

Ahmad Hassan
TEXTILE MILLS LTD.



Half Yearly Report

For the half year ended December 31, 2020

(Reviewed)



COMPANY PROFILE

BOARD OF DIRECTORS

Chairman	Mian Muhammad Javed	Non - Executive Director
Chief Executive	Mr. Muhammad Aurangzeb	Executive Director
Directors	Mr. Muhammad Haris	Executive Director
	Mr. Muhammad Jahanzaib	Executive Director
	Mrs. Salma Javed	Non - Executive Director
	Mrs. Waheeda Parvaiz	Non - Executive Director
	Mr. Ali Kamal	Independent Director
	Mr. Nazir Ahmad Khan	Independent Director

AUDIT COMMITTEE

Chairman	Mr. Nazir Ahmad Khan	Independent Director
Members	Mian Muhammad Javed	Non - Executive Director
	Mrs. Waheeda Parvaiz	Non - Executive Director

HR & R COMMITTEE

Chairman	Mr. Nazir Ahmad Khan	Independent Director
Members	Mr. Muhammad Haris	Executive Director
	Mrs. Waheeda Parvaiz	Non - Executive Director

CHIEF FINANCIAL OFFICER

Sh. Muhammad Naem

HEAD OF INTERNAL AUDIT

Rao Saqib Ali

COMPANY SECRETARY

Muhammad Nafees Ahmad Rahi

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, Lawarnce 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, 2020.

SUMMARIZED FINANCIAL RESULTS:

	Dec. 2020 (Rupees)	Dec. 2019 (Rupees)
Sales-Net	3,769,378,614	3,977,168,946
Gross Profit	322,904,624	385,639,298
Profit after taxation	127,286,280	120,763,347
G.P Ratio	8.57%	9.70%
Earnings per share	8.83	8.38

REVIEW OF OPERATIONS:

During the period under review, our gross profit margin has a valuable impact on the profitability of the Company, which is also reflected in our financial statements by increasing our profit after tax from 120.763 million to 127.286 million. Our distribution cost decreased by 20.43%, admin cost increased by 3.13% and finance cost decreases by 151.18% because of low utilization of limits and curtailment in interest rate, scenario for the period under review as compared to same period of last year.

FUTURE OUTLOOK

Forecasting the exact challenges in future is tough decision in current situation, as still no clear textile policy announced by Government of Pakistan. We hope and apprehend the textile policy announcement soon, which is going to have positive impact on textile sector in general and to our company in particular.

Besides of increasing trend of raw material prices, energy cost, your directors are passionate to maintain high profit margin and reducing the cost of doing business.

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

The Scheme of Arrangement for reconstruction of the Company has been approved and executed by the Board of Directors and members. Accordingly, petition for



approval of the same has been filed by the legal consultant with the Lahore High Court, Multan Bench, which is pending adjudication.

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/-

Chief Executive

Director

Multan

Dated: February 27, 2021

ڈائریکٹرز کی جائزہ رپورٹ

عزیز شیئر ہولڈرز!

ہمیں 31 دسمبر 2020 کو ختم ہونے والے چھ ماہ کے لئے آپ کی کمپنی کے غیر آڈٹ شدہ اکاؤنٹس پیش کرنے میں خوشی ہے۔

خلاصہ کردہ مالی نتائج:

دسمبر 2019	دسمبر 2020	
3,977,168,946	3,769,378,614	کل رقم فروختگی
385,639,298	322,904,624	کل منافع
120,763,347	127,286,280	منافع بعد از ٹیکس
9.70%	8.57%	شرح منافع
8.38	8.83	فی حصص آمدنی

کاروباری امور کا جائزہ

زیر جائزہ مدت کے دوران، ہمارے مجموعی منافع کے مارجن کا کمپنی کے منافع پر ایک گراں قدر اثر پڑتا ہے، کمپنی کا کل منافع بعد از ٹیکس 120.763 ملین سے بڑھ کر 127.286 ملین ہو گیا ہے۔ جو جاری کردہ مالی بیانات میں ظاہر ہے۔ ہماری تقسیم کی لاگت میں 20.43 فیصد، ایڈمن لاگت میں 3.13 فیصد کا اضافہ ہوا ہے۔ اور سود کی شرح میں کمی کی وجہ سے 151.18 فیصد مالی وسائل میں کمی واقع ہوئی ہے۔ کیونکہ گزشتہ سال کے اسی عرصہ کے مقابلے میں جائزے کی مدت کا منظر نامہ زیر غور ہے۔

مستقبل کا نقطہ نظر

مستقبل میں حتمی چیلنجز کی پیش گوئی کرنا موجودہ صورتحال میں سخت فیصلہ ہے، کیونکہ حکومت کی طرف سے ابھی تک کوئی واضح ٹیکسٹائل پالیسی کا اعلان نہیں کیا گیا۔ ہم امید کرتے ہیں کہ حکومت جلد ہی ٹیکسٹائل پالیسی کا اعلان کر دے گی۔ جو عام طور پر ٹیکسٹائل کے شعبے اور خاص طور پر ہماری کمپنی پر مثبت اثر ڈالے گی۔

خام مال کی قیمتوں، توانائی لاگت کے بڑھتے ہوئے رجحان کے علاوہ، آپ کے ڈائریکٹرز زیادہ منافع کے مارجن کو برقرار رکھنے اور کاروبار کرنے کی لاگت کو کم کرنے کے خواہشمند ہیں۔

ہم امید کرتے ہیں کہ آپ کے تمام ہدایت کاروں کی کاروباری لاگت میں کمی کے لیے مخلصانہ کوششوں کے نتیجے میں آپ کی کمپنی میں حصہ داروں کی دولت اور اسٹیک ہولڈرز کی دلچسپی میں اضافہ ہوگا۔

کمپنی کی تعمیر نو کے لیے ”اسکیم آف ارتیمینٹ“ کو بورڈ آف ڈائریکٹرز اور ممبروں نے منظور کیا۔ اس کے مطابق، اس کی منظوری کے لیے درخواست لاہور ہائیکورٹ ملتان بج کے ساتھ قانونی مشیر نے دائر کی ہے۔ جو فیصلہ التواء کا شکار ہے۔

اعتراف

آپ کے ڈائریکٹرز کام پر گہری عقیدت کے لیے کمپنی کے کارکنوں اور عملے کی طرف سے کی جانے والی کوششوں کے لیے ان کی گہری تعریف کو ریکارڈ کرتے ہیں۔
آپ کے ڈائریکٹر حصص یافتگان اور مالی اداروں کی حمایت اور مدد کے لئے بھی ان کا شکریہ ادا کرنا چاہیں گے۔

بورڈ آف ڈائریکٹرز کی طرف سے

ڈائریکٹر

چیف ایگزیکٹو

ملتان۔

27 فروری 2021



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** (the Company) as at **December 31, 2020** and the related condensed interim statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim 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 condensed interim statement of other comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2020.

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.

PKFF.R.A.N.T.S.
Chartered Accountants
Multan
February 27, 2021



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSTIOION
AS AT DECEMBER 31, 2020**

		December 31, 2020	June 30, 2020
	Notes	Un-audited Rupees	Audited Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,545,265,720	2,573,275,441
Investment property	8	-	43,311,500
Intangible assets		53,690	76,699
Long term deposits		<u>12,269,377</u>	<u>12,617,377</u>
		2,557,588,787	2,629,281,017
CURRENT ASSETS			
Stores, spare parts and loose tools		63,628,915	78,334,628
Stock-in-trade	9	1,387,234,337	1,098,590,926
Trade debts		545,488,199	609,448,392
Loans and advances		125,531,775	95,984,647
Due from Government		30,886,272	53,309,289
Other receivables		5,282,240	7,105,167
Short term investments		36,651,280	46,680
Cash and bank balances		<u>61,273,506</u>	<u>12,342,710</u>
		2,255,976,524	1,955,162,439
TOTAL ASSETS		<u>4,813,565,311</u>	<u>4,584,443,456</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital (20,000,000 (June 30, 2020: 20,000,000) ordinary shares of Rs. 10 each.)		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid up share capital (14,408,248.8 (June 30, 2020: 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		586,525,586	598,128,563
Revenue reserve - unappropriated profit		<u>1,166,982,343</u>	<u>1,049,705,459</u>
		1,930,336,701	1,824,662,794
Subordinated loans		105,000,000	105,000,000
NON-CURRENT LIABILITIES			
Long term loans and financing	10	457,663,135	509,856,710
Lease liabilities		-	2,108,206
Deferred income - government grant		985,712	1,608,850
Long term payable	11	70,818,563	-
Deferred taxation - net		<u>202,480,131</u>	<u>187,465,164</u>
		731,947,541	701,038,930
CURRENT LIABILITIES			
Trade and other payables		786,123,847	860,213,906
Unclaimed dividend		9,295,082	3,376,878
Short term finances under markup arrangements and other credit facilities	12	1,025,616,895	920,907,233
Current portion of non-current liabilities		149,936,675	42,137,973
Accrued finance cost		27,218,033	37,646,441
Provision for taxation		<u>48,090,537</u>	<u>89,459,301</u>
		2,046,281,069	1,953,741,732
TOTAL LIABILITIES		2,778,228,610	2,654,780,662
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		<u>4,813,565,311</u>	<u>4,584,443,456</u>

The annexed notes, from 1 to 21, 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, 2020**

	Notes	Six months period ended		Quarter ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		Rupees	Rupees	Rupees	Rupees
Sales - net	18.2	3,769,378,614	3,977,168,946	2,032,111,095	2,050,481,371
Cost of sales	18.2	(3,446,473,990)	(3,591,529,648)	(1,816,432,895)	(1,888,911,408)
Gross profit		322,904,624	385,639,298	215,678,200	161,569,963
Other income		265,760	6,040	254,880	-
Profit on trading		115,000	160,300	65,000	160,300
Distribution cost		(20,370,731)	(28,073,282)	(8,364,600)	(7,620,595)
Administrative expenses		(37,384,741)	(36,203,488)	(17,698,642)	(15,666,222)
Other operating expenses		(17,766,635)	(12,030,495)	(13,352,433)	(5,959,087)
		(75,141,347)	(76,140,925)	(39,095,795)	(29,085,604)
Profit before finance cost		247,763,277	309,498,373	176,582,405	132,484,359
Finance cost - net		(57,992,275)	(114,976,286)	(31,359,550)	(58,321,052)
Profit before taxation		189,771,002	194,522,087	145,222,855	74,163,307
Taxation	14	(62,484,722)	(73,758,740)	(36,958,281)	(33,916,594)
Profit after taxation for the period		127,286,280	120,763,347	108,264,574	40,246,713
Earnings per share - basic and diluted		8.83	8.38	7.51	2.79

The annexed notes, from 1 to 21, form an integral part of these condensed interim financial statements.



	<u>Six months period ended</u>		<u>Quarter ended</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Profit after taxation for the period	127,286,280	120,763,347	108,264,574	40,246,713
Other comprehensive income for the period:				
Items that will not be reclassified to statement of profit or loss in subsequent periods:				
Impact of revaluation carried out during the period - net	-	(138,004,911)	-	(138,004,911)
Less: related deferred tax	-	19,227,158	-	19,227,158
	-	(118,777,753)	-	(118,777,753)
Total comprehensive income / (loss) for the period	127,286,280	1,985,594	108,264,574	(78,531,040)

The annexed notes, from 1 to 21, form an integral part of these condensed interim financial statements.



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Share Capital Issued, subscribed and paid up capital	Reserves			Total
		Capital		Revenue	
		Share premium	Surplus on revaluation of property, plant and equipment	Unappropri- ated profit	
Rupees					
Balance as at June 30, 2019 (Audited)	144,082,488	32,746,284	742,422,219	921,685,893	1,840,936,884
Distribution to owners:					
Final cash dividend of Rs. 1.25 per share for the year ended June 30, 2019	-	-	-	(18,010,309)	(18,010,309)
Total comprehensive income for the period:					
Profit after taxation for the period	-	-	-	120,763,347	120,763,347
Other comprehensive income for the period	-	-	(118,777,753)	-	(118,777,753)
			(118,777,753)	120,763,347	1,985,594
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	(13,576,454)	13,576,454	-
Balance as at December 31, 2019 (Un-audited)	144,082,488	32,746,284	610,068,012	1,038,015,385	1,824,912,169
Total comprehensive income / (loss) for the period:					
Profit after taxation for the period	-	-	-	267,460	267,460
Other comprehensive income for the period	-	-	(516,835)	-	(516,835)
	-	-	(516,835)	267,460	(249,375)
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	(11,422,614)	11,422,614	-
Balance as at June 30, 2020 (Audited)	144,082,488	32,746,284	598,128,563	1,049,705,459	1,824,662,794
Distribution to owners:					
Final cash dividend of Rs. 1.50 per share for the year ended June 30, 2020	-	-	-	(21,612,373)	(21,612,373)
Total comprehensive income for the period:					
Profit after taxation for the period	-	-	-	127,286,280	127,286,280
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	127,286,280	127,286,280
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	(11,602,977)	11,602,977	-
Balance as at December 31, 2020 (Un-audited)	144,082,488	32,746,284	586,525,586	1,166,982,343	1,930,336,701

The annexed notes, from 1 to 21, form an integral part of these condensed interim financial statements.

Sd/-
CHIEF EXECUTIVE

Sd/-
DIRECTOR

Sd/-
CHIEF FINANCIAL OFFICER



CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Notes	Six months period ended	
		December 31, 2020	December 31, 2019
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	15	72,288,672	(4,504,549)
Income tax paid - net		(25,467,789)	(46,435,175)
Finance cost paid - net		(68,089,726)	(108,732,365)
Profit on investments received		245,864	-
Duty drawback of taxes on export sales received		6,296	241,589
Paid to Workers' Welfare Fund		-	-
Paid to Workers' Profit Participation Fund		(10,753,667)	(7,163,724)
		(104,059,022)	(162,089,675)
Net cash used in operating activities (A)		(31,770,350)	(166,594,224)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(36,655,827)	(5,961,860)
Proceeds from disposal of investment property		42,000,000	-
Short term investments		(36,600,000)	-
Dividend income		9,000	-
Net cash used in investing activities (B)		(31,246,827)	(5,961,860)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(15,694,169)	(11,747,736)
Long term finances obtained	10.1	40,335,922	-
Repayment of long term finances	10.1	(8,542,959)	(82,601,269)
Repayment of principal portion of lease liabilities		(1,578,727)	(1,679,902)
Repayment of long term payable	11	(7,281,756)	-
Short term finances - net		141,651,703	272,009,733
Net cash generated from financing activities (C)	15.1	148,890,014	175,980,826
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		85,872,837	3,424,742
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		(163,397,891)	(263,220,653)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	15.2	(77,525,054)	(259,795,911)

The annexed notes, from 1 to 21, form an integral part of these condensed interim financial statements.



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020**

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 repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange Limited. The Company 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. Registered/Head office of the Company is situated at 46-Hassan Parwana Colony, Multan.

Following are the geographical locations and addresses of business units of the Company:

Business Unit	Address
Spi nning and we aving mil ls	M. M. Road, Chowk Sarwar Shaheed, District Muzaffargarh
Ginning factory	Chowk Naseer Abad, Tehsil Jatoi, District Muzaffargarh

1.1 With reference to the note 1.1 of the audited financial statements of the Company for the year ended June 30, 2020, the Company filed an application under the Scheme of Compromises, Arrangements and Reconstruction (the Scheme) in the Honorable Lahore High Court (the Court) but as of the date of authorization for issue of these condensed interim financial statements, the order of the Court sanctioning the Scheme is awaited.

2 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The Company is conducting business with some modifications to employees' working, among other modifications while following all necessary Standard Operating Procedures (SOPs) recommended by the Government. The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers and shareholders.

There was no significant impact of COVID-19 pandemic on the Company's operations or decline in revenue during the period ended December 31, 2020.

Currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. The extent of these impacts on the Company are unclear. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its business, results of operations and financial condition in future period or the carrying amount of assets and liabilities and its going concern assumption.

3. 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 as 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 does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2020.

These condensed interim financial statements comprise of condensed interim statement of financial position as at December 31, 2020, condensed interim statement of profit or loss, condensed interim statement of other 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 are being submitted to the shareholders as required under listing regulations of the Pakistan Stock Exchange and section 237 of the Companies Act, 2017.

4. FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

5. 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, 2020.

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, 2020

6. CHANGE IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

6.1. Standards and amendments to approved accounting and reporting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020. However, these amendments and interpretations will not have any significant impact on the Company's financial



reporting.

6.2. Standards and amendments to approved accounting and reporting standards that are not yet effective

There are certain standards, amendments to the approved accounting and reporting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after January 01, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

		December 31, 2020	June 30, 2020
		Un-audited	Audited
	Notes	Rupees	Rupees
7. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment - owned	7.1	2,541,370,224	2,567,976,464
Right-of-use assets	7.2	3,895,496	5,298,977
		<u>2,545,265,720</u>	<u>2,616,586,941</u>
7.1. Operating property, plant and equipment - owned			
Opening book value		2,567,976,464	2,829,880,006
Add: Cost of additions during the period / year	7.1.1	36,655,827	10,586,218
Add: Transfer at net book value from right-of-use assets		938,293	4,049,733
Impact of revaluation surplus - net		-	(138,004,907)
		<u>2,605,570,584</u>	2,706,511,050
Less: Book value of disposals during the period / year			
- Vehicles		-	(3,493,583)
		<u>2,605,570,584</u>	2,703,017,467
Less: Depreciation charged during the period / year		<u>(64,200,360)</u>	<u>(135,041,003)</u>
		<u>2,541,370,224</u>	<u>2,567,976,464</u>
7.1.1 Cost of additions			
Plant and machinery including generators		36,495,624	10,111,010
Electric installations		63,100	351,708
Factory equipments		33,000	30,000
Office equipments		64,103	74,500
Computer equipments		-	19,000
		<u>36,655,827</u>	<u>10,586,218</u>



	December 31, 2020	June 30, 2020
	Un-audited	Audited
	Rupees	Rupees
7.2. Right-of-use assets		
Opening book value	5,298,977	11,488,037
Add: Transfer at net book value to owned assets	(938,293)	(4,049,733)
Less: Depreciation charged during the period / year	(465,188)	(2,139,327)
	<u>3,895,496</u>	<u>5,298,977</u>

7.3. Revaluation of assets

Revaluation of freehold land, building on freehold land and plant and machinery was carried out on November 11, 2019 by an independent valuer (M/s Joseph Lobo (Private) Limited). 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 has 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
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).

8. INVESTMENT PROPERTY

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, 2020	June 30, 2020
	Un-audited	Audited
	Rupees	Rupees
Land - at cost	43,311,500	43,311,500
Investment property disposed of during the period	(43,311,500)	-
	<u>-</u>	<u>43,311,500</u>

9. STOCK IN TRADE

Raw material	939,108,217	522,685,648
Work-in-process	91,752,375	71,711,245
Finished goods	356,373,745	504,194,033
	<u>1,387,234,337</u>	<u>1,098,590,926</u>

		December 31, 2020	June 30, 2020
	Notes	Un-audited Rupees	Audited Rupees
10. LONG TERM LOANS AND FINANCING - From banking companies - Secured			
Long term loans and financing	10.1	579,056,189	546,989,043
Current portion shown under current liabilities		<u>(121,393,054)</u>	<u>(37,132,333)</u>
		<u>457,663,135</u>	<u>509,856,710</u>
10.1. Opening balance		546,989,043	642,342,121
Obtained during the period / year		40,335,922	46,756,446
Adjustment pertaining to fair value of loan at below market interest rate		274,183	(4,283,438)
Repaid during the period / year		<u>(8,542,959)</u>	<u>(137,826,086)</u>
Closing balance	10.2	<u>579,056,189</u>	<u>546,989,043</u>
10.2. 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, 2020 except as follows:			
a) The Company has received third installment of long term finance amounting to Rs. 22.285 million from Allied Bank Limited under 'Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns' (the Scheme) introduced by State Bank of Pakistan to support the industry during COVID-19 period. The terms are same as mentioned in note 22.2 of the audited financial statements of the Company for the year ended June 30, 2020.			
b) During the period, the Company has availed Term Finance (one off) of Rs. 18.051 million from Soneri Bank Limited, which carries markup at the rate of 3 Month KIBOR + 1.50% per annum payable monthly in 48 equal monthly installments commenced from December 12, 2020. This loan is secured by specific charge over specific machinery, joint pari passu charge on present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.			
11. LONG TERM PAYABLE			
Gas Infrastructure Development Cess (GIDC)	11.1	<u>70,818,563</u>	-
11.1. During the period, the Supreme Court of Pakistan has upheld the Gas Infrastructure Development Cess Act, 2015 to be constitutional and intravires. The Supreme Court has allowed settlement of GIDC over a period of time. The Company has followed the relevant accounting standards and ICAP guidelines in this regard. In the annual audited financial statements for the year ended June 30, 2020, the Company was showing the provision for GIDC as part of 'Accrued liabilities' in 'Trade and other payables'.			
12. SHORT TERM FINANCES UNDER MARKUP ARRANGEMENTS AND OTHER CREDIT FACILITIES			
From banking companies - secured			
Short term running finances		138,798,560	175,740,601
Short term finances (other than running finances)		886,818,335	699,629,532
Export finances		-	45,537,100
	12.1	<u>1,025,616,895</u>	<u>920,907,233</u>

12.1. There is no major 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, 2020 except that Allied Bank Limited has changed markup rate on cash finance from 1 month KIBOR + 0.75% to 1 month KIBOR + 1.15%.

13. CONTINGENCIES AND COMMITMENTS

13.1. 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, 2020 except as follows:

(A) With reference to note 31.1.4 of audited financial statements of the Company for the year ended June 30, 2020, the Commissioner Inland Revenue (Appeals) has decided the case in favour of the Company. However, the Commissioner Inland Revenue did not accept the order and filed an appeal with the Appellate Tribunal Inland Revenue, Lahore which is pending for adjudication. The Company expects favorable outcome and hence has not accounted for any liability in these condensed interim financial statements in this regard.

(b) During the period, the Deputy Commissioner Inland Revenue (DCIR) raised a demand Rs. 8.244 million regarding evasion of sales tax and further tax on account of supplies to unregistered/blacklisted person during the period from April 2017 to November 2018. The Company filed an appeal with the Commissioner Inland Revenue (CIR) (Appeals) which is decided in favour of the Company and the impugned order of the DCIR has been annulled by the CIR (Appeals). The Commissioner Inland Revenue filed an appeal with the Appellate Tribunal Inland Revenue, Lahore which is pending for adjudication. The Company expects favorable outcome and hence has not accounted for any liability in these condensed interim financial statements in this regard.

13.2 Commitments

a) The Company's commitments other than capital expenditure comprise of letters of credits outstanding amounting to Rs. 11.301 million (June 30, 2020: Rs. 6.276 million).

b) Foreign bills discounted outstanding as at December 31, 2020 aggregated to Rs. 92.055 million (June 30, 2020: Rs. 41.702 million).

14. TAXATION

	Six months period ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Un-audited Rupees	Un-audited Rupees	Un-audited Rupees	Un-audited Rupees
Current taxation:				
Normal tax on local sales	28,962,537	29,657,401	13,281,232	15,791,905
Final tax on exports	19,128,000	20,036,500	9,282,864	10,013,288
	48,090,537	49,693,901	22,564,096	25,805,193
Prior years adjustment-others	(620,782)	(10,432,881)	(620,782)	(10,432,881)
Prior years adjustment due to tax credit disallowed	-	1,822,460	-	680,388
	(620,782)	(8,610,421)	(620,782)	(9,752,493)
	47,469,755	41,083,480	21,943,314	16,052,700
Deferred taxation - net	15,014,967	32,675,260	15,014,967	17,863,894
	62,484,722	73,758,740	36,958,281	33,916,594



15. CASH FLOWS FROM OPERATING ACTIVITIES	Notes	Six months period ended	
		December 31,	December 31,
		2020	2019
		Un-audited	Un-audited
		Rupees	Rupees
Profit before taxation		189,771,002	194,522,087
Adjustments for:			
Depreciation on property, plant and equipment		64,665,548	70,113,814
Amortization of Intangible assets		23,009	23,009
Duty drawback of taxes on export sales		(6,296)	-
Provision for Workers' Profit Participation Fund		10,191,783	10,303,607
Provision for Workers' Welfare Fund		3,872,878	1,246,454
Loss on disposal of investment property		1,311,500	-
Dividend income		(9,000)	-
Mark-up on security deposit with SNGPL		-	-
Profit on short term investments		(245,864)	-
Unrealized gain on remeasurement of short term investments		(4,600)	(6,040)
Exchange rate fluctuation loss - net		2,219,474	454,034
Gain on extinguishment of deferred liabilities	11.1	(16,843,254)	-
Finance cost - net		57,992,275	114,976,286
		123,167,453	197,111,164
Cash flows before working capital changes		312,938,455	391,633,251
Working capital changes:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		14,705,713	2,093,204
Stock-in-trade		(288,643,411)	(339,876,685)
Trade debts		61,740,719	(175,136,321)
Loans, advances and prepayments (excluding advance income tax)		(70,340,400)	(21,430,265)
Due from Government - sales tax		(154,441)	17,605,027
Other receivables		1,822,927	(939,592)
Increase in current liabilities:			
Trade and other payables (excluding provision for Workers' Profit Participation Fund and provision for Workers' Welfare Fund)		40,219,110	121,546,832
		(240,649,783)	(396,137,800)
CASH GENERATED FROM / (USED IN) OPERATIONS		72,288,672	(4,504,549)

15.1. Reconciliation of liabilities arising from financing activities

Liabilities from financing activities (2020)	June 30, 2020	Cash flows	Non-cash changes	December 31, 2020
Rupees				
Unclaimed dividend	3,376,878	(15,694,169)	21,612,373	9,295,082
Long term finances - net	546,989,043	31,792,963	274,183	579,056,189
Leases liabilities	4,439,258	(1,578,727)	(348,000)	2,512,531
Long term payable	-	(7,281,756)	101,107,866	93,826,110
Short term finances excluding running finances - net	745,166,632	141,651,703	-	886,818,335
Total liabilities from financing activities	1,299,971,811	148,890,014	122,646,422	1,571,508,247
Rupees				
Unclaimed dividend	3,235,078	(11,747,736)	18,010,310	9,497,652
Long term finances - net	642,342,121	(82,601,269)	-	559,740,852
Leases liabilities	10,509,835	(1,679,902)	-	8,829,933
Long term payable	-	-	-	-
Short term finances excluding running finances - net	858,714,769	272,009,733	-	1,130,724,502
Total liabilities from financing activities	1,514,801,803	175,980,826	18,010,310	1,708,792,939

Liabilities from financing activities (2019)	June 30, 2019	Cash flows	Non-cash changes	December 31, 2019
Rupees				
Unclaimed dividend	3,235,078	(11,747,736)	18,010,310	9,497,652
Long term finances - net	642,342,121	(82,601,269)	-	559,740,852
Leases liabilities	10,509,835	(1,679,902)	-	8,829,933
Long term payable	-	-	-	-
Short term finances excluding running finances - net	858,714,769	272,009,733	-	1,130,724,502
Total liabilities from financing activities	1,514,801,803	175,980,826	18,010,310	1,708,792,939

Six months period ended	
December 31, 2020	December 31, 2019
Un-Audited Rupees	Un-Audited Rupees

15.2. Cash and cash equivalents

	Notes	December 31, 2020	December 31, 2019
		Un-Audited Rupees	Un-Audited Rupees
Cash and bank balances		61,273,506	15,028,725
Short term running finances	12	(138,798,560)	(274,824,636)
		(77,525,054)	(259,795,911)

16. 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.

	Six months period ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Un-audited Rupees	Un-audited Rupees	Un-audited Rupees	Un-audited Rupees
Relationship and nature of transaction				
Associated Undertaking :				
- Lease rental against ginning factory	-	221,952	-	221,952
Chief executive:				
- Managerial remuneration	2,400,000	2,400,000	1,200,000	1,200,000
- Payment of dividend	1,906,917	1,589,098	1,906,917	1,589,098
Directors :				
- Managerial remuneration	4,200,000	4,200,000	2,100,000	2,100,000
- Payment of rental of head office	1,500,000	1,500,000	750,000	750,000
- Meeting fee	13,000	28,300	13,000	26,800
- Payment of dividend	5,527,613	4,606,344	5,527,613	4,606,344
Shareholders - payment of dividend	8,259,640	5,552,295	8,259,640	5,552,295
Executives / key management personnel:				
- Advances given - net	25,408	167,073	25,408	61,590
- Remuneration and benefits	8,316,000	8,038,721	3,834,500	4,317,221

17. 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, 2020.

17.1 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, 2020.

The short term investments - held for trading as at the reporting date have been measured at Level 1 of the fair value hierarchy. There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the period.

18. SEGMENT REPORTING
18.1 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:

- 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:

18.2 Segment revenue and results

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

	Spinning			Weaving			Total				
	Six months period ended December 31, 2020	Quarter ended December 31, 2020	Quarter ended December 31, 2019	Six months period ended December 31, 2020	Quarter ended December 31, 2020	Quarter ended December 31, 2019	Six months period ended December 31, 2020	Quarter ended December 31, 2020	Quarter ended December 31, 2019		
	Un-audited (Rupees)										
Sales - net	1,899,698,559	1,874,649,439	930,423,944	1,869,680,055	2,102,519,507	1,043,908,051	1,120,057,427	3,789,378,614	3,977,168,946	2,032,111,095	2,050,481,371
Cost of sales	(1,743,934,192)	(1,694,156,442)	(896,830,812)	(1,702,539,798)	(1,897,373,206)	(919,602,088)	(1,022,446,028)	(3,446,073,990)	(3,591,529,648)	(1,816,432,895)	(1,888,911,408)
Gross profit	155,764,367	180,492,997	91,372,232	167,140,257	205,146,301	124,305,968	97,611,399	322,904,624	385,639,298	215,678,200	161,569,963
Other income	-	-	-	265,760	6,040	254,880	-	265,760	6,040	254,880	-
Profit on trading	-	-	-	115,000	160,300	65,000	160,300	115,000	160,300	65,000	160,300
Distribution cost	(6,551,574)	(15,966,121)	(6,617,763)	(13,819,157)	(12,107,161)	(6,086,781)	(1,002,832)	(20,370,731)	(28,073,282)	(8,364,600)	(7,620,595)
Administrative expenses	(17,634,202)	(19,967,685)	(8,437,643)	(19,750,539)	(16,235,803)	(9,260,998)	(5,766,579)	(37,384,741)	(36,203,488)	(17,698,642)	(15,666,222)
Other operating expenses	(43,360,211)	(74,245,343)	(22,416,985)	(11,632,888)	(8,477,232)	(9,151,044)	(5,236,525)	(17,766,635)	(12,030,495)	(13,352,433)	(5,959,087)
Finance cost	82,084,633	66,760,385	54,038,396	107,686,369	127,761,502	(9,942,565)	(16,857,436)	(59,992,275)	(114,976,286)	(31,359,550)	(58,321,052)
Profit before taxation	(31,055,186)	(39,920,800)	(25,372,834)	(31,429,536)	(33,837,940)	(11,585,447)	(19,154,809)	(62,484,722)	(62,484,722)	145,272,855	74,163,307
Taxation	51,029,447	26,839,785	28,665,562	76,256,833	93,923,562	79,599,012	49,753,518	127,286,280	120,763,347	108,264,574	40,246,713
Profit / (loss) after taxation											

18.3 Segment assets and liabilities

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

	Spinning		Weaving		Total	
	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020	December 31, 2020	June 30, 2020
	Un-audited Rupees	Audited Rupees	Un-audited Rupees	Audited Rupees	Un-audited Rupees	Audited Rupees
Segment assets:						
Operating property, plant and equipment	1,161,484,074	1,168,400,823	1,383,781,646	1,404,874,618	2,545,265,720	2,573,275,441
Investment property	-	-	-	43,311,500	-	43,311,500
Intangible assets	53,690	76,699	-	-	53,690	76,699
Long term deposits	374,700	722,700	11,894,677	11,894,677	12,269,377	12,617,377
Total operating assets	1,161,912,464	1,169,200,222	1,395,676,323	1,460,080,795	2,557,588,787	2,629,281,017
Stores, spare parts and loose tools	34,692,142	39,180,370	28,936,773	39,154,258	63,628,915	78,334,628
Stock-in-trade	723,040,925	519,069,139	664,193,412	579,521,787	1,387,234,337	1,098,590,926
Trade debts	315,581,083	321,118,558	229,907,116	288,329,834	545,488,199	609,448,392
Loans and advances	102,569,237	49,603,398	22,962,538	46,381,249	125,531,775	95,984,647
Due from Government	18,727,132	35,060,047	12,159,140	18,249,242	30,886,272	53,309,289
Other receivables	1,946,788	3,979,665	3,335,452	3,125,502	5,282,240	7,105,167
Short term investments	-	-	36,651,280	46,680	36,651,280	46,680
Cash and bank balances	10,176,872	11,479,332	51,096,634	863,378	61,273,506	12,342,710
Total assets	2,368,646,643	2,148,690,731	2,444,918,668	2,435,752,725	4,813,565,311	4,584,443,456

	Spinning			Weaving			Total	
	December 31, 2020		June 30, 2020	December 31, 2020		June 30, 2020	December 31, 2020	
	Un-audited	Audited	Audited	Un-audited	Audited	Un-audited	Audited	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Equity								
Issued, subscribed and paid up share capital								
Share premium								
Surplus on revaluation of property, plant and equipment								
Revenue reserve - unappropriated profit								
Subordinated loans								
Non-current liabilities								
Long term loans and financing								
Lease liabilities								
Deferred liabilities								
Deferred income - government grant								
Current liabilities								
Trade and other payables								
Unclaimed dividend								
Finances under markup arrangements and other credit facilities								
Current portion of non-current liabilities								
Accrued finance cost								
Unallocated corporate liabilities								
Total equity and liabilities								



18.4 Revenue from major customers

Revenue from major customers whose revenue exceeds 2% (December 31, 2019:5%) of total sales is Rs. 1,687.595 million (December 31, 2019: Rs. 1,845.393 million).

18.5 Geographical information

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

	Six months period ended	
	December 31, 2020	December 31, 2019
	Un-audited Rupees	Un-audited Rupees
Pakistan	3,540,144,524	3,485,288,896
America	68,273,675	22,034,924
Asia	97,718,154	352,320,366
Europe	63,242,261	117,524,760
	<u>3,769,378,614</u>	<u>3,977,168,946</u>

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

19. CORRESPONDING FIGURES

The figures of the condensed interim statement of profit or loss for the quarters ended December 31, 2020 and December 31, 2019 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, 2020. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020 as these provide an update of previously reported information. Comparative statement of financial position is extracted from annual financial statements as of June 30, 2020, 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, 2019.

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

20. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on February 27, 2021 by the Board of Directors of the Company.

21. GENERAL

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

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