

Ahmad Hassan
TEXTILE MILLS LTD.

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Half Yearly Report

For the half year ended December 31, 2017
(Reviewed)



COMPANY PROFILE

BOARD OF DIRECTORS

Chairman

Chief Executive Officer

Directors

Mian Muhammad Javed Anwar

Mian Muhammad Parvez

Mr. Muhammad Haris

Mr. Muhammad Aurangzeb

Mrs. Salma Javed

Mr. Muhammad Jahanzeb

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 Jahanzeb

Mr. Muhammad Aurangzeb

HR & R COMMITTEE

Chairman

Members

Mr. Nazir Ahmed Khan

Mr. Muhammad Haris

Mr. Muhammad Jahanzeb

CHIEF FINANCIAL OFFICER

Mr. Sh. Muhammad Naeem

HEAD OF INTERNAL AUDIT

Mr. Umair Zafar

COMPANY SECRETARY

Mr. Sh. Muhammad Naeem

AUDITORS

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

Chartered Accountants

BANKERS

Bank Al-Habib Limited

Allied Bank Limited

United Bank Limited

Bank Al-Falah Limited

Habib Bank Limited

Soneri Bank Limited

Meezan 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, Lawarnc 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, 2017.

SUMMARIZED FINANCIAL RESULTS:

	Dec. 2017 (Rupees)	Dec. 2016 (Rupees)
Sales-Net	2,289,291,428	1,886,821,071
Gross Profit	133,245,760	135,895,809
Profit after taxation	12,240,732	3,338,429
G.P Ratio	5.82%	7.20%
Basic earnings per share	0.85	0.23

REVIEW OF OPERATIONS:

During the period, the textile industry is continued to face different challenges. The cost of raw material and production related expenses are increased and on the other hand export sale is still continuously declining. As a result our GP ratio is decreased to 5.82% during six months period under review as compared to same period in last year. Our other income increases by 1371% due to booking of Duty Drawback of taxes on export sale, Distribution cost decreases by 10.6%, Admin expenses increases by 20% and finance cost increases by 20.6% for the period under review as compared to same period of last year.

By the grace of Almighty Allah, 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 12.2 Million

FUTURE OUTLOOK

In the present scenario, the financial results seem to be reasonable in remaining half year. Your directors also expect to have better margin in local and export sale of yarn and fabric in upcoming period. The recent BMR in both spinning and weaving units will also hope to strengthen our profitability.

We appreciate government efforts to decrease the cost of operating business and expect to get sales tax refunds and rebate on export (which is also pending from 2017) with no further delay. We also eagerly look forward for implementation of textile package in true essence, in particular to maintain uniform energy prices according to regional market.

We hope all of your director's sincerely efforts towards the reduction in company's fixed cost and as well as variable cost by utilization of funds for further BMR, 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.

On behalf of the Board of Directors

Sd/-

Multan

Chief Executive

Director

Dated: February 24, 2018



ڈائریکٹرز کی جائزہ رپورٹ

محترم حصہ داران

ہم ڈائریکٹران بجوٹی آپ کے سامنے مورخہ 31 دسمبر 2017 تک مکمل ہونے والے ادارے کے چھ ماہ کے غیر آڈٹ شدہ اکاؤنٹس پیش کر رہے ہیں۔

دسمبر 2016	دسمبر 2017	
1,886,821,071	2,289,291,428	کل رقم فروختگی
135,895,809	133,245,760	کل منافع
3,338,429	12,240,732	منافع بعد از ٹیکس
7.20%	5.82%	شرح منافع
0.23	0.85	فی حصص آمدنی

کاروباری امور کا جائزہ

ٹیکسٹائل کی صنعت کو مختلف مسائل اور مقابلوں کا سامنا کرنے کا سلسلہ جاری ہے۔ ہماری صنعت کی خام مال کی قیمت اور پیداواری لاگت بڑھ چکی ہے۔ اور دوسری طرف برآمدات میں بھی کمی کا رجحان جاری ہے۔ جس کے نتیجے میں ہماری شرح منافع اس چھ ماہ کے عرصے میں پچھلے سال کے اسی چھ ماہ کے عرصے کے مقابلے میں 5.8 فیصد کم ہوئی ہے۔ اسی طرح ہماری دوسرے ذرائع سے آمدنی وفاقی حکومت کی ٹیکس ڈیوٹی ڈراما بیک سیکم کی وجہ سے 1371 فیصد بڑھی ہے۔ ترسیل و تقسیم (ڈسٹری بیوشن) کے خرچے 10.6 فیصد کم ہوئے ہیں۔ انتظامی خرچے 20 فیصد بڑھے ہیں اور مالیاتی خرچے بھی 2.6 فیصد بڑھے ہیں۔ لیکن مجموعی طور پر انتظامی اور پیداواری صلاحیت پر بہتر عبور ہونے کی وجہ سے ابھی بھی آپ کے ادارے کو بعد از ادائیگی ٹیکس کی مد میں 12.2 ملین منافع ہوا ہے۔

مستقبل کا نقطہ نظر

موجودہ صورتحال کو مد نظر رکھتے ہوئے بقیہ چھ ماہ میں ہمارے کاروباری نتائج بہتر رہنے کی توقع ہے۔ آپ کے ڈائریکٹرز بھی توقع کر رہے ہیں کہ آئندہ آنے والے مہینوں میں مقامی اور غیر ملکی فروخت پر شرح منافع میں بھی بہتری آئے گی۔ دونوں دھماکہ اور کپڑا بنانے کے کارخانوں میں جدید مشینوں کی تنصیب کی وجہ سے بھی ہم پر امید ہیں کہ ہمارا منافع مزید بڑھے گا۔ ہم کاروباری لاگت کو کم کرنے کی حکومت کی کوششوں کو سراہتے ہیں اور امید کرتے ہیں کہ ہم سبز ٹیکس اور برآمدات پر چھوٹ کی ادائیگی (جو کہ سال 2017 سے لینے والی ہے) مزید کسی تاخیر کے بہت جلد حاصل کر لیں گے اور اس کے ساتھ ساتھ ہم بڑی بے تابی سے ٹیکسٹائل کی صنعت کیلئے حکومتی مراعات (خاص طور پر علاقائی منڈی کے مطابق توانائی کی قیمتوں کو برقرار رکھنے) کو اصلی روح کے مطابق نافذ کرنے کی طرف دیکھ رہے ہیں۔ اس کے ساتھ ساتھ ہم مزید امید کرتے ہیں کہ آپ کے ڈائریکٹران کی مخلصانہ کوششوں کی وجہ سے ادارے کی پیداواری قیمتوں میں کمی ہوگی جو کہ حصہ داران کی دولت اور ادارے سے منسلک لوگوں کی ہمارے ادارے میں دلچسپی کو 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۔

ملتان۔

منجانب

ڈائریکٹر

چیف ایگزیکٹو

24 فروری 2018



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, 2017** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and 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 "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed 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, 2017 and December 31, 2016 have not been reviewed by us, as we are required to review only the cumulative figures for the six months period ended December 31, 2017.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial 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 condensed interim financial information as of and for the six months period ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

PKF F.R.A.N.T.S.

CHARTERED ACCOUNTANTS

Lahore

February 24, 2018

Engagement Partner: Nouman Razaq Khan



CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT DECEMBER 31, 2017

		December 31, 2017	June 30, 2017
		Un-Audited	Audited
	Note	Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,822,766,559	2,710,350,518
Intangible assets		551,744	694,753
Long term deposits		12,345,897	11,387,897
		2,835,664,200	2,722,433,168
CURRENT ASSETS			
Stores, spare parts and loose tools		43,171,459	40,899,561
Stock-in-trade	6	1,310,629,225	894,459,689
Trade debts		214,732,595	251,116,288
Loans, advances and prepayments		86,467,495	46,772,913
Due from Government		126,604,541	151,474,018
Other receivables		3,784,832	4,339,994
Short term investment		90,120	105,225
Cash and bank balances		4,257,830	5,029,403
		1,789,738,097	1,394,197,091
TOTAL ASSETS		4,625,402,297	4,116,630,259
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		200,000,000	200,000,000
Issued, subscribed and paid up share capital		144,082,488	144,082,488
Capital reserve		32,746,284	32,746,284
Revenue reserve - unappropriated profit		854,106,765	825,574,086
		1,030,935,537	1,002,402,858
Surplus on revaluation of property, plant and equipment - net of deferred tax		789,178,539	805,470,486
Subordinated loans		105,000,000	105,000,000
NON-CURRENT LIABILITIES			
Long term loans and financing	7	566,439,599	508,658,848
Liabilities against assets subject to finance lease		8,222,577	752,206
Deferred taxation		188,061,430	189,156,824
		762,723,606	698,567,878
CURRENT LIABILITIES			
Trade and other payables		332,706,562	226,255,900
Short term finances under markup arrangements and other credit facilities	8	1,407,773,912	1,096,488,016
Current portion of non-current liabilities		155,764,369	131,152,553
Accrued finance cost		35,443,913	28,506,677
Provision for taxation		5,875,859	22,785,891
		1,937,564,615	1,505,189,037
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		4,625,402,297	4,116,630,259

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

Sd/-
Chief Executive Officer

Sd/-
Director

Sd/-
Chief Financial Officer



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
(UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

	Note	Six months period ended		Quarter ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		Rupees	Rupees	Rupees	Rupees
Sales - net		2,289,291,428	1,886,821,071	1,183,066,839	1,000,117,182
Cost of sales		(2,156,045,668)	(1,750,925,262)	(1,124,716,502)	(929,083,716)
Gross profit		133,245,760	135,895,809	58,350,337	71,033,466
Other income		14,359,756	975,635	13,520,918	843,902
(Loss) / profit on trading		(55,976)	116,124	-	116,124
Distribution cost		(30,738,658)	(34,398,123)	(13,956,797)	(13,188,725)
Administrative expenses		(33,097,887)	(27,582,915)	(20,239,211)	(16,076,707)
Other operating expenses		(18,085)	(76,314)	(6,525)	(76,314)
		(49,550,850)	(60,965,593)	(20,681,615)	(28,381,720)
Profit from operations before finance cost		83,694,910	74,930,216	37,668,722	42,651,746
Finance cost		(66,649,883)	(55,250,410)	(35,685,671)	(31,683,174)
Profit before taxation		17,045,027	19,679,806	1,983,051	10,968,572
Taxation	10	(4,804,295)	(16,341,377)	7,290,052	(10,861,212)
Profit for the period		12,240,732	3,338,429	9,273,103	107,360
Earnings per share - basic and diluted		0.85	0.23	0.64	0.01

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

Sd/-
Chief Executive Officer

Sd/-
Director

Sd/-
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2017**

	Six months period ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Rupees	Rupees	Rupees	Rupees
Profit for the period	12,240,732	3,338,429	9,273,103	107,360
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	12,240,732	3,338,429	9,273,103	107,360

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

Sd/-
Chief Executive Officer

Sd/-
Director

Sd/-
Chief Financial Officer



**CONDENSED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017**

		Six months period ended	
		December 31, 2017	December 31, 2016
	Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	11	(157,557,053)	(491,233,562)
Income tax paid		(12,530,826)	(11,525,121)
Finance cost paid		(59,691,824)	(52,284,260)
Long term deposits - net		(958,000)	34,578,513
Duty drawback of taxes on export sales		5,829,546	-
		(67,351,104)	(29,230,868)
Net cash used in operating activities		(224,908,157)	(520,464,430)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(171,616,891)	(21,320,950)
Proceeds from disposal of property, plant and equipment		4,360,000	-
Proceeds from disposal of short term investments		14,340	915,132
Dividend income		4,301	-
Mark-up on security deposit with SNGPL		-	1,729,676
Net cash used in investing activities		(167,238,250)	(18,676,142)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans and financing obtained		148,551,944	25,166,544
Repayment of long term loans and financing		(68,083,414)	(62,358,024)
Repayment of principal portion of finance lease		(379,592)	-
Short term finances (excluding short term running finances - net)		289,097,512	611,558,613
Unclaimed dividend paid		-	(2,565)
Net cash generated from financing activities		369,186,450	574,364,568
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(22,959,957)	35,223,996
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		(190,377,965)	(218,388,428)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD 11.1		(213,337,922)	(183,164,432)

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

Sd/-
Chief Executive Officer

Sd/-
Director

Sd/-
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017**

	Share Capital	Reserves		Total
		Capital	Revenue	
	Issued, subscribed and paid up capital	Share premium	Unappropriated profit	
	Rupees			
Balance as at June 30, 2016 (Audited)	144,082,488	32,746,284	795,228,419	972,057,191
Total comprehensive income for the period	-	-	3,338,429	3,338,429
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	16,620,695	16,620,695
Balance as at December 31, 2016 (Un-audited)	144,082,488	32,746,284	815,187,543	992,016,315
Total comprehensive loss for the period	-	-	(6,787,022)	(6,787,022)
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	17,173,565	17,173,565
Balance as at June 30, 2017 (Audited)	144,082,488	32,746,284	825,574,086	1,002,402,858
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	854,106,765	1,030,935,537

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

Sd/-
Chief Executive Officer

Sd/-
Director

Sd/-
Chief Financial Officer



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

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

This condensed interim financial information of the Company for the six months period ended December 31, 2017 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 repealed 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 has been followed.

Effective May 30, 2017, the Companies Act, 2017 (the Act) has been promulgated, however, the SECP vide its circular No. 23 dated October 04, 2017 decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Further, the Institute of Chartered Accountants of Pakistan (ICAP) also issued clarification vide its circular dated October 06, 2017 stating that the interim financial information of the companies for the periods ending on or before December 31, 2017 shall also be prepared in accordance with the provision of the repealed companies ordinance, 1984.

It is expected that the promulgation of the Companies Act, 2017 will result in change in some accounting treatments and enhanced disclosures in the financial statements which will be assessed/incorporated in the subsequent financial statements of the Company.

This condensed interim financial information comprises of condensed interim balance sheet as at December 31, 2017, 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. The 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 the Pakistan Stock Exchange and section 245 of the repealed Companies Ordinance, 1984.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2017 and December 31, 2016 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, 2017. This condensed interim financial information should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2017 as it provides an update of previously reported information. Comparative balance sheet is extracted from annual financial statements as of June 30, 2017, 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, 2016.

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 AND JUDGMENTS

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, 2017.



SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS
- continued

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, 2017.

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 have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

		December 31, 2017	June 30, 2017
		Un-Audited Rupees	Audited Rupees
5. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating property, plant and equipment - owned	5.1	2,728,385,830	2,630,823,011
Operating property, plant and equipment - leased	5.2	10,477,204	1,042,782
Capital work-in-progress	5.3	83,903,525	78,484,725
		2,822,766,559	2,710,350,518
5.1. Operating property, plant and equipment - Owned			
Opening book value		2,630,823,011	2,579,844,159
Add: Cost of additions during the period / year	5.1.1	166,198,091	182,548,344
		2,797,021,102	2,762,392,503
Less: Book value of deletions during the period / year - vehicles		(1,786,894)	-
		2,795,234,208	2,762,392,503
Less: Depreciation charged during the period / year		(66,848,378)	(131,569,492)
		2,728,385,830	2,630,823,011
5.1.1 Cost of additions			
Buildings on freehold land		-	294,000
Plant and machinery including generators		163,209,402	180,247,554
Electric installations		176,500	440,077
Factory equipments		739,979	1,205,500
Office equipments		-	121,000
Computer equipments		633,200	200,813
Furniture and fittings		-	39,400
Vehicles		1,439,010	-
		166,198,091	182,548,344
5.2. Operating property, plant and equipment - leased			
Opening book value		1,042,782	-
Add: Cost of additions during the period / year		9,774,000	1,078,740
		10,816,782	1,078,740
Less: Depreciation charged during the period / year		(339,578)	(35,958)
		10,477,204	1,042,782

**5.3. 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:

	December 31, 2017 Un-Audited Rupees	June 30, 2017 Audited Rupees
Opening balance	78,484,725	245,443
Additions during the period - plant and machinery including generators	162,809,757	250,052,440
Transfers during the period	(157,390,957)	(171,813,158)
Closing balance	83,903,525	78,484,725

6. STOCK IN TRADE

Raw material	906,518,924	549,833,172
Work-in-process	62,167,004	56,457,359
Finished goods	341,943,297	288,169,158
	<u>1,310,629,225</u>	<u>894,459,689</u>

Stock-in-trade has been measured at lower of cost and net realizable value. Adjustments amounting to Rs. 2.405 million (June 30, 2017:Rs. 2.416million) have been made to closing inventory to write down stocks to their net realizable value.

7. LONG TERM LOANS AND FINANCING**- From banking companies - Secured**

Long term loans and financing	7.1	719,999,909	639,531,379
Current portion shown under current liabilities		(153,560,310)	(130,872,531)
		<u>566,439,599</u>	<u>508,658,848</u>
7.1. Opening balance		639,531,379	519,657,570
Obtained during the period / year		148,551,944	248,479,853
Repaid during the period / year		(68,083,414)	(128,606,044)
Closing balance	7.2	<u>719,999,909</u>	<u>639,531,379</u>

7.2. The Company has availed additional finances from Allied Bank Limited, Bank Al Habib Limited, Soneri Bank Limited and National bank of Pakistan for purchase of machinery. These loans carry markup at different rates. These loans are secured by Joint pari passu charge on present and future fixed assets of the Company, personal guarantees of sponsoring directors of the Company and subordination of directors' loan. There is no change in terms and conditions of existing long-term loans as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2017.

8. SHORT TERM FINANCES UNDER MARKUP ARRANGEMENTS AND OTHER CREDIT FACILITIES**- From banking companies - Secured**

Short term running finances	217,595,752	195,407,368
Short term loans (other than running finances)	1,132,233,159	749,064,284
Export finances	57,945,001	152,016,364
	<u>1,407,773,912</u>	<u>1,096,488,016</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, 2017.



9. CONTINGENCIES AND COMMITMENTS

9.1. 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, 2017, except following:

- a) Reference to note 28.1.6 of the financial statements of the Company for the year ended June 30, 2017, the Company has also given bank guarantee of Rs. 2.022 million to the Pakistan Central Cotton Committee.

December 31, 2017 Un-Audited Rupees	June 30, 2017 Audited Rupees
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9.2 COMMITMENTS

- a) Aggregate amount of contractual commitments for capital expenditure are as follows:

Letters of credits	147,346,880	218,490,372
Other contracts	1,150,240	2,706,331

- b) The Company's commitments other than capital expenditure; against letter of credit outstanding as at December 31, 2017 amount to Rs. 240.826 million (June 30, 2017: Rs. 3.897 million).

- c) Foreign bills discounted outstanding as at December 31, 2017 aggregate to Rs. 67.142 million (June 30, 2017: Rs. 254.266 million).

Six months period ended	
December 31, 2017 Un-Audited Rupees	December 31, 2016 Un-Audited Rupees

10. TAXATION

Current tax:

Minimum tax payable on local sales	16,804,740	13,035,709
Final tax on exports realization	5,222,684	5,502,212

	22,027,424	18,537,921
Tax credits under section 65B of Income Tax Ordinance, 2001	(16,151,565)	(1,972,000)

	5,875,859	16,565,921
Prior year adjustment	23,830	37,776

Deferred tax - net	(1,095,394)	(262,320)
	4,804,295	16,341,377

11. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	17,045,027	19,679,806
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Adjustments for:

Depreciation on property, plant and equipment	67,187,956	65,427,526
Amortization of Intangible assets	143,009	120,000
Duty drawback of taxes on export sales	(10,435,008)	-
Gain on remeasurement of investments	(8,040)	-
Dividend income	(4,301)	-
(Gain) / loss on exchange rate fluctuation - net	(1,336,642)	22,914
Loss / (gain) on sales of investments	8,805	(65,622)
Gain on disposal of property, plant and equipment	(2,573,105)	-
Finance cost	66,649,883	55,250,410
	119,632,557	120,755,228

Cash flows before working capital changes - carried forward	136,677,584	140,435,034
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	Six months period ended	
	December 31, 2017	December 31, 2016
	Un-Audited	Un-Audited
	Rupees	Rupees
Cash flows before working capital changes - brought forward	136,677,584	140,435,034
Working capital changes:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(2,271,898)	229,429
Stock-in-trade	(416,169,536)	(627,384,080)
Trade debts	37,720,335	(98,282,119)
Loans, advances and prepayments (excluding advance income tax)	(19,433,223)	(33,326,777)
Due from Government - sales tax	(1,065,315)	(11,854,939)
Other receivables	555,162	(4,268,460)
Increase in current liabilities:		
Trade and other payables		
(excluding unclaimed dividend, provision for Workers' Profit Participation Fund and provision for Workers' Welfare Fund)		
	106,429,838	143,218,350
	(294,234,637)	(631,668,596)
CASH USED IN OPERATIONS	(157,557,053)	(491,233,562)
11.1. CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,257,830	714,762
Short term running finances	(217,595,752)	(183,879,194)
	(213,337,922)	(183,164,432)
12. RELATED PARTY TRANSACTIONS		
The related parties comprise an associated undertaking (Ahmad Cotton Industries), chief executive, directors and executives of the Company. Transactions with related parties during the period are as follows:		
Associated Undertaking:		
Sale of goods	78,998,800	89,741,708
Lease rent	546,903	524,143
Chief executive, directors and executives:		
Rental payments	1,500,000	1,500,000
Managerial remuneration and benefits	13,333,320	9,088,400
Meeting fees	11,600	11,000
13. SEGMENT REPORTING		
13.1 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:		



13.2 SEGMENT REVENUE AND RESULTS

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

	Ginning Rupees	Spinning Rupees	Weaving Rupees	Six months period ended	
				December 31, 2017 Un-Audited Rupees	December 31, 2016 Un-Audited Rupees
Sales - net					
External	78,998,800	713,890,500	1,496,402,128	2,289,291,428	1,886,821,071
Inter-segment	279,357,082	520,357,050	-		
	358,355,882	1,234,247,550	1,496,402,128	2,289,291,428	1,886,821,071
Cost of sales - excluding inter-segment purchase	(352,580,521)	(881,338,573)	(922,126,574)	(2,156,045,668)	(1,750,925,262)
Inter-segment purchase	-	(279,357,082)	(520,357,050)		
	(352,580,521)	(1,160,695,655)	(1,442,483,624)	(2,156,045,668)	(1,750,925,262)
Gross profit	5,775,361	73,551,895	53,918,504	133,245,760	135,895,809
Other income	-	7,632,330	6,727,426	14,359,756	975,635
(Loss) / profit on trading	-	-	(55,976)	(55,976)	116,124
Distribution cost	-	(4,723,799)	(26,014,859)	(30,738,658)	(34,398,123)
Administrative expenses	(4,469,299)	(14,632,062)	(13,996,526)	(33,097,887)	(27,582,915)
Finance cost	(1,316,552)	(38,480,738)	(26,852,593)	(66,649,883)	(55,250,410)
Other operating expenses	-	(18,085)	-	(18,085)	(76,314)
(Loss) / profit before taxation	(10,490)	23,329,541	(6,274,024)	17,045,027	19,679,806
Taxation - current				(5,899,689)	(16,603,697)
Taxation - deferred				1,095,394	262,320
Profit after taxation				12,240,732	3,338,429

13.3 SEGMENT ASSETS AND LIABILITIES

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

	Ginning Rupees	Spinning Rupees	Weaving Rupees	December 31, 2017 Un-Audited Rupees	June 30, 2017 Audited Rupees
Segment assets:					
Property, plant and equipment	-	1,410,780,195	1,411,986,364	2,822,766,559	2,710,350,518
Intangible assets	-	275,872	275,872	551,744	694,753
Total operating assets				2,823,318,303	2,711,045,271
Stores, spare parts and loose tools	-	22,060,378	21,111,081	43,171,459	40,899,561
Stock-in-trade	-	762,080,610	548,548,615	1,310,629,225	894,459,689
Trade debts	-	78,096,007	136,636,588	214,732,595	251,116,288
Other unallocated corporate assets				233,550,715	219,109,450
Total assets as per balance sheet				4,625,402,297	4,116,630,259
Segment liabilities	13,226,325	70,804,841	88,256,415	172,287,581	106,763,202
Unallocated corporate liabilities				2,633,000,640	2,201,993,713
Total liabilities as per balance sheet				2,805,288,221	2,308,756,915

**13.4 REVENUE FROM MAJOR CUSTOMERS**

Revenue from major customers whose revenue exceeds 5% (December 31, 2016: 5%) of total sales is Rs. 986.333 million (December 31, 2016: Rs. 609.692 million).

13.5 GEOGRAPHICAL INFORMATION

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

	Six months period ended	
	December 31, 2017	December 31, 2016
	Un-Audited Rupees	Un-Audited Rupees
Pakistan	1,776,590,185	1,301,434,238
America	8,632,150	28,964,302
Asia	295,399,678	298,575,834
Europe	208,669,415	257,846,697
	2,289,291,428	1,886,821,071

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

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, 2017.

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, 2017.

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:

	December 31, 2017 (Rupees)			
	Un-Audited			
	Level 1	Level 2	Level 3	Total
Short term investments				
- held for trading	90,120	-	-	90,120
	June 30, 2017 (Rupees)			
	Audited			
	Level 1	Level 2	Level 3	Total
Short term investments				
- held for trading	105,225	-	-	105,225

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

15. CORRESPONDING FIGURES

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

16. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on **February 24, 2018** by the board of directors of the Company.

17. GENERAL

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

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Chief Executive Officer

Sd/-
Director

Sd/-
Chief Financial Officer

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