year ended December 31, 2010 were audited / reviewed by another auditor whose reports, dated October 06, 2011 and February 06, 2011 respectively, expressed unqualified opinion on those financial statements / information.

F.R.A.N.T.S. & Co.
Chartered accountants
Engagement Partner: Nouman Razaq Khan
Lahore: February 27, 2012

CONDENSED INTERIM BALANCE SHEET - (UN-AUDITED)

	Unaudited December 31, 2011 Rupees	Audited June 30 2011 Rupees
EQUITIES AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised share capital 20,000,000 (June 30, 2011: 20,000,000) ordinary shares of Rs. 10/- each	<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed & paid-up capital 14,408,248.8 (June 30, 2011: 14,408,248.8) ordinary shares of Rs. 10 each	144,082,488	144,082,488
Share premium	32,746,284	32,746,284
Unappropriated profit	414,254,268	402,081,637
	591,083,040	578,910,409
Surplus on revaluation of property, plant and equipment	424,864,493	433,226,784
NON-CURRENT LIABILITIES		
Long term financing	279,965,115	362,486,586
Other non-current financial liabilities	105,000,000	105,000,000
Liabilities against assets subject to finance lease	-	2,927,290
Deferred taxation	157,852,727	130,105,465
	657,976,065	757,069,758
CURRENT LIABILITIES		
Trade and other payables	231,431,079	252,297,912
Short term borrowings	767,347,558	597,209,539
Current portion of non current liabilities	174,514,721	160,668,374
Accrued finance cost	29,527,885	27,576,100
Provision for taxation	48,354,701	38,196,700
	1,251,175,944	1,085,948,746
CONTINGENCIES & COMMITMENTS	5	-
Total Equity and Liabilities	<u>2,809,941,319</u>	<u>2,698,605,180</u>

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

Sd/-
Mian Muhammad Javed Anwar
Chairman

Sd/-
Mian Muhammad Parvez
Chief Executive

AS AT DECEMBER 31, 2011

	Note	Unaudited December 31, 2011 Rupees	Audited June 30 2011 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,568,274,439	1,600,881,140
Investments		259,428	259,480
Long term deposits		4,598,197	4,582,497
		<u>1,573,132,064</u>	<u>1,605,723,117</u>

CURRENT ASSETS

Stores, spares and loose tools	31,916,519	37,956,824
Stock-in-trade	738,347,580	499,145,437
Trade debts	308,546,656	373,370,269
Loans, advances and prepayments	142,245,928	172,277,077
Tax refunds due from government	4,436,569	2,270,199
Other receivables	1,538,284	2,392,532
Current portion of long term investments	104	104
Cash and bank balances	9,777,615	5,469,621
	<u>1,236,809,255</u>	<u>1,092,882,063</u>

Total Assets	<u>2,809,941,319</u>	<u>2,698,605,180</u>
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Sd/-
Muhammad Haris
Director

Sd/-
Dr. Rashid Nawaz Khan
Chief Financial Officer

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT
(UN-AUDITED)**

For the half year and quarter ended December 31, 2011

	Half year ended		Quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	----- Rupees -----			
Sales	1,616,192,916	1,845,179,448	827,049,886	913,463,981
Cost of sales	(1,430,861,451)	(1,591,411,061)	(726,891,280)	(755,504,792)
Gross profit	185,331,465	253,768,385	100,158,606	157,959,189
Other operating income	4,090,560	3,212,045	3,925,884	1,966,817
Profit on trading	7,894,309	6,815,080	7,894,309	6,815,080
	197,316,334	263,795,510	111,978,799	166,741,086
Distribution cost	(50,658,646)	(76,364,864)	(25,758,398)	(65,273,317)
Administrative expenses	(14,510,682)	(11,750,007)	(7,297,205)	(6,624,921)
Other operating expenses	(3,017,284)	(38,400)	(2,998,084)	(38,400)
	(68,186,612)	(88,153,271)	(36,053,687)	(71,936,638)
Profit from operations	129,129,722	175,642,239	75,925,112	94,804,448
Finance cost	(60,831,501)	(96,824,516)	(27,882,024)	(47,640,017)
Profit before taxation	68,298,221	78,817,723	48,043,088	47,164,431
Provision for taxation	(46,477,356)	(18,887,224)	(40,611,557)	(9,654,469)
Profit after taxation	21,820,865	59,930,499	7,431,531	37,509,962
Other comprehensive income:				
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	8,362,291	10,725,472	4,344,768	3,500,822
Total comprehensive income net of tax	30,183,156	70,655,971	11,776,299	41,010,922
Earnings per share - basic & diluted	1.51	4.16	0.52	2.60

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

Sd/- Mian Muhammad Javed Anwar Chairman	Sd/- Mian Muhammad Parvez Chief Executive	Sd/- Muhammad Haris Director	Sd/- Dr. Rashid Nawaz Khan CFO
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CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED)
For the half year ended December 31, 2011

	Note	Half year ended	
		December 31, 2011	December 31, 2010
		Rupees	Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	6	4,761,129	(79,701,481)
Income taxes paid		(16,327,548)	(16,741,836)
Finance cost paid		(68,879,805)	(107,707,986)
Provision for retirement benefits - gratuity paid		(3,315,117)	(5,821,905)
		(88,522,470)	(130,271,727)
Net cash (used in) operating activities		(83,761,341)	(209,973,208)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(9,158,740)	(21,424,968)
Proceeds from sale of assets held for sale		-	260,000,000
Proceeds from sale of property, plant and equipment		200,000	4,022,145
Addition to long term deposits		(15,700)	-
Redemption of long term deposits		52	52
Net cash (used in) / generated from investing activities		(8,974,388)	242,597,229
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(63,905,639)	(125,099,067)
Repayment of principal portion of finance lease		(7,696,775)	(7,926,020)
Short term borrowings - net		170,138,019	103,555,322
Dividend paid		(1,491,882)	-
Net cash generated from / (used in) financing activities		97,043,723	(29,469,765)
Net increase in cash and cash equivalents (A+B+C)		4,307,994	3,154,266
Cash and cash equivalents at the beginning of the period		5,469,621	1,080,356
Cash and cash equivalents at the end of the period		9,777,615	4,234,622

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

Sd/-	Sd/-	Sd/-	Sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Parvez	Muhammad Haris	Dr. Rashid Nawaz Khan
Chairman	Chief Executive	Director	CFO

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY -
(UN-AUDITED)**

For the half year ended December 31, 2011

Share capital	Reserves		Total
	Capital	Revenue	
Issued, subscribed and paid up capital	Share premium	Unappropriated profit	

(R U P E E S)

Balance as at June 30, 2010-(Audited)	144,082,488	32,746,284	119,076,578	295,905,350
Total comprehensive income for the period:				
Profit for the period	-	-	59,930,499	59,930,499
Other comprehensive income for the period	-	-	-	-
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	10,725,472	10,725,472
Revaluation surplus relating to disposal of non-current assets classified as held for sale	-	-	74,325,939	74,325,939
	-	-	144,981,910	144,981,910
Balance as at December 31, 2010 - (Un-Audited)	144,082,488	32,746,284	264,058,488	440,887,260
Balance as at June 30, 2011-(Audited)	144,082,488	32,746,284	402,081,637	578,910,409
Total comprehensive income for the period:				
Profit for the period	-	-	21,820,865	21,820,865
Other comprehensive income for the period:				
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	8,362,291	8,362,291
	-	-	30,183,156	30,183,156
Final dividend for the year ended June 30, 2011 @ Rs. 1.25 per share	-	-	(18,010,525)	(18,010,525)
Balance as at December 31, 2011 - (Un-Audited)	144,082,488	32,746,284	414,254,268	591,083,040

The annexed notes from 1 to 10 form an integral part of this condensed interim financial information.

Sd/- Mian Muhammad Javed Anwar Chairman	Sd/- Mian Muhammad Parvez Chief Executive	Sd/- Muhammad Haris Director	Sd/- Dr. Rashid Nawaz Khan CFO
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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)
For the half year ended December 31, 2011**

1. THE COMPANY AND ITS OPERATIONS

Ahmad Hassan Textile Mills Limited (the Company) was incorporated in Pakistan on 03 December, 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 District Muzaffargarh.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the half year period ended December 31, 2011 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information 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, 2011 and December 31, 2010 have not been reviewed by the auditors of the Company as they have reviewed only the cumulative figures for the half year ended December 31, 2011. This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2011.

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

3. SIGNIFICANT ACCOUNTING POLICIES ESTIMATES AND JUDGMENTS

The accounting policies and the 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, 2011; except for the adoption of new / amended standards and interpretations as mentioned below. The adoption of these new / amended standards and interpretations does not have significant impact on the Company's financial statements.

Judgments 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, 2011.

Ahmad Hassan Textile Mills Limited

3.1 New and amended standards and interpretations adopted during the period

The Company has adopted the following amended IASs, IFRSs and IFRICs which became effective during the period:

- IFRS 7 - Financial Instruments Disclosures (Amendment)
- IAS 24 - Related Party Disclosures (Revised)
- IAS 34 - Interim Financial Reporting (Amendment)
- IFRIC 13 - Customer Loyalty Programmes (Amendment)
- IFRIC 14 - Prepayment of Minimum Funding Requirement
- IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment)

	Note	Dec. 31, 2011 Un-Audited Rupees	Jun. 30, 2011 Audited Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	1,541,840,115	1,582,831,964
Capital work in progress	4.2	26,434,324	18,049,176
		<u>1,568,274,439</u>	<u>1,600,881,140</u>

4.1 The following is movement in operating fixed assets during the period / year:

Operating fixed assets:			
Opening carrying value		1,582,831,964	1,665,879,959
Add: Additions during the period/year:			
Owned - Cost			
Plant and machinery		-	109,496
Office equipments		190,592	220,040
Vehicles		583,000	8,177,497
		773,592	8,507,033
		<u>1,583,605,556</u>	<u>1,674,386,992</u>
Less: Carrying value of assets disposed-off during the period/year		(86,297)	(3,834,300)
Depreciation charge for the period/year		(41,679,144)	(87,720,645)
Operating fixed assets - closing carrying value		<u>1,541,840,115</u>	<u>1,582,831,964</u>

4.2 Capital work-in-progress comprises of payments of Sui Northern Gas Pipelines Limited for cost of gas pipelines. The following is movement in capital work-in-progress during the period / year:

	Dec. 31, 2011 Un-Audited Rupees	Jun. 30, 2011 Audited Rupees
Opening balance	18,049,176	-
Add: Additions during the period / year	8,385,148	18,049,176
Closing balance	<u>26,434,324</u>	<u>18,049,176</u>

5. CONTINGENCIES AND COMMITMENTS

5.1 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, 2011.

5.2 Commitments

Foreign bills discounted outstanding as at December 31, 2011 aggregated to Rs. 107.44 million (June 30, 2011 Rs. 22.03 million).

 Half year ended	
	December 31, 2011	December 31, 2010
	Rupees	Rupees
6. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	68,298,221	78,817,723
Adjustments for:		
Depreciation on property, plant and equipment	41,679,144	43,829,639
Provision for staff retirement benefits - gratuity	2,400,000	6,296,975
Gain on sale of assets held for sale	-	(1,164,554)
Gain on sale of property, plant and equipment	(113,703)	(532,666)
Gain on exchange fluctuation	(3,892,243)	(1,442,715)
Finance cost	60,831,501	96,824,516
	100,904,699	143,811,195
Cash flows before working capital changes	169,202,920	222,628,918
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	6,040,305	9,943,160
Stock-in-trade	(239,202,143)	(201,926,778)
Trade debts	68,715,856	(26,172,411)
Loans, advances and prepayments - excluding advance income tax	37,786,672	(45,963,396)
Tax refunds due from government	(2,166,370)	(1,158,432)
Other receivables	854,248	(5,873,067)
Decrease in current liabilities:		
Trade and other payables	(36,470,359)	(33,496,339)
	(164,441,791)	(302,330,399)
Cash generated from / (used in) operations	4,761,129	(79,701,481)

7. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated undertakings, directors and key management personnel. Transactions with related parties during the period as follows:

 Half yearly	
	December 31, 2011	December 31, 2010
	Rupees	Rupees
Associated Undertakings:		
Purchase of goods and services	117,962,798	12,562,574
Key management personnel:		
Remuneration and benefits	1,560,000	1,275,000

8. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary for the purposes of comparison. However, no significant re-arrangements have been made except in the condensed interim profit and loss account for the half year ended December 31, 2010, which is as follows:

Previous year classification	Current classification	Rupees
Sales	Profit on trading	17,342,920
Cost of sales	Profit on trading	(10,527,840)

9. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements were authorised for issue on February 27, 2011 by the board of directors of the Company.

10. GENERAL

- 10.1 Figures in these accounts have been rounded off to the nearest Pakistani rupee.

Sd/- Mian Muhammad Javed Anwar Chairman	Sd/- Mian Muhammad Parvez Chief Executive	Sd/- Muhammad Haris Director	Sd/- Dr. Rashid Nawaz Khan CFQ
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