

Ahmad Hassan
TEXTILE MILLS LTD.



Half Yearly Report

For the half year ended December 31, 2019

(Reviewed)



COMPANY PROFILE

BOARD OF DIRECTORS

Chairman	Mian Muhammad Javed Anwar	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. Syed Raza Abbas Jaffari	Rep. N.I.T.
	Mr. Nazir Ahmad Khan	Independent Director

AUDIT COMMITTEE

Chairman	Mr. Nazir Ahmad Khan	Independent Director
Members	Mian Muhammad Javed Anwar	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, 2019.

SUMMARIZED FINANCIAL RESULTS:

	Dec. 2019 (Rupees)	Dec. 2018 (Rupees)
Sales-Net	3,977,168,946	3,448,724,847
Gross Profit	385,639,298	205,223,708
Profit after taxation	120,763,347	13,930,067
G.P Ratio	9.70%	5.95%
Earnings per share	8.38	0.97

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 13.93 million to 120.76 million. Our distribution cost decreased by 14.17%, admin cost decreased by 4.28% and finance cost increase by 62.43% owing to prevailing higher interest rate scenario for the period under review as compared to same period of last year.

FUTURE OUTLOOK

Besides of increasing trend of raw material prices, energy cost and KIBOR rates, your directors are passionate to maintain high profit margin and reducing the cost of doing business. BMR planning of the Company is still under process to replace old looms with high quality air jet looms in weaving segment. We appreciate recent government steps and also anticipating for comprehensive textile package and continuation of special utility tariff for textile that will improve our liquidity position and will able to compete with international market as well.

We hope all of your director' 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 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, 2020

ڈائریکٹرز کی جائزہ رپورٹ

محترم حصہ داران

ہم بخوشی آپ کے سامنے مورخہ 31 دسمبر 2019 تک مکمل ہونے والے ادارے کے چھ ماہ کے غیر آڈٹ شدہ اکاؤنٹس پیش کر رہے ہیں

2018 دسمبر	2019 دسمبر	
3,448,724,847	3,977,168,946	کل رقم فروختگی
205,223,708	385,639,298	کل منافع
13,930,067	120,763,347	منافع بعد از ٹیکس
5.95%	9.70%	شرح منافع
0.97	8.38	فی حصص آمدنی

کاروباری امور کا جائزہ

ان چھ ماہ کے دوران، ہمارا کل منافع بڑھا۔ جس کی وجہ سے ادارہ کا منافع بعد از ٹیکس ادارے کے اکاؤنٹس کے مطابق پچھلے سال کے اسی عرصے کے مقابلے میں 13.93 بلین سے بڑھ کر 120.76 بلین پر پہنچ گیا ہے۔ ادارہ کے ترسیل و تقسیم کے خرچے 14.17 فیصد کم ہوئے ہیں، انتظامی خرچے 4.28 فیصد سے کم ہوئے ہیں اور مالیاتی خرچے شرح سود کے مسلسل بڑھنے کی وجہ سے پچھلے سال کے اسی عرصے کے مقابلے میں 62.43 فیصد بڑھے ہیں۔

مستقبل کا نقطہ نظر

خام مال کی قیمتوں، توانائی کی قیمتوں اور شرح سود کے بڑھنے کے باوجود، آپ کے ڈائریکٹران بہتر شرح منافع اور کاروباری لاگت کو کم کرنے کیلئے کوشاں ہیں۔ ادارہ کے ویونگ سیکشن میں ابھی بھی پرانی لومز کو نئی جدید ایئر جیٹ لومز کے ساتھ تبدیل کرنے کی منصوبہ بندی جاری ہے۔ ہم موجودہ گورنمنٹ کے کاموں کو سراہتے ہیں اور توقع بھی رکھتے ہیں کہ وہ ٹیکسٹائل کی صنعت کے لئے جامع پینیکھ اور خصوصی یوٹیلٹی ٹیرف دے جس سے ادارے کی مالیاتی حالت مزید بہتر ہو سکے اور ہم بین الاقوامی طور پر بہتر مقابلہ کر سکیں۔ ہم پر امید ہیں کہ آپ کے ڈائریکٹران کی مخلصانہ کوششوں کی وجہ سے ادارے کی کاروباری لاگت میں مزید کمی ہوگی۔ جس سے حصہ داران کی دولت میں اضافہ ہوگا اور ادارے سے منسلک لوگوں کا اعتماد بڑھے گا۔ ادارے کے سپننگ اور ویونگ یونٹس کو علیحدہ علیحدہ چلانے کیلئے، "سکیم آف ارتھنٹ" بورڈ آف ڈائریکٹرز اور ممبرز نے منظور کر دی ہے۔ جس کی لاہور ہائی کورٹ ملتان بینچ میں منظوری کیلئے ادارے کے قانونی مشیر نے درخواست دائر کر دی ہوئی ہے۔ جس کا فیصلہ ابھی زیر التواء ہے۔

اعتراف

آپ کے ڈائریکٹران تمام کارکنان اور عملہ کی طرف سے گہنی 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۔

بورڈ آف ڈائریکٹرز کی طرف سے

چیف ایگزیکٹو ڈائریکٹر

ملتان۔

27 فروری 2020



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, 2019** 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-months 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, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

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.

PKF F. R. A. N. T. S.
Chartered Accountants
Multan
February 27, 2020



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSTIOION
AS AT DECEMBER 31, 2019**

		December 31, 2019	June 30, 2019
	Notes	Un-audited Rupees	Audited Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,639,211,178	2,841,368,043
Investment property		43,311,500	43,311,500
Intangible assets		99,708	122,717
Long term deposits		13,262,777	13,262,777
Long term investment		-	17,837,014
		2,695,885,163	2,915,902,051
CURRENT ASSETS			
Stores, spare parts and loose tools		58,847,485	60,940,689
Stock-in-trade	7	1,448,437,027	1,108,560,342
Trade debts		656,216,013	481,533,726
Loans, advances and prepayments		98,598,567	111,787,562
Due from Government		76,635,460	57,775,795
Other receivables		7,049,097	6,109,505
Short term investments		58,040	52,000
Cash and bank balances		15,028,725	16,765,243
		2,360,870,414	1,843,524,862
TOTAL ASSETS		5,056,755,577	4,759,426,913
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital (20,000,000 (June 30, 2019: 20,000,000) ordinary shares of Rs. 10 each.)		200,000,000	200,000,000
Issued, subscribed and paid up share capital (14,408,248.8 (June 30, 2019: 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		610,068,012	742,422,219
Revenue reserve - unappropriated profit		1,038,015,384	921,685,893
		1,824,912,168	1,840,936,884
Subordinated loans		105,000,000	105,000,000
NON-CURRENT LIABILITIES			
Long term loans and financing	8	423,822,142	492,597,908
Lease liabilities		5,311,492	7,020,700
Deferred taxation - net		227,406,320	213,958,218
		656,539,954	713,576,826
CURRENT LIABILITIES			
Trade and other payables		807,697,177	681,408,533
Unclaimed dividend		9,497,652	3,235,078
Short term finances under markup arrangements and other credit facilities	9	1,405,549,138	1,138,700,665
Current portion of non-current liabilities		139,437,151	153,233,348
Accrued finance cost		58,428,436	52,539,990
Provision for taxation	11	49,693,901	70,795,589
		2,470,303,455	2,099,913,203
TOTAL LIABILITIES		3,126,843,409	2,813,490,209
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		5,056,755,577	4,759,426,913

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

Sd/-
CHIEF EXECUTIVE

Sd/-
DIRECTOR

Sd/-
CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

	<u>Notes</u>	<u>Six months period ended</u>		<u>Quarter ended</u>	
		<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Sales - net	15.2	3,977,168,946	3,448,724,847	2,050,481,371	1,693,228,497
Cost of sales	15.2	(3,591,529,648)	(3,243,501,139)	(1,888,911,408)	(1,604,564,848)
Gross profit		385,639,298	205,223,708	161,569,963	88,663,649
Other income		6,040	262,342	-	-
Profit on trading		160,300	-	160,300	-
Distribution cost		(28,073,282)	(32,706,605)	(7,620,595)	(17,975,198)
Administrative expenses		(36,203,488)	(37,822,940)	(15,666,222)	(21,960,801)
Other operating expenses		(12,030,495)	(4,031,363)	(5,959,087)	(4,391,820)
		(76,140,925)	(74,298,566)	(29,085,604)	(44,327,819)
Profit from operations before finance cost		309,498,373	130,925,142	132,484,359	44,335,830
Finance cost		(114,976,286)	(70,787,040)	(58,321,052)	(38,034,974)
Profit before taxation		194,522,087	60,138,102	74,163,307	6,300,856
Taxation	11	(73,758,740)	(46,208,035)	(33,916,594)	(7,532,342)
Profit / (loss) for the period		120,763,347	13,930,067	40,246,713	(1,231,486)
Earnings / (loss) per share - basic and diluted		8.38	0.97	2.79	(0.09)

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



**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
(UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

	Six months period ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees	Rupees	Rupees	Rupees
Profit / (loss) for the period	120,763,347	13,930,067	40,246,713	(1,231,486)
Other comprehensive loss for the period:				
Items that will not be subsequently reclassified to profit or loss:				
Impact of revaluation carried out during the period	(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	1,985,594	13,930,067	(78,531,040)	(1,231,486)

The annexed notes, from 1 to 18, 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, 2019**

	Share Capital	Reserves			Total
		Capital		Revenue	
		Share premium	Surplus on revaluation of property, plant and equipment	Unappropriated profit	
Issued, subscribed and paid up capital					
Rupees					
Balance as at June 30, 2018 (Audited)	144,082,488	32,746,284	773,129,285	868,033,570	1,817,991,627
Distribution to owners:					
Final cash dividend of Rs. 1.25 per share for the year ended June 30, 2018	-	-	-	(18,010,310)	(18,010,310)
Total comprehensive income for the period:					
Profit for the period	-	-	-	13,930,067	13,930,067
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	13,930,067	13,930,067
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	(15,208,242)	15,208,242	-
Balance as at December 31, 2018 (Un-audited)	144,082,488	32,746,284	757,921,043	879,161,569	1,813,911,384
Total comprehensive income for the period:					
Profit for the period	-	-	-	27,025,500	27,025,500
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	27,025,500	27,025,500
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	(15,498,824)	15,498,824	-
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	-	-	-	(18,010,310)	(18,010,310)
Total comprehensive income for the period:					
Profit for the period	-	-	-	120,763,347	120,763,347
Other comprehensive loss 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	1,038,015,384	1,824,912,168

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

Sd/-
CHIEF EXECUTIVE

Sd/-
DIRECTOR

Sd/-
CHIEF FINANCIAL OFFICER



CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

	Notes	Six months period ended	
		December 31,	December 31,
		2019	2018
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	12	(4,504,549)	(203,067,535)
Income tax paid - net		(46,435,175)	(32,266,829)
Finance cost paid		(108,732,365)	(57,359,564)
Long term deposits given		-	(865,600)
Duty Drawback of taxes on export sales received		241,589	1,126,840
Paid to Workers' Profit Participation Fund		(7,163,724)	-
		(162,089,675)	(89,365,153)
Net cash used in operating activities		(166,594,224)	(292,432,688)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(5,961,860)	(178,851,245)
Proceeds from disposal of property, plant and equipment		-	490,000
Net cash used in investing activities		(5,961,860)	(178,361,245)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(11,747,736)	(17,791,929)
Long term finances obtained		-	166,044,917
Repayment of long term finances		(82,601,269)	(92,110,291)
Repayment of principal portion of lease liabilities		(1,679,902)	(1,250,534)
Short term finances - net		272,009,733	387,371,334
Net cash generated from financing activities	12.1	175,980,826	442,263,497
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		3,424,742	(28,530,436)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		(263,220,653)	(215,427,092)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	12.2	(259,795,911)	(243,957,528)

The annexed notes, from 1 to 18, 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, 2019**

1. STATUS AND ACTIVITIES

- 1.1. 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.

- 1.2. With reference to the note 51.1 of the audited financial statements of the Company for year ended June 30, 2019, the 'Scheme of Arrangement' for reconstruction of the Company has been approved 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.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

These condensed interim financial statements comprise of condensed interim statement of financial position as at December 31, 2019, 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.

3. 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.

4. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2019, except for the adoption of some new IFRS Standards and interpretations as detailed in Note 5 below.

Judgments and estimates made by management in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2019.

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

5.1. Standards and amendments to published accounting and reporting standards which were effective during the half year ended December 31, 2019

The Company has adopted following new and amended standards, interpretations and improvements to IFRSs, which became effective for the current period:

IAS 12	Income Taxes (Amendments)
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 23	Borrowing Costs (Amendments)
IAS 28	Investment in Associates and Joint Ventures (Amendments)
IFRS 3	Business combinations (Amendments)
IFRS 9	Financial Instruments (Amendments)
IFRS 11	Joint Arrangements (Amendments)
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments

The adoption of above standards, interpretations and improvement to standards did not have any material effect on the condensed interim financial statements of the Company, except for the changes related to adoption of IFRS 16 'Leases' as explained below.

5.1.1 IFRS 16 - Leases

IFRS 16 supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases - Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. For lessees all leases will be classified as finance leases only.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of July 01, 2019. Under this method, the standard is applied retrospectively with cumulative effect of initially applying standard recognised at the date of initial application and accordingly the Company is not required to restate prior year results. The Company also elected to use the recognition exception for lease contracts that, at the commencement date, have a lease term of twelve months or less and do not contain a purchase option (short term leases).

5.1.2 Adoption of IFRS 16 does not have any material impact on the condensed interim financial statements except reclassification of 'Leased assets' as 'Right-of-use assets' disclosed in note 6.3 below.

5.1.3 Nature of the effect of adoption of IFRS 16

The Company has lease contracts for vehicles. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

" Leases previously classified as finance leases

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17).

" Leases previously accounted for as operating leases

The Company has only short term leases for which the Company has opted to use the recognition exemptions for these lease contracts.

5.1.4 As a result of adoption of IFRS 16, the Company has adopted following new accounting policy
Right-of-use assets

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly leases vehicles for its operations. The Company recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the reducing balance method over the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

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

There are certain amendments and interpretation 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 interpretation will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

		December 31, 2019	June 30, 2019
		Un-audited Rupees	Audited Rupees
6. PROPERTY, PLANT AND EQUIPMENT	Notes		
Operating property, plant and equipment - owned	6.1	2,628,871,945	2,829,880,006
Operating property, plant and equipment - leased	6.2	-	11,488,037
Right-of-use assets	6.3	<u>10,339,233</u>	-
		<u>2,639,211,178</u>	<u>2,841,368,043</u>
6.1. Operating property, plant and equipment - owned			
Opening book value		2,829,880,006	2,751,873,948
Add: Cost of additions during the period / year	6.1.1	5,961,860	221,549,392
Revaluation surplus / (Impairment) - net	6.4	<u>(138,004,911)</u>	-
		2,697,836,955	2,973,423,340
Less: Book value of disposals during the period / year			
- Vehicles		-	(227,658)
		2,697,836,955	2,973,195,682
Less: Depreciation charged during the period / year		<u>(68,965,010)</u>	(143,315,676)
		<u>2,628,871,945</u>	<u>2,829,880,006</u>
6.1.1 Cost of additions			
Buildings on freehold land		-	4,711,446
Plant and machinery including generators		5,877,360	216,617,446
Office equipments		65,500	62,000
Computer equipments		19,000	158,500
		<u>5,961,860</u>	<u>221,549,392</u>
6.2. Operating property, plant and equipment - leased			
Opening book value		11,488,037	9,975,259
Add: Cost of additions during the period / year		-	4,126,860
		<u>11,488,037</u>	14,102,119
Less: Depreciation charged during the period / year		-	(2,614,082)
Less: reclassified to right-of-use assets		<u>(11,488,037)</u>	-
		-	<u>11,488,037</u>
6.3. Right-of-use assets			
Opening book value		-	-
Add: re-classified from leased assets		<u>11,488,037</u>	-
		11,488,037	-
Less: Depreciation charged during the period		<u>(1,148,804)</u>	-
		<u>10,339,233</u>	-

6.4. 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 vicinity
Buildings on freehold land	Present cost of similar construction and structure (including amenities) after applying appropriate depreciation.
Plant and machinery including generators	Evaluated present values of similar machinery based on make, model, specification and condition.

The fair values of all assets subject to revaluation model fall under level 2 of fair value hierarchy (i.e. significant observable inputs).

		December 31, 2019 Un-audited Rupees	June 30, 2019 Audited Rupees
7. STOCK IN TRADE			
Raw material		869,614,132	634,847,934
Work-in-process		76,833,309	73,290,934
Finished goods		501,989,586	400,422,104
		1,448,437,027	1,108,560,342
		December 31, 2019 Un-audited Rupees	June 30, 2019 Audited Rupees
8. LONG TERM LOANS AND FINANCING - from banking companies - secured			
Long term loans and financing	8.1	559,740,852	642,342,121
Current portion shown under current liabilities		(135,918,710)	(149,744,213)
		423,822,142	492,597,908
8.1.		642,342,121	650,121,185
Opening balance			
Obtained during the period / year		-	180,820,805
Repaid during the period / year		(82,601,269)	(188,599,869)
Closing balance	8.2	559,740,852	642,342,121
8.2.			
There is no change in the terms and conditions of the long-term loans and financing as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2019.			
9. SHORT TERM FINANCES UNDER MARKUP ARRANGEMENTS AND OTHER CREDIT FACILITIES			
From banking companies - secured			
Short term running finances	12.2	274,824,636	279,985,896
Short term loans (other than running finances)		1,091,659,650	820,814,769
Export finances		39,064,852	37,900,000
		1,405,549,138	1,138,700,665

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, 2019.

10. CONTINGENCIES AND COMMITMENTS
10.1. CONTINGENCIES

There is no material change in the status of contingencies as mentioned in the annual financial statements of the Company for the year ended June 30, 2019.

During the period, a show cause notice has been served by the Punjab Revenue Authority (PRA) on November 11, 2019 which raised the demand of Rs. 8.294million in respect of non deposit of Sales Tax on Services for the period from July 2018 to June 2019. The proceedings are in process while, subsequent to the reporting date, the Honorable Lahore High Court has extended an interim relief by directing that proceedings under the impugned show cause notice will continue, however, no final order shall be passed, till next date of hearing. The Company expects that the impugned notice shall be withdrawn and hence has not accounted for any liability in these financial statements in this regard.

10.2 COMMITMENTS

a) The Company's commitments other than capital expenditure; against letter of credit outstanding as at December 31, 2019 amount to Rs. 13.538 million (June 30, 2019: Rs. 2.427

b) Foreign bills discounted outstanding as at December 31, 2019 aggregate to Rs. 108.294million (June 30, 2019: Rs. 106.021 million).



11. TAXATION

	Six months period ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Un-audited Rupees	Un-audited Rupees	Un-audited Rupees	Un-audited Rupees
Current taxation:				
Corporate tax / Minimum tax payable on local sales	29,657,401	29,925,378	15,791,905	17,979,698
Final tax on exports	20,036,500	10,546,946	10,013,288	2,548,526
	49,693,901	40,472,324	25,805,193	20,528,224
Tax credits under section 65B of Income Tax Ordinance, 2001	-	(8,677,785)	-	(8,360,167)
Prior year adjustment - others	(10,432,881)	9,274,481	(10,432,881)	(73,465)
Prior year adjustment due to tax credit disallowed	1,822,460	-	680,388	-
	(8,610,421)	9,274,481	(9,752,493)	(73,465)
	41,083,480	41,069,020	16,052,700	12,094,592
Deferred taxation - net	32,675,260	5,139,015	17,863,894	(4,562,250)
	73,758,740	46,208,035	33,916,594	7,532,342

12. CASH USED IN OPERATIONS

	Six months period ended	
	December 31, 2019	December 31, 2018
	Un-audited Rupees	Un-audited Rupees
Profit before taxation	194,522,087	60,138,102
Adjustments for:		
Depreciation on property, plant and equipment	70,113,814	70,696,178
Amortization of Intangible assets	23,009	143,009
Provision for Workers' Profit Participation Fund	10,303,607	3,165,163
Gain on disposal of property, plant and equipment	-	(262,342)
Unrealized (gain) / loss on remeasurement of short term investments	(6,040)	10,800
Exchange rate fluctuation loss - net	454,034	816,000
Finance cost	114,976,286	70,787,040
	197,111,164	145,355,848
Cash flows before working capital changes	391,633,251	205,493,950
Working capital changes:		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	2,093,204	(5,121,511)
Stock-in-trade	(339,876,685)	(596,271,814)
Trade debts	(175,136,321)	(14,727,294)
Loans, advances and prepayments (excluding advance income tax)	(21,430,265)	(9,882,888)
Due from Government	17,605,027	(3,551,236)
Other receivables	(939,592)	(3,349,752)
Increase in current liabilities:		
Trade and other payables (excluding provision for Workers' Profit Participation Fund and provision for Workers' Welfare Fund)	121,546,832	224,343,010
	(396,137,800)	(408,561,485)
CASH USED IN OPERATIONS	(4,504,549)	(203,067,535)



12.1 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

12.2. CASH AND CASH EQUIVALENTS

Cash and bank balances		15,028,725	9,141,200
Short term running finances	9	(274,824,636)	(253,098,728)
		<u>(259,795,911)</u>	<u>(243,957,528)</u>

13. RELATED PARTY TRANSACTIONS

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

Relationship and nature of transaction	Six months period ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Un-audited Rupees	Un-audited Rupees	Un-audited Rupees	Un-audited Rupees
Associated Undertaking :				
- Lease rental against ginning factory	221,952	452,964	221,952	452,964
Chief executive:				
- Managerial remuneration	2,400,000	1,800,000	1,200,000	1,050,000
- Payment of dividend	1,589,098	958,500	1,589,098	958,500
Directors :				
- Managerial remuneration	4,200,000	2,500,000	2,100,000	1,750,000
- Payment of rental of head office	1,500,000	1,500,000	750,000	750,000
- Meeting fee	28,300	16,000	26,800	16,000
- Payment of dividend	4,606,344	7,945,438	4,606,344	7,945,438
Shareholders - payment of dividend	5,552,295	8,887,991	5,552,295	8,887,991
Executives / key management personnel:				
- Advances given - net	167,073	407,018	61,590	37,758
- Remuneration and benefits	8,038,721	6,711,900	4,317,221	3,355,950

14. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended June 30, 2019.

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, 2019.

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.

**15. SEGMENT REPORTING
15.1 REPORTABLE SEGMENTS**

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

- Spinning segment - production of different qualities of yarn by using natural and artificial fibers.
- Weaving segment - production of different qualities of fabric using yarn.

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

15.2 SEGMENT REVENUE AND RESULTS

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

	Spinning				Weaving				Total				
	Six months period ended December 31, 2019	Quarter ended December 31, 2019	Quarter ended December 31, 2018	Six months period ended December 31, 2018	Quarter ended December 31, 2019	Quarter ended December 31, 2018	Six months period ended December 31, 2018	Six months period ended December 31, 2019	Six months period ended December 31, 2018	Quarter ended December 31, 2019	Quarter ended December 31, 2018		
	Un-audited (Rupees)				Un-audited (Rupees)				Un-audited (Rupees)				
Sales - net													
External	1,874,649,439	930,423,944	810,343,044	1,797,575,904	1,120,057,427	882,885,453	3,977,168,946	3,448,724,847	2,050,481,371	1,695,228,497			
Inter-segment	1,874,649,439	930,423,944	810,343,044	1,797,575,904	1,120,057,427	882,885,453	3,977,168,946	3,448,724,847	2,050,481,371	1,695,228,497			
Cost of sales - excluding inter-segment purchase	(1,694,156,442)	(866,465,380)	(822,075,821)	(1,659,446,415)	(1,022,446,028)	(782,489,027)	(5,591,529,648)	(3,243,501,139)	(1,888,911,408)	(1,604,564,948)			
Inter-segment purchase	(1,694,156,442)	(866,465,380)	(822,075,821)	(1,659,446,415)	(1,022,446,028)	(782,489,027)	(5,591,529,648)	(3,243,501,139)	(1,888,911,408)	(1,604,564,948)			
Gross profit	180,492,997	63,958,564	(11,732,777)	134,877,468	97,611,399	100,396,426	385,639,298	205,223,708	161,569,963	88,663,649			
Other income	-	-	-	6,040	-	-	6,040	282,342	-	-			
Profit on trading	-	-	-	160,300	160,300	-	160,300	282,342	-	-			
Distribution cost	(15,966,121)	(6,617,763)	(7,856,421)	(20,871,313)	(1,002,832)	(10,118,777)	(28,075,282)	(32,706,605)	(7,620,995)	(17,975,198)			
Administrative expenses	(19,967,685)	(9,899,843)	(5,277,570)	(17,264,304)	(5,766,579)	(16,683,231)	(36,203,488)	(37,822,940)	(15,666,222)	(21,960,801)			
Other operating expenses	(3,553,345)	(724,562)	(45,575)	(3,985,788)	(5,236,525)	(4,346,245)	(12,030,495)	(4,031,383)	(5,959,087)	(4,391,820)			
Finance cost	(74,245,343)	(41,463,616)	(27,447,673)	(24,776,881)	(16,857,436)	(10,587,301)	(114,976,286)	(70,787,040)	(58,321,052)	(38,034,974)			
Profit / (loss) before taxation	66,760,585	5,254,980	(52,360,016)	68,241,524	68,908,327	56,660,872	194,522,087	60,138,102	74,163,307	6,300,856			
Taxation - current	(21,977,455)	(10,081,168)	(9,911,948)	(16,740,267)	(5,971,532)	(2,182,604)	(41,083,480)	(41,069,020)	(16,052,700)	(12,094,592)			
Taxation - deferred	(17,943,345)	(4,680,617)	2,281,124	(2,969,507)	(13,183,277)	2,281,126	(32,676,260)	(5,139,015)	(17,863,894)	4,582,250			
Profit / (loss) after taxation	26,839,785	(9,506,805)	(59,990,880)	48,931,750	49,753,518	58,759,394	120,765,347	13,930,067	40,246,713	(1,231,486)			

15.3 SEGMENT ASSETS AND LIABILITIES

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

	Spinning			Weaving			Total		
	December 31, 2019		June 30, 2019	December 31, 2019		June 30, 2019	December 31, 2019		June 30, 2019
	Un-audited Rupees	Audited Rupees		Un-audited Rupees	Audited Rupees	Un-audited Rupees	Audited Rupees	Un-audited Rupees	Audited Rupees
Segment assets:									
Operating property, plant and equipment	1,199,238,245	1,302,128,268		1,439,972,933	1,539,239,775	2,639,211,178	2,841,368,043		
Investment property	-	-		43,311,500	43,311,500	43,311,500	43,311,500		
Intangible assets	99,708	122,717		-	-	99,708	122,717		
Long term deposits	1,262,700	1,262,700		12,000,077	12,000,077	13,262,777	13,262,777		
Long term investment	-	8,265,206		-	9,571,808	-	17,837,014		
Total operating assets	1,200,600,653	1,311,778,891		1,495,284,510	1,604,123,160	2,695,885,163	2,915,902,051		
Stores, spare parts and loose tools	30,448,494	29,236,110		28,398,991	31,704,579	58,847,485	60,940,689		
Stock-in-trade	841,241,358	537,876,308		607,195,669	570,684,034	1,448,437,027	1,108,560,342		
Trade debts	226,218,618	247,768,437		429,997,395	233,765,289	656,216,013	481,533,726		
Loans and advances	49,117,893	46,182,039		49,480,674	65,605,523	98,598,567	111,787,562		
Due from Government	49,926,334	47,234,544		26,709,126	10,541,251	76,635,460	57,775,795		
Other receivables	3,929,224	3,909,825		3,119,873	2,199,680	7,049,097	6,109,505		
Short term investment	-	-		58,040	52,000	58,040	52,000		
Cash and bank balances	14,064,378	5,347,859		964,347	11,417,384	15,028,725	16,765,243		
Total assets	2,415,546,952	2,229,334,013		2,641,208,625	2,530,092,900	5,056,755,577	4,759,426,913		

SEGMENT ASSETS AND LIABILITIES - continued

	Spinning			Weaving			Total	
	December 31, 2019		June 30, 2019	December 31, 2019		June 30, 2019	December 31, 2019	
	Un-audited	Audited		Un-audited	Audited		Un-audited	Audited
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Equity								
Issued, subscribed and paid up share capital							144,082,488	144,082,488
Share premium							32,746,284	32,746,284
Surplus on revaluation of property, plant and equipment	245,009,064	316,503,351	316,503,351	365,053,948	425,918,868	425,918,868	610,088,012	742,422,219
Revenue reserve - unappropriated profit	443,184,924	418,861,411	418,861,411	594,830,460	502,824,482	502,824,482	1,038,015,384	921,685,893
Subordinated loans	42,500,000	42,500,000	42,500,000	62,500,000	62,500,000	62,500,000	105,000,000	105,000,000
Non-current liabilities								
Long term loans and financing	160,138,513	193,006,827	193,006,827	263,883,829	299,591,081	299,591,081	423,822,142	492,597,908
Liabilities against assets subject to finance lease	3,408,946	4,552,666	4,552,666	1,902,546	2,468,034	2,468,034	5,311,492	7,020,700
Deferred taxation - net	89,880,667	82,000,386	82,000,386	137,525,653	131,957,832	131,957,832	227,406,320	213,958,218
Current liabilities								
Trade and other payables	324,777,819	302,625,761	302,625,761	482,919,358	378,782,772	378,782,772	807,697,177	681,408,533
Unclaimed dividend							9,497,652	3,235,078
Finances under markup arrangements and other credit facilities								
Current portion of non-current liabilities	981,190,234	737,853,996	737,853,996	424,353,904	400,846,669	400,846,669	1,405,549,138	1,138,700,665
Accrued finance cost	73,256,854	86,196,288	86,196,288	66,180,297	67,037,060	67,037,060	139,437,151	153,233,348
Provision for taxation	41,839,221	33,759,804	33,759,804	16,589,215	18,780,186	18,780,186	58,428,436	52,539,990
	22,015,023	37,660,220	37,660,220	27,678,878	33,135,369	33,135,369	49,693,901	70,795,589
Total equity and liabilities							5,056,755,577	4,759,426,913



15.4 REVENUE FROM MAJOR CUSTOMERS

Revenue from major customers whose revenue exceeds 5% (December 31, 2018:5%) of total sales is Rs. 1,845.393 million (December 31, 2018: Rs. 1,219.279 million).

15.5 GEOGRAPHICAL INFORMATION

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

	Six months period ended	
	December 31, 2019	December 31, 2018
	Un-audited Rupees	Un-audited Rupees
Pakistan	3,485,288,896	3,074,360,326
America	22,034,924	17,009,379
Asia	352,320,366	277,493,893
Europe	117,524,760	79,861,249
	<u>3,977,168,946</u>	<u>3,448,724,847</u>

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

16. CORRESPONDING FIGURES

The figures of the condensed interim statement of profit or loss for the quarters ended December 31, 2019 and December 31, 2018 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, 2019. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2019 as these provide an update of previously reported information. Comparative statement of financial position is extracted from annual financial statements as of June 30, 2019, 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, 2018.

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

17. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **February 27, 2020** by the Board of Directors of the Company.

18. GENERAL

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

AHMAD HASSAN TEXTILE MILLS LTD.

46 - Hassan Parwana Colony,
MULTAN.