

Ahmad Hassan
TEXTILE MILLS LTD.



Half Yearly Report

For the half year ended December 31, 2021

(Reviewed)



COMPANY PROFILE

BOARD OF DIRECTORS

Chairman	Mian Muhammad Javed	Non - Executive Director
Chief Executive	Mr. Muhammad Haris	Executive Director
Directors	Mr. Haseeb Haris Mughal	Non - Executive Director
	Mrs. Salma Javed	Non - Executive Director
	Mrs. Bushra Ali	Non - Executive Director
	Mr. Muhammad Umer Farooq Janjua	Non - Executive Director
	Mr. Ali Kamal	Independent Director
	Mr. Nazir Ahmad Khan	Independent Director

AUDIT COMMITTEE

Chairman	Mr. Nazir Ahmed Khan	Independent Director
Members	Mian Muhammad Javed	Non - Executive Director
	Mrs. Salma Javed	Non - Executive Director

HR & R COMMITTEE

Chairman	Mr. Nazir Ahmad Khan	Independent Director
Members	Mr. Muhammad Haris	Executive Director
	Mrs. Salma Javed	Non - Executive Director

CHIEF FINANCIAL OFFICER

Jamal Ahmed

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, 2021.

SUMMARIZED FINANCIAL RESULTS:

Summary of Profit and Loss	Dec. 2021(Rupees)	Dec. 2020(Rupees)
Sales-Net	2,734,863,400	1,869,680,055
Gross Profit	249,285,909	167,140,257
Profit after taxation	145,336,439	76,256,833
G. P. Ratio	9.12%	8.94%
Earnings per Share	17.16	9.00
Distribution expenses	23,647,865	13,819,157
Admin expenses	28,123,594	19,750,539
Finance cost	19,917,854	14,632,064

REVIEW OF OPERATIONS:

During the period under review, sales of the Company recorded to unprecedented level and shown an increase of 46% as compared to preceding period. Gross margin of the Company increased by Rs. 82.146 million as compared to preceding period thus registering increase of 49% in terms of percentage. In the same line, profit after tax witnessed increase of Rs. 69.080 million as compared to preceding period which is almost 91% higher than the profit recorded in preceding period. Distribution, Admin & Financial expenses shown increasing trend but expenses to sales ratio almost stood at the same level as registered in the preceding period.

FUTURE OUTLOOK

Prices of yarn which constitutes almost 85% cost of fabric has shown skyrocket increase. Due to high input cost, profit margin of weavers has been observed on downward trend. On one hand, the Government has increased gas tariff from \$6.5 to \$9 per MMBTU which caused to increase cost of doing business significantly. On the other hand, the government has also reduced gas quota to textile mills which is now restoring gradually. Effects of Covid-19 on India & Bangladesh have been subsided gradually. These countries are returning to international market with full strength which in turn will influence textile exports of the country. It is envisaged that forthcoming months are tough for textile industry. Amidst these challenging circumstances, approval of Textile policy is a good news for textile industry which aims



to double exports target up to \$42 billion over the next three years. The government has decided to fix gas & electricity rate on an annualized basis to align them with competitive international prices on the occasion of every budget announcement.

It is a matter of great pleasure to announce that your Company has successfully commissioned solar system having rated capacity of 988.9 KWP on January 27, 2022. The project is designed to reduce energy cost significantly and also a valuable contribution towards government policy of Clean Green Pakistan due to non-emission of any hazard substance.

Besides of increasing trend of raw material prices & energy cost, your directors are determined 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.

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

Chief Executive

Director

Multan

Dated: February 26, 2022

ڈائریکٹرز کی جائزہ رپورٹ

عزیز شیئر ہولڈرز!

ہمیں 31 دسمبر 2021 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 2021	دسمبر 2020
کل رقم فروخت	2,734,863,400	1,869,680,055
کل منافع	249,285,909	167,140,257
منافع بعد از ٹیکس	145,336,439	76,256,833
شرح منافع	9.12%	8.94%
فی حصص آمدنی	17.16	9.00
تقسیم کے اخراجات	23,647,865	13,819,157
منتظم کے اخراجات	28,123,594	19,750,539
مالی لاگت	19,917,854	14,632,064

کاروباری امور کا جائزہ

زیر جائزہ مدت کے دوران کمپنی کی فروخت غیر معمولی سطح پر ریکارڈ کی گئی اور گزشتہ مدت کے مقابلے میں 46 فیصد کا اضافہ دکھایا گیا۔ کمپنی کے مجموعی مارجن میں روپے کا اضافہ ہوا۔ گزشتہ مدت کے مقابلے میں 82.146 ملین اس طرح فیصد کے لحاظ سے 49 فیصد اضافہ ریکارڈ کیا گیا۔ اسی لائن میں ٹیکس کے بعد منافع روپے کا اضافہ دیکھا گیا گزشتہ مدت کے مقابلے میں 69.080 ملین جو کہ گزشتہ مدت میں ریکارڈ کئے گئے منافع سے تقریباً 91 فیصد زیادہ ہے۔ تقسیم، انتظامی اور مالیاتی اخراجات بڑھتے ہوئے رجحان کو ظاہر کرتے ہیں لیکن فروخت کے تناسب سے اخراجات تقریباً اسی سطح پر رہے جو گزشتہ مدت میں رجسٹرڈ تھے۔

مستقبل کا نقطہ نظر

دھاگے کی قیمتیں جو کہ فیبرک کی تقریباً 85 فیصد قیمت پر مشتمل ہوتی ہیں آسمان کو چھو رہی ہیں۔ اعلیٰ ان پٹ لاگت کی وجہ سے ویورز کے منافع کا مارجن نیچے کی طرف دیکھا گیا ہے۔ ایک طرف، حکومت نے گیس ٹیرف 6.5 ڈالر سے بڑھا کر 9 ڈالر فی MMBTU کر دیا ہے جس کی وجہ سے کاروبار کرنے کی لاگت میں نمایاں اضافہ ہوا ہے۔ دوسری جانب حکومت کے ٹیکسٹائل ملوں کو گیس کا کوٹہ بھی کم کر دیا ہے جو اب بتدریج بحال ہوا رہا ہے۔ ہندوستان اور بنگلہ دیش میں Covid-19 کے اثرات آہستہ آہستہ کم ہوئے ہیں۔ یہ ممالک پوری طاقت کے ساتھ بین الاقوامی مارکیٹ میں واپس آ رہے ہیں جس کے نتیجے میں ملک کی ٹیکسٹائل برآمدات متاثر ہوں گی۔ یہ تصور کیا

جاتا ہے کہ آنے والے مہینے ٹیکسٹائل انڈسٹری کے لئے سخت ہیں۔ ان مشکل حالات کے درمیان، ٹیکسٹائل پالیسی کی منظوری ٹیکسٹائل انڈسٹری کے لئے اچھی خبر ہے جس کا مقصد اگلے تین سالوں میں برآمدات کا ہدف 42 ارب ڈالر تک دوگنا کرنا ہے۔ حکومت نے بجٹ کے ہر اعلان کے موقع پر گیس اور بجلی کے نرخوں کو مسابقتی بین الاقوامی قیمتوں کے ساتھ ہم آہنگ کرنے کے لئے سالانہ بنیادوں پر طے کرنے کا فیصلہ کیا ہے۔

یہ اعلان کرتے ہوئے انتہائی خوشی کی بات ہے کہ آپ کی کمپنی نے 27 جنوری 2022ء کے 988.9KWP کی درجہ بندی کی صلاحیت کے ساتھ سولر سسٹم کو کامیابی کے ساتھ شروع کر دیا ہے۔ یہ منصوبہ توانائی کی لاگت کو نمایاں طور پر کم کرنے اور کلین گرین پاکستان کی حکومتی پالیسی میں ایک قابل قدر شراکت کے لئے ڈیزائن کیا گیا ہے۔ جس کی بدولت خطرناک مادے کا اخراج ناممکن ہو گیا ہے۔

خام مال کی قیمتوں اور توانائی کی 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 لئے پُر عزم ہیں۔ ہمیں امید ہے کہ کاروباری لاگت میں کمی کے لئے آپ کے ڈائریکٹرز کی خالصانہ کوششیں اس کے نتیجے میں شیئر ہولڈرز کی دولت اور آپ کی کمپنی میں اسٹیک ہولڈرز کی دلچسپی میں اضافہ ہوگا۔

اعتراف

آپ کے ڈائریکٹرز کام پر گہری عقیدت کے لئے کمپنی کے کارکنوں اور عملے کی طرف سے کی جانے والی کوششوں کے لئے ان کی گہری تعریف کو ریکارڈ کرتے ہیں۔ آپ کے ڈائریکٹرز 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

ملتان:

چیف ایگزیکٹو ڈائریکٹر

26 فروری 2022



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, 2021** 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, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2021.

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

Date: February 26, 2022

UDIN: RR202110142SjkMwE3Un



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

		December 31, 2021	June 30, 2021
	Notes	Un-audited Rupees	Audited Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,401,342,956	1,377,374,549
Long term deposits and advances		47,952,492	12,387,177
		1,449,295,448	1,389,761,726
CURRENT ASSETS			
Stores, spare parts and loose tools		33,050,144	38,909,619
Stock-in-trade	8	1,156,120,163	838,600,546
Trade debts		656,982,360	403,727,475
Loans and advances		61,797,915	53,857,631
Due from Government		19,506,049	11,813,005
Other receivables		4,460,833	3,161,869
Short term investments		19,389,902	32,801,776
Cash and bank balances		6,642,209	4,442,391
		1,957,949,575	1,387,314,312
TOTAL ASSETS		3,407,245,023	2,777,076,038
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		200,000,000	200,000,000
Issued, subscribed and paid up share capital		84,715,358	84,715,358
Capital reserves:			
Share premium		32,746,284	32,746,284
Surplus on revaluation of property, plant and equipment		337,267,648	343,783,721
Revenue reserve - unappropriated profit		994,927,657	860,441,793
		1,449,656,947	1,321,687,156
Subordinated loans		62,500,000	62,500,000
NON-CURRENT LIABILITIES			
Long term loans and financing	9	243,473,524	242,004,726
Lease liabilities		1,265,940	1,594,705
Deferred income - government grant		-	102,493
Long term payable	10	20,221,601	25,796,469
Deferred taxation - net		102,636,003	104,052,348
		367,597,068	373,550,741
CURRENT LIABILITIES			
Trade and other payables		968,206,371	654,492,322
Unclaimed dividend		14,365,581	3,474,561
Short term finances under markup arrangements and other credit facilities			
Current portion of non-current liabilities	11	397,206,587	204,752,056
Accrued finance cost		108,212,403	103,909,505
Provision for taxation		8,635,478	4,690,465
		30,864,588	48,019,232
		1,527,491,008	1,019,338,141
TOTAL LIABILITIES		1,895,088,076	1,392,888,882
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		3,407,245,023	2,777,076,038

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, 2021

	Notes	Six months period ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		Rupees	Restated Rupees	Rupees	Restated Rupees
Sales - net		2,734,863,400	1,869,680,055	1,716,541,808	1,043,908,051
Cost of sales		(2,485,577,491)	(1,702,539,798)	(1,574,243,835)	(919,602,083)
Gross profit		249,285,909	167,140,257	142,297,973	124,305,968
Other income		2,960,635	265,760	1,846,945	254,880
Profit on trading		9,180,000	115,000	680,000	65,000
Distribution cost		(23,647,865)	(13,819,157)	(15,641,513)	(6,086,781)
Administrative expenses		(28,123,594)	(19,750,539)	(14,504,122)	(9,260,999)
Other operating expenses		(14,940,977)	(11,632,888)	(6,536,745)	(9,151,044)
		(66,712,436)	(45,202,584)	(36,682,380)	(24,498,824)
Profit from operations before finance cost		194,714,108	122,318,433	108,142,538	100,127,024
Finance cost		(19,917,854)	(14,632,064)	(11,075,443)	(8,942,565)
Profit before taxation		174,796,254	107,686,369	97,067,095	91,184,459
Taxation	13	(29,459,815)	(31,429,536)	(36,905,394)	(11,585,447)
Profit for the period		145,336,439	76,256,833	60,161,701	79,599,012
Earnings per share - basic and diluted		17.16	9.00	7.10	9.40

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
OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

	Six months period ended		Quarter ended	
	December 31, 2021 Rupees	December 31, Restated 2020 Rupees	December 31, 2021 Rupees	December 31, Restated 2020 Rupees
Profit for the period	145,336,439	76,256,833	60,161,701	79,599,012
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	145,336,439	76,256,833	60,161,701	79,599,012

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, 2021

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, 2020 (Audited) - restated 84,715,358 32,746,284 357,887,596 690,086,172 1,165,435,410

Distribution to owners:

Final cash dividend of Rs. 1.5 per share for the year ended June 30, 2020 - restated - - - (11,535,239) (11,535,239)

Total comprehensive income for the period:

Profit after taxation for the period - restated - - - 76,256,833 76,256,833

Other comprehensive income for the period - - - - -

Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax) - restated - - (7,125,879) 7,125,879 -

Balance as at December 31, 2020 (Un-audited) - restated 84,715,358 32,746,284 350,761,717 761,933,645 1,230,157,004

Total comprehensive income for the period:

Profit after taxation for the period - - - 91,530,152 91,530,152

Other comprehensive income for the period - - - - -

Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax) - - (6,547,747) 6,547,747 -

Transfer from surplus on revaluation of property, plant and equipment on disposal of property, plant and equipment (net of deferred tax) - - (430,249) 430,249 -

Balance as at June 30, 2021 (Audited) 84,715,358 32,746,284 343,783,721 860,441,793 1,321,687,156

Distribution to owners:

Final cash dividend of Rs. 2.05 per share for the year ended June 30, 2021 - - - (17,366,648) (17,366,648)

Total comprehensive income for the period:

Profit for the period - - - 145,336,439 145,336,439

Other comprehensive income for the period: - - - - -

Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax) - - (6,516,073) 6,516,073 -

Balance as at December 31, 2021 (Un-audited) 84,715,358 32,746,284 337,267,648 994,927,657 1,449,656,947

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, 2021

		Six months period ended	
		December 31, 2021	December 31, 2020 Restated
	Notes	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	14	(48,428,541)	168,752,848
Income tax paid - net		(41,249,020)	(36,076,710)
Finance cost paid - net		(14,726,435)	(17,214,499)
Long term deposits - net		(35,565,315)	-
Duty drawback of taxes on export sales received		98,439	6,296
Paid to Workers' Profit Participation Fund		-	(7,585,416)
		(91,442,331)	(60,870,329)
Net cash (used in) / generated from operating activities (A)		(139,870,872)	107,882,519
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(62,912,558)	(13,852,263)
Short term investments		13,971,576	(36,600,000)
Proceeds from disposal of property, plant and equipment		5,259,200	-
Proceeds from sale of investment property		-	43,000,000
Dividend received		8,000	9,000
Net cash used in investing activities (B)		(43,673,782)	(7,443,263)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(6,475,628)	(5,714,930)
Long term finances obtained	9.1	52,900,822	28,164,182
Repayment of long term finances	9.1	(46,538,921)	(2,705,986)
Repayment of principal portion of lease liabilities		(1,436,807)	(600,029)
Long term payable	10	(5,159,525)	(3,203,921)
Short term finances - net		37,990,140	(36,642,133)
Net cash generated from / (used in) financing activities (C)	14.1	31,280,081	(20,702,817)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		(152,264,573)	79,736,439
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		(30,573,669)	(28,655,865)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	14.2	(182,838,242)	51,080,574

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



**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2021**

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 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 fabric. Registered / Head office of the Company is situated at 46-Hassan Parwana Colony, Multan. The weaving mills of the Company are located at M. M. Road, Chowk Sarwar Shaheed, District Muzaffargarh.

1.2. Refer to contents of the note 6.

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 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, 2021.

These condensed interim financial statements comprise of condensed interim statement of financial position as at December 31, 2021, 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 these condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. The 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, 2021.

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, 2021.

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

5.1. Standards and amendments to approved accounting and reporting standards that are effective during the period

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, 2021. However, these amendments and interpretations will not have any significant impact on the Company's financial reporting and, therefore have not been disclosed in these condensed interim financial statements.

5.2. 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, 2022 but are considered not to be relevant or to have any significant effect on the Company's financial reporting and are, therefore, not detailed in these condensed interim financial statements.

6. DISCONTINUED BUSINESS DUE TO DEMERGER

The Company was previously also engaged in the manufacture of yarn. However, in accordance with the approved scheme of arrangement (the Scheme) as detailed in note 1.2 and note 1.3 of the audited financial statements of the Company for the year ended June 30, 2021, the Company's Spinning Business has been transferred and vested in the business of Ahmed Hassan Spinning Limited (AHSL).

From June 30, 2019, all the tax liabilities with regard to the Spinning Business have become the liabilities of AHSL, and Ahmad Hassan Textile Mills Limited (AHTML) shall



cease to have any obligation in relation thereto. Regarding any refund / benefits that accrued in relation to any part of entire business of AHTML, including the Spinning Business for the period prior up to approval of the Scheme, AHSL will be responsible or beneficiary for such liabilities or claims accordingly. In case the tax authorities allow any refund or benefit including any sales tax refund, pertaining to AHSL for the period up to approval of the Scheme, AHTML shall pay or transfer the same to AHSL. The pending or unclaimed withholding income tax or advance income tax of Spinning Business as on the date of approval of the Scheme will be transferred to and shall vest in AHSL.

As explained in the audited financial statements for the year ended June 30 2021, since the order of the Court for approval of the Scheme was made on August 06, 2021, all the stakeholders of AHTML including customers, suppliers, regulatory authorities, Federal Board of Revenue and the Bankers of the Company assumed their transactions as well as assets / liabilities in the name of AHTML i.e., the composite entity as stood before the Order of the Court. Currently, the titles of some bank accounts are still in the name of AHTML and the operations of some of the banks are managed jointly. Collaterals, securities, liens, pledge, promissory notes, charges on assets, loan subordination agreement, personal guarantees of directors, trust receipts and all types of other securities have been given to banks by AHTML and AHSL jointly. Moreover, the filing of Sales Tax Returns (for the months of July 2021 and August 2021) and some regulatory compliance were also made by AHTML on composite basis during the period. Moreover electricity and Sui gas connections are still in the name of the Company and these resources are being used jointly by the Company and AHSL through sharing of the respected costs. The managements of both the companies are coordinating with the customers, suppliers, Multan Electric Power Company (MEPCO), Sui Northern Gas Pipelines Limited (SNGPL) as well as FBR and the banks, for separation of titles to these assets, rights, liabilities, encumbrances and obligations of every description, and documentation of the same in this regard is still in process.

The Scheme of arrangement resulted into splitting of net assets of Ahmad Hassan Textile Mills Limited (AHTML) as detailed in audited financial statements for the year ended June 30, 2021. Pursuant to the effect of the Scheme, the balances of all assets, liabilities, letters of credits and bank guarantees including those related to FBR and the Banks, have been bifurcated and taken in these condensed interim financial statements as per the actual separate records maintained for Spinning and Weaving segments. Accordingly in these condensed interim financial statements the previously reported transactions pertaining to statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the relevant comparative periods have been restated to take effect of the Scheme. The effect of the scheme on the statement of profit or loss for the relevant comparative period is as follows:



DISCONTINUED BUSINESS DUE TO DEMERGER - continued

	Six months period ended			Quarter ended		
	December 31, 2020 (As previously reported)	Effect of the Scheme	December 31, 2020 - restated	December 31, 2020 (As previously reported)	Effect of the Scheme	December 31, 2020 - restated
	Rupees.....			Rupees.....		
Sales - net	3,769,378,614	1,899,698,559	1,869,680,055	2,032,111,095	988,203,044	1,043,908,051
Cost of sales	(3,446,473,990)	(1,743,934,192)	(1,702,539,798)	(1,816,432,895)	(896,830,812)	(919,602,083)
Gross profit	322,904,624	155,764,367	167,140,257	215,678,200	91,372,232	124,305,968
Other income	265,760	-	265,760	254,880	-	254,880
Profit on trading	115,000	-	115,000	65,000	-	65,000
Distribution cost	(20,370,731)	(6,551,574)	(13,819,157)	(8,364,600)	(2,277,819)	(6,086,781)
Administrative expenses	(37,384,741)	(17,634,202)	(19,750,539)	(17,698,642)	(8,437,643)	(9,260,999)
Other operating expenses	(17,766,635)	(6,133,747)	(11,632,888)	(13,352,433)	(4,201,389)	(9,151,044)
	(75,522,107)	(30,319,523)	(45,202,584)	(39,415,675)	(14,916,851)	(24,498,824)
Profit before finance cost	247,763,277	125,444,844	122,318,433	176,582,405	76,455,381	100,127,024
Finance cost - net	(57,992,275)	(43,360,211)	(14,632,064)	(31,359,550)	(22,416,985)	(8,942,565)
Profit before taxation	189,771,002	82,084,633	107,686,369	145,222,855	54,038,396	91,184,459
Taxation	(62,484,722)	(31,055,186)	(31,429,536)	(36,958,281)	(25,372,834)	(11,585,447)
Profit for the period	127,286,280	51,029,447	76,256,833	108,264,574	28,665,562	79,599,012

		December 31, 2021 Un-audited Rupees	June 30, 2021 Audited Rupees
7. PROPERTY, PLANT AND EQUIPMENT	Notes		
Operating property, plant and equipment - owned	7.1	1,354,424,657	1,357,662,388
Right-of-use assets	7.2	2,072,666	4,581,063
Capital work-in-progress	7.3	44,845,633	15,131,098
		1,401,342,956	1,377,374,549
7.1. Operating property, plant and equipment - owned			
Opening book value		1,357,662,388	1,402,037,713
Add: Cost of additions during the period / year	7.1.1	24,124,292	48,871,194
Add: Transfer from capital work-in-progress	7.3	9,073,731	-
Add: Transfer at net book value from right-of-use assets	7.2	2,120,989	-
		1,392,981,400	1,450,908,907
Less: Book value of disposals during the period / year			
- Plant and machinery including generators		-	(16,327,163)
- Vehicles		(4,251,710)	(6,984,063)
		1,388,729,690	1,427,597,681
Less: Depreciation charged during the period / year		(34,305,033)	(69,935,293)
	7	1,354,424,657	1,357,662,388
7.1.1 Cost of additions			
Plant and machinery including generators		10,569,262	37,478,541
Electric installations		-	31,550
Office equipments		9,800	64,103
Computer equipments		26,000	-
Vehicles		13,519,230	11,297,000
	7.1.	24,124,292	48,871,194

	December 31, 2021 Un-audited Rupees	June 30, 2021 Audited Rupees
PROPERTY, PLANT AND EQUIPMENT - continued		
7.2. Right-of-use assets		
Opening book value	4,581,063	2,836,903
Add:		
Cost of additions during the period / year	-	2,521,680
Transfer at net book value to owned assets	(2,120,989)	-
Less: Depreciation charged during the period / year	(387,408)	(777,520)
7	2,072,666	4,581,063

7.3. 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 / year:

Opening balance	15,131,098	-
Additions during the period / year:		
Factory buildings	1,601,833	7,471,898
Plant and machinery including generators	44,845,633	-
Advance given for purchase of vehicles	-	7,659,200
Transfers during the period / year		
Factory buildings	(9,073,731)	-
Vehicle purchased	(4,009,200)	-
Advance given for purchase of vehicles transferred to long term deposits and advances	(3,650,000)	-
Closing balance	7 44,845,633	15,131,098

7.4. Revaluation of assets

The Company ensures regular revaluation of freehold land, building on freehold land and plant and machinery. The latest revaluation 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).

8. STOCK IN TRADE

Raw material	496,864,654	423,530,152
Work-in-process	96,368,644	71,538,900
Finished goods	562,886,865	343,531,494
	1,156,120,163	838,600,546

		December 31, 2021	June 30, 2021
		Un-audited Rupees	Audited Rupees
9. LONG TERM LOANS AND FINANCING - From banking companies - Secured			
Long term loans and financing	9.1	339,653,757	332,720,175
Current portion shown under current liabilities		(96,180,233)	(90,715,449)
		243,473,524	242,004,726
9.1. Opening balance		332,720,175	324,925,434
Obtained during the period / year		52,900,822	28,164,182
Adjustment pertaining to fair value of loan at below market interest rate		571,681	(1,016,206)
Repaid during the period / year		(46,538,921)	(19,353,235)
Closing balance	9.2 & 9.3	339,653,757	332,720,175
9.2. 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, 2021 except as follows:			
a) During the period, the Company has availed Long Term Financing Facility (LTFF) of Rs. 48.901 million and Term Loan (TL) of Rs. 4.000 million from Allied Bank Limited (ABL), which carry markup at the rate of SBP rate + 2.00% and 3 Month KIBOR + 1.50% per annum respectively. These are payable in 27 equal quarterly installments commenced from February 9, 2022. These finance and loan are secured by exclusive charge of Rs. 60.000 million over specific plant and machinery imported / purchased along with cushion of Rs. 20.000 million available in existing JPP charge over all fixed assets of the Company.			
9.3. As mentioned in note 1.3 (f) of the audited financial statements of the Company for the year ended June 30, 2021 the facilities are jointly secured against the joint charges / collaterals / securities of AHTML and AHSL. Both companies are in coordination with the banks for separating the documents with the banks. The actual balances as per banks of both companies have been reconciled with the composite balances and represented in these financial statements.			
10. LONG TERM PAYABLE			
Gas Infrastructure Development Cess (GIDC)		31,159,671	36,319,196
Less: current portion classified under current liabilities	10.1	(10,938,070)	(10,522,727)
		20,221,601	25,796,469
10.1. During the year ended June 30, 2021, the Supreme Court of Pakistan had upheld the Gas Infrastructure Development Cess Act, 2015 to be constitutional and intravires. The Supreme Court had allowed settlement of GIDC over a period of time. The Company has followed the relevant accounting standards and ICAP guidelines in this regard. During the period, the SNGPL has filed Intra court appeal for difference of captive power tariff and industrial tariff which is pending adjudication. However, the Company expects favorable decision and has not accounted for any liability in this regard.			
11. SHORT TERM FINANCES UNDER MARKUP ARRANGEMENTS AND OTHER CREDIT FACILITIES			
From banking companies - secured			
Short term running finances	14.2	189,480,451	35,016,060
Short term loans (other than running finances)		207,726,136	131,580,521
Temporary bank overdraft-unsecured		-	38,155,475
		397,206,587	204,752,056
11.1. 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, 2021. Some of the facilities being jointly acquired by AHSL and AHTML were expired on 31 December. Subsequent to the reporting date the Company is in process to get the renewal separately in the name of the Company.			
11.2. Refer to contents of the note 9.3.			

12. CONTINGENCIES AND COMMITMENTS
12.1. 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, 2021 except as follows:

- (a) With reference to note 29.1.1 of audited financial statements of the Company for the year ended June 30, 2021, during the period Sindh High Court decided the case in favour of Excise and Taxation Department Karachi. The Company filed an appeal before the Honourable Supreme Court of Pakistan. The Honourable Supreme Court of Pakistan provided an interim relief to the Company and suspend the operation of the impugned judgement of the Sindh High Court as well as recovery of the impugned levy, till further orders. The Company expects favorable decision and has not accounted for any liability in this regard.

- (b) Refer to contents of the note 10.1.

12.2 COMMITMENTS

- a) The Company's commitments against capital expenditure as at December 31, 2021 amount to nil (June 30, 2021: Rs. 1.209 million).
- b) The Company's commitments for purchase of stores, against letters of credits outstanding as at December 31, 2021 amount to Rs. 7.864 million (June 30, 2021: Rs. 3.653 million).

	Six months period ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		Restated		Restated
	Un-audited Rupees	Un-audited Rupees	Un-audited Rupees	Un-audited Rupees
13. TAXATION				
Current taxation:				
Minimum tax payable on local sales	15,804,768	33,355,898	13,500,174	27,206,915
Final tax on exports	15,059,820	8,807,099	6,475,279	3,067,602
Prior year adjustment	11,572	(551,671)	11,572	(551,671)
	30,876,160	41,611,326	19,987,025	29,722,846
Deferred taxation - net	(1,416,345)	(10,181,790)	16,918,369	(10,181,790)
	29,459,815	31,429,536	36,905,394	19,541,056
			Six months period ended	
			December 31, 2021	December 31, 2020
				Restated
			Un-audited Rupees	Un-audited Rupees
14. CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation			174,796,254	107,686,369
Adjustments for:				
Depreciation on property, plant and equipment			34,692,442	34,945,232
Duty drawback of taxes on export sales			(98,439)	(6,282)
Provision for Workers' Profit Participation Fund			9,354,476	5,783,371
Provision for Workers' Welfare Fund			3,567,270	2,197,681
Gain on disposal of property, plant and equipment			(1,007,490)	-
Dividend income			(8,000)	(9,000)
Loss on disposal of investment property			-	311,500
Unrealized gain on remeasurement of short term investments			(559,702)	(4,600)
Exchange rate fluctuation gain - net			(703,394)	-
Amortization of deferred government grant			(571,681)	(915,042)
Finance cost			19,917,854	14,632,064
			64,583,336	56,934,924
Cash flows before working capital changes - carried forward			239,379,590	164,621,293

CASH FLOWS FROM OPERATING ACTIVITIES - continued
Cash flows before working capital changes - brought forward
Working capital changes:
(Increase) / decrease in current assets:

Stores, spare parts and loose tools

Stock-in-trade

Trade debts

Loans, advances and prepayments (excluding advance income tax)

Due from Government - sales tax

Other receivables

Increase in current liabilities:

Trade and other payables

(excluding provision for Workers' Profit Participation Fund and provision for Workers' Welfare Fund)

Six months period ended	
December 31, 2021	December 31, 2020
Un-Audited Rupees	Restated Un-Audited Rupees
239,379,590	164,621,293
5,859,475	10,217,485
(317,519,617)	(84,671,624)
(252,551,491)	58,422,717
(21,866,632)	1,986,402
(548,480)	(428,745)
(1,298,964)	(209,950)
300,117,578	18,815,270
(287,808,131)	4,131,555
(48,428,541)	168,752,848

CASH (USED IN) / GENERATED FROM OPERATIONS
14.1. Reconciliation of liabilities arising from financing activities

Liabilities from financing activities (2021)	June 30, 2021	Cash flows	Non-cash changes	December 31, 2021
	Rupees			
Unclaimed dividend	3,474,561	(6,475,628)	17,366,648	14,365,581
Long term finances - net	332,720,175	6,361,901	571,681	339,653,757
Leases liabilities	3,352,321	(1,436,807)	-	1,915,514
Long term payable	36,319,196	(5,159,525)	-	31,159,671
Short term finances excluding running finances - net	169,735,996	37,990,140	-	207,726,136
Total liabilities from financing activities	545,602,249	31,280,081	17,938,329	594,820,659
Liabilities from financing activities (2020) - Restated	June 30, 2020	Cash flows	Non-cash changes	December 31, 2020
	Restated - Rupees			
Unclaimed dividend	1,722,764	(5,714,930)	11,535,239	7,543,073
Long term finances - net	322,998,594	25,458,196	118,777	348,575,567
Leases liabilities	2,384,283	(600,029)	-	1,784,254
Long term payable	-	(3,203,921)	44,486,735	41,282,814
Short term finances excluding running finances - net	167,429,277	(36,642,133)	-	130,787,144
Total liabilities from financing activities	494,534,918	(20,702,817)	56,140,751	529,972,852

14.2. CASH AND CASH EQUIVALENTS

Cash and bank balances

Short term running finances (note 11)

Six months period ended	
December 31, 2021	December 31, 2020
Un-Audited Rupees	Restated Un-Audited Rupees
6,642,209	51,096,634
(189,480,451)	(16,060)
(182,838,242)	51,080,574

15. RELATED PARTY TRANSACTIONS

The related parties comprise of Chief Executive, directors, executives / Key Management Personnel (KMP) of the Company and a related party 'Ahmad Hassan Spinning Limited', based on common directorship.

	Six months period ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		Restated		Restated
	Un-audited Rupees	Un-audited Rupees	Un-audited Rupees	Un-audited Rupees
Relationship and nature of transaction				
Chief executive:				
- Managerial remuneration	2,100,000	-	1,050,000	-
- Dividend	5,273,666	-	5,273,666	-
Directors :				
- Managerial remuneration	1,020,000	2,100,000	510,000	1,050,000
- Payment of rental of head office	-	750,000	-	375,000
- Meeting fee	27,500	12,500	21,000	7,250
- Dividend	4,630,503	5,847,690	4,630,503	5,847,690
Shareholders - dividend	7,462,479	5,687,549	7,462,479	5,687,549
Executives / key management personnel :				
- Advances (received back) / given - net	(51,091)	34,403	(13,500)	11,199
- Remuneration and benefits	3,546,967	5,235,000	1,863,000	2,617,500

16. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the audited financial statements as at and for the year ended June 30, 2021.

16.1 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, 2021.

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.

17. REVENUE FROM MAJOR CUSTOMERS

Revenue from major customers whose revenue exceeds 1% (December 31, 2020: 2%) of total sales is Rs. 2,178.212 million (December 31, 2020: Rs. 1,259.471 million).

18. GEOGRAPHICAL INFORMATION

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

	Six months period ended	
	December 31, 2021	December 31, 2020
	Un-audited Rupees	Un-audited Rupees
Pakistan - local sales	1,228,881,421	988,969,468
Pakistan - indirect exports	1,444,974,097	749,194,652
Direct Export:		
America	-	101,249,329
Europe - Switzerland	6,305,419	30,266,606
Asia - Turkey	54,702,463	-
	2,734,863,400	1,869,680,055

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, 2021 and December 31, 2020 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, 2021. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2021 as these provide an update of previously reported information. Comparative statement of financial position is extracted from annual financial statements as of June 30, 2021, whereas comparative statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows are extracted from the un-audited management accounts of the Company after taking effect of the Scheme as detailed in note 6 of these condensed interim financial statements.

20. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **February 26, 2022** 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.

AHMAD HASSAN TEXTILE MILLS LIMITED

46 - Hassan Parwana Colony,
MULTAN, PAKISTAN.

Tel: +92-(061)-4512933,4512362

Fax: +92-(061)-4512361

E-mail: sec@ahhtml.com.pk, Web: www.ahhtml.com.pk