



# **Half Yearly Report**

## **For the half year ended December 31, 2022**

### **(Reviewed)**

**Ahmad Hassan**  
**Textile Mills Ltd.**



## COMPANY PROFILE

### **BOARD OF DIRECTORS**

<i>Chairperson</i>	Mrs. Salma Javed	Non-Executive Director
	Mian Muhammad Javed	Executive Director
<i>Directors</i>	Mr. Muhammad Haris	Executive Director
	Mrs. Bushra Ali	Non-Executive Director
	Mr. Haseeb Haris Mughal	Non-Executive Director
	Mr. Muhammad Umar Farooq Janjua	Non-Executive Director
	Mr. Ali Kamal	Independent Director
	Mr Nazir Ahmad Khan	Independent Director

### **AUDIT COMMITTEE**

<i>Chairman</i>	Mr. Nazir Ahmad Khan	Independent Director
<i>Members</i>	Mr. Haseeb Haris Mughal	Non-Executive Director
	Mrs. Salma Javed	Non-Executive Director

### **HR & R COMMITTEE**

<i>Chairman</i>	Mr. Nazir Ahmad	Independent Director
<i>Members</i>	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 Yousuf Adil (Chartered Accountants)

**BANKERS** Bank Al-Habib Limited  
Allied Bank Limited  
Bank Al-Falah Limited  
Soneri Bank Limited  
National Bank of Pakistan  
Dubai Islamic Bank Pakistan Limited

**REGISTERED OFFICE** 46 - Hassan Parwana Colony, Multan.

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

**SHARES REGISTRAR** M/s Vision Consulting Limited  
5-C, LDA Flats, Lawarnce Road, Lahore.



## DIRECTORS' REVIEW

In the Name of Allah, the Most Beneficent, the Merciful

**Dear Shareholders,**

We feel immense pleasure for presenting the Condensed Interim Financial Statements of your Company for the six months ended December 31, 2022.

### SUMMARIZED FINANCIAL RESULTS:

Summary of Profit and Loss	Dec. 2022(Rupees)	Dec. 2021(Rupees)	Increase/ (decrease)%
Sales-Net	<b>2,329,314,799</b>	2,734,863,400	(14.83)
Gross Profit	<b>247,082,159</b>	249,285,909	(0.88)
Gross Profit Ratio	<b>10.61%</b>	9.12%	16.34
Profit after taxation	<b>88,746,037</b>	145,336,439	(38.94)
Net Profit Ratio	<b>3.81%</b>	5.31%	(28.25)
Selling & Distribution Exp.	<b>18,816,952</b>	23,647,865	(20.43)
Administrative expenses	<b>33,813,091</b>	28,123,594	20.23
Other Operating expenses	<b>19,293,367</b>	14,940,977	29.13
Finance cost	<b>41,590,842</b>	19,917,854	108.81
Earnings per share	<b>10.48</b>	17.16	(38.93)

### REVIEW OF OPERATIONS:

Due to worst ever crises being witnessed in the textile industry, sales of the Company dropped by 14.83% as compared to the preceding period. While on the other hand, gross profit of Company in terms of amount almost recorded at the same level whereas gross profit ratio stood to 10.61% as compared to 9.12% registered in the preceding period. Despite challenging circumstances, increase of GP ratio endorses the acumen & competence of the management. Profit after taxation witnessed decrease of 38.94% which in terms of sales to profit ratio tantamount to 3.81% in current year as compared to 5.31% registered in the preceding period. Decrease of profit after taxation is mainly attributable to increase of financial cost by 108.81% caused by high interest rate and increase of administrative & other operating expenses by 20.23% & 29.13% respectively mainly caused by inflation. Profitability further squeezed due to recording of deferred tax expense by Rs. 20.8 million in the current period.

### FUTURE OUTLOOK

Textile industry has been passing through toughest period in the history of Pakistan. On one hand, there has been observed economic recession in the international market thus lowering the demand of textile products while on the other hand severe political & economic crises has been observed in the country. Foreign exchange reserve of the country has been dropped to the lowest level. Due to scarcity of foreign exchange, imports have been strongly discouraged & regulated by the banks/SBP resultantly industry has been facing problem for import of raw materials & spare



parts. Pak Rupees has been significantly depreciated against US dollar which is currently floating at parity of PKR 265/USD. Rate of inflation has been observed at more than 27.6% in the country. SBP has significantly increased interest rate to 17% p.a. in order to lessen inflation in the country. In order to get release trench from IMF, the government has abolished various subsidies & rebates resultantly subsidized tariff of electricity & gas for textile industry has withdrawn by the government. In consonance to agreement with IMF, prices of fuel has been significantly increased in the country despite lowering of price in the international market. In addition therewith, crop of cotton has already substantially effected due to recent devastating flood in the country. Due to lowering of demand, shortage & higher rate of raw material, higher rates of fuel & power as well as higher interest rate, textile sector in the country has undergone into huge losses. Textile units have either reduced production capacity or shut downs operations which is causing great unemployment for the textile workers. It is expected that current crises may continue for next 06 to 09 months.

In the wake of existing situation, management of your company acted proactively and successfully commissioned solar system having rated capacity of 988.9 KWP on January 27, 2022. Now the Company has intention to increase capacity of solar system by further 01 MW. For the purpose of financing the project, negotiation with banks is under process of finalization.

Besides increasing trend of raw material prices & other input costs, your directors are determined to improve sales, reduce costs of doing business and maintain high profitability.

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 25, 2023**

## ڈائریکٹرز کی جائزہ رپورٹ

## عزیز شیئر ہولڈرز!

ہمیں 31 دسمبر 2022 کو ختم ہونے والے چھ ماہ کے لئے آپ کی کمپنی کے غیر آڈٹ شدہ اکاؤنٹس پیش کرنے میں خوشی ہے۔

اضافہ/ (کی) %	دسمبر 2021	دسمبر 2022	خلاصہ کردہ مالی نتائج:
(14.83)	2,734,863,400	2,329,314,799	کل رقم فروختگی
(0.88)	249,285,909	247,082,159	کل منافع
16.34	9.12%	10.61%	مجموعی منافع کا تناسب
(38.94)	145,336,439	88,746,037	ٹیکس کے بعد منافع
(28.25)	5.31%	3.81%	خالص منافع کا تناسب
(20.43)	23,647,865	18,816,952	فروخت اور تقسیم کے اخراجات
20.23	28,123,594	33,813,091	انتظامی اخراجات
29.13	14,940,977	19,293,367	دیگر آپرٹنگ اخراجات
108.81	14,940,854	41,590,842	مالیاتی لاگت
(38.93)	17.16	10.48	نی شیئر آمدنی

## کاروباری امور کا جائزہ

ٹیکسٹائل انڈسٹری میں اب تک کے بدترین بحرانوں کی وجہ سے، کمپنی کی فروخت میں گزشتہ مدت کے مقابلے میں 14.83 فیصد کمی واقع ہوئی۔ جبکہ دوسری طرف، رقم کے لحاظ سے کمپنی کا مجموعی منافع تقریباً اسی سطح پر ریکارڈ کیا گیا جبکہ مجموعی منافع کا تناسب گزشتہ مدت میں رجسٹرڈ 9.12% کے مقابلے میں 10.61% رہا۔ مشکل حالات کے باوجود، GP تناسب میں اضافہ انتظامیہ کی ذہانت اور قابلیت کی توثیق کرتا ہے۔ منافع بعد از ٹیکس میں 38.94 فیصد کمی دیکھی گئی جو کہ فروخت سے منافع کے تناسب کے لحاظ سے موجودہ سال میں 3.81 فیصد کے برابر ہے جو کہ گزشتہ مدت میں رجسٹرڈ 5.31 فیصد تھی۔ ٹیکس کے بعد منافع میں کمی بنیادی طور پر اعلیٰ شرح سود کی وجہ سے مالیاتی لاگت میں 108.81% اضافے اور انتظامی اور دیگر آپرٹنگ اخراجات میں بالترتیب 20.23% اور 29.13% اضافے کی وجہ سے ہے جو بنیادی طور پر افراط زر کی وجہ سے ہے۔ ڈیفیر ٹیکس کی وجہ سے منافع مزید 20.8 ریکارڈ کیا گیا۔

## مستقبل کا نقطہ نظر

ٹیکسٹائل انڈسٹری پاکستان کی تاریخ کے مشکل ترین دور سے گزر رہی ہے۔ ایک طرف بین الاقوامی منڈی میں معاشی کساد بازاری دیکھی گئی ہے جس سے ٹیکسٹائل مصنوعات کی مانگ میں کمی آئی ہے تو دوسری طرف ملک میں شدید سیاسی اور معاشی بحران دیکھا گیا ہے۔ ملکی زرمبادلہ کے ذخائر کم ترین سطح پر آگئے۔ زرمبادلہ کی کمی کی وجہ سے، درآمدات کی سختی سے حوصلہ شکنی کی گئی ہے اور بینکوں/ایس بی بی کے ذریعہ ریگولیٹ کیا گیا ہے جس کے نتیجے میں صنعت کو خام مال اور آپتھر پائرس کی درآمد میں پریشانی کا سامنا ہے۔ پاکستانی روپے امریکی ڈالر کے مقابلے میں نمایاں طور پر گرا ہے جو اس وقت USD/265 PKR کی برابری پر چل رہا ہے۔ ملک میں مہنگائی کی شرح 27.6 فیصد سے زیادہ دیکھی گئی ہے۔ اسٹیٹ بینک نے شرح سود میں نمایاں اضافہ کر کے 17% p.a کر دیا ہے۔ تاکہ ملک میں مہنگائی کو کم کیا جاسکے۔ آئی ایم ایف سے ریلیف فرینچ حاصل کرنے کے لیے حکومت نے ٹیکسٹائل انڈسٹری کے لیے مختلف سبسڈیز اور چھوٹ ختم کر دی ہیں جس کے نتیجے میں حکومت نے ٹیکسٹائل انڈسٹری کے لیے بجلی اور گیس کے سبسڈی والے ٹیرف واپس لے لیے ہیں۔ آئی ایم ایف کے ساتھ معاہدے کے تحت بین الاقوامی مارکیٹ میں قیمتوں میں کمی کے باوجود ملک میں ابھرن کی

قیمتوں میں نمایاں اضافہ کیا گیا ہے۔ اس کے علاوہ، ملک میں حالیہ تباہ کن سیلاب کی وجہ سے کپاس کی فصل پہلے ہی کافی حد تک متاثر ہوئی ہے۔ طلب میں کمی، قلت اور خام مال کی بلند شرح، ایندھن اور بجلی کی بلند شرحوں کے ساتھ ساتھ شرح سود میں اضافے کی وجہ سے ملک میں ٹیکسٹائل کا شعبہ بہت زیادہ خسارے کا شکار ہے۔ ٹیکسٹائل یونٹوں نے یا تو پیداواری صلاحیت کو کم کر دیا ہے یا پھر کام بند کر دیا ہے جس کی وجہ سے ٹیکسٹائل درکرز کے لیے بے روزگاری ہو رہی ہے۔ توقع ہے کہ موجودہ بحران اگلے 06 سے 09 ماہ تک جاری رہ سکتے ہیں۔

موجودہ صورتحال کے تناظر میں، آپ کی کمپنی کی انتظامیہ نے فعال طور پر کام کیا اور 27 جنوری 2022 کو KWP 988.9 کی درجہ بندی کی صلاحیت کے ساتھ سولر سسٹم کو کامیابی سے شروع کیا۔ اب کمپنی 1 میگاواٹ سولر سسٹم بڑھانا چاہتی ہے۔ منصوبے کی مالی اعانت کے لیے بینکوں کے ساتھ بات چیت کو حتیٰ شکل دینے کا عمل جاری ہے۔

خام مال کی قیمتوں اور دیگر ان پٹ اخراجات کے بڑھتے ہوئے رجحان کے علاوہ، آپ کے ڈائریکٹرز میلز کو بہتر بنانے، کاروبار کرنے کی لاگت کو کم کرنے اور زیادہ منافع کو برقرار رکھنے کے لیے پرعزم ہیں۔

## اعتراف

ہم امید کرتے ہیں کہ کاروباری لاگت میں کمی کے لیے آپ کے تمام ڈائریکٹرز کی مخلصانہ کوششیں؛ اس کے نتیجے میں شیئر ہولڈر کی دولت اور آپ کی کمپنی میں اسٹیک ہولڈر کی دلچسپی میں اضافہ ہوگا۔

بورڈ آف ڈائریکٹرز کی طرف سے

ملتان:

25 فروری 2023

چیف ایگزیکٹو ڈائریکٹر



## **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, 2022 and the related condensed interim statement of 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 condensed 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 comprehensive income for the three-month period ended December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2022.

### **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.

### **Other Matter Paragraph**

The condensed interim financial statements of Company for the period ended December 30, 2021 were reviewed by another firm of Chartered Accountants who vide their report dated February 26, 2022 expressed an unmodified conclusion thereon.

The engagement partner on the audit resulting in this independent auditor's report is Rana M. Usman Khan.

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### **Chartered Accountants**

Multan

Date: February 28, 2023

UDIN: RR202210088BTUFIZE90



# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

## AS AT DECEMBER 31, 2022

		(Unaudited) December 31, 2022 Rupees	(Audited) June 30, 2022 Rupees
ASSETS	Note		
<b>Non-current assets</b>			
Property, plant and equipment	3	1,653,369,328	1,691,677,506
Long term deposits		11,712,377	11,712,377
		1,665,081,705	1,703,389,883
<b>Current assets</b>			
Stores and spares		54,928,570	35,698,716
Stock in trade	4	1,105,635,354	1,394,834,730
Trade debts		203,225,329	216,815,701
Loans, advances and prepayments		62,501,550	84,896,118
Due from government		157,109,758	95,930,666
Short term Investment		9,314,837	18,651,248
Other receivables		3,217,255	3,220,755
Cash and bank balances		15,642,249	1,850,882
		1,611,574,902	1,851,898,816
<b>Total assets</b>		<b>3,276,656,606</b>	<b>3,555,288,699</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital		84,715,354	84,715,354
Share premium		32,746,284	32,746,284
Surplus on revaluation of property plant and equipment - net of deferred tax		537,487,304	547,739,232
Unappropriated profit		1,140,669,437	1,060,732,426
		1,795,618,378	1,725,933,296
Subordinated loans		62,500,000	62,500,000
		1,858,118,378	1,788,433,296
<b>Non-current liabilities</b>			
Long term financing	5	180,969,792	222,494,564
Lease liabilities		28,828,331	991,931
Deferred taxation		92,313,304	71,513,084
Gas infrastructure development cess		12,727,820	14,426,662
		314,839,247	309,426,241
<b>Current liabilities</b>			
Trade and other payables		607,756,192	868,066,355
Short term borrowings	6	339,787,611	405,858,509
Current portion of non-current liabilities		100,450,503	102,395,078
Accrued mark up		11,802,040	14,645,410
Unclaimed dividend		15,853,235	3,726,469
Provision for taxation		28,049,399	62,737,341
		1,103,698,980	1,457,429,162
<b>Contingencies and commitments</b>	7		
<b>Total equity and liabilities</b>		<b>3,276,656,606</b>	<b>3,555,288,699</b>

The annexed notes from 1 to 14 form an integral part of these 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, 2022

	Note	.....Six month period ended .....		..... Three month period ended .....	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		----- Rupees -----			
Revenue from contracts	8	2,329,314,799	2,734,863,400	944,336,610	1,716,541,808
Cost of goods sold	9	(2,082,232,640)	(2,485,577,491)	(849,421,932)	(1,574,243,835)
Gross profit		247,082,159	249,285,909	94,914,678	142,297,973
Profit on trading		435,673	9,180,000	435,673	680,000
Other income		2,206,302	2,960,635	1,543,168	1,846,945
		249,724,134	261,426,544	96,893,519	144,824,918
Selling and distribution expenses		(18,816,952)	(23,647,865)	(13,285,721)	(15,641,513)
Administrative expenses		(33,813,091)	(28,123,594)	(16,227,907)	(14,504,122)
Other operating expenses		(19,293,367)	(14,940,977)	(4,156,170)	(6,536,745)
		(71,923,410)	(66,712,436)	(33,669,798)	(36,682,380)
Finance cost		(41,590,842)	(19,917,854)	(20,688,846)	(11,075,443)
Profit before taxation		136,209,882	174,796,254	42,534,875	97,067,095
Taxation		(47,463,845)	(29,459,815)	(30,025,991)	(36,905,394)
Profit after taxation		88,746,037	145,336,439	12,508,884	60,161,701
Earnings per share - basic and diluted		10.48	17.16	1.48	7.10

The annexed notes from 1 to 14 form an integral part of these interim financial statements



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

	...Six month period ended ... December 31, 2022	December 31, 2021	...Three month period ended ... December 31, 2022	December 31, 2021
	----- Rupees -----			
Profit for the period	88,746,037	145,336,439	12,508,884	60,161,701
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	<u>88,746,037</u>	<u>145,336,439</u>	<u>12,508,884</u>	<u>60,161,701</u>

The annexed notes from 1 to 14 form an integral part of these interim financial statements



# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

Share capital	Share premium	Capital Reserve	Unappropriated profit		Total	Subordinated loans	Total
			Surplus on revaluation of property, plant and equipment				
-----Rupees-----							
Balance as at July 01, 2021	84,715,358	32,746,284	343,783,721	860,441,793	1,321,687,156	62,500,000	1,384,187,156
Profit for the six month period ended December 31, 2021	-	-	-	145,336,439	145,336,439	-	145,336,439
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	145,336,439	145,336,439	-	145,336,439
Transactions with shareholders:							
Dividend for the year ended June 30, 2021 @ Rs. 2.05 per Share	-	-	-	(17,366,648)	(17,366,648)	-	(17,366,648)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	(6,516,073)	6,516,073	-	-	-
Balance as at December 31, 2021	84,715,358	32,746,284	337,267,648	994,927,657	1,449,656,947	62,500,000	1,512,156,947
Balance as at July 01, 2022	84,715,354	32,746,284	547,739,232	1,060,732,426	1,725,933,296	62,500,000	1,788,433,296
Profit for the six month period ended December 31, 2022	-	-	-	88,746,037	88,746,037	-	88,746,037
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	88,746,037	88,746,037	-	88,746,037
Transactions with shareholders:							
Dividend for the year ended June 30, 2022 @ Rs. 2.25 per Share	-	-	-	(19,060,955)	(19,060,955)	-	(19,060,955)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	(10,251,928)	10,251,928	-	-	-
Balance as at December 31, 2022	84,715,354	32,746,284	537,487,304	1,140,669,437	1,795,618,378	62,500,000	1,858,118,378

The annexed notes from 1 to 14 form an integral part of these interim financial statements

Sd/-  
CHIEF EXECUTIVE

Sd/-  
DIRECTOR

Sd/-  
CHIEF FINANCIAL OFFICER



## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	.....Six month period ended.....	
	December 31, 2022	December 31, 2021
	Rupees	Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	136,209,882	174,796,254
Adjustments for :		
Depreciation on property, plant and equipment	46,953,027	34,692,442
Finance cost - net	41,590,842	19,917,854
Provision for workers' profit participation fund	7,343,093	9,354,476
Provision for workers' welfare fund	2,783,533	3,567,270
Provision for gratuity	9,527,775	-
Exchange rate fluctuation loss/(gain)	8,136,741	(703,394)
(Gain) on disposal of short term investment	(207,592)	-
Unrealized (gain) on remeasurement of short term investments	(570,232)	(559,702)
Dividend income	-	(8,000)
Export rebates	-	(98,439)
Amortization of deferred government grant	(102,496)	(571,681)
(Gain) on disposal of property, plant and equipment	(67,400)	(1,007,490)
	115,387,291	64,583,336
Operating cash flows before working capital changes	251,597,173	239,379,590
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(19,229,854)	5,859,475
Stock in trade	289,199,376	(317,519,617)
Trade debts	5,453,631	(252,551,491)
Loans and advances (excluding advance income tax)	(33,120,227)	(21,866,632)
Due from government	(61,179,092)	(548,480)
Other receivables	3,500	(1,298,964)
	181,127,335	(587,925,709)
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	(270,436,790)	300,117,578
Cash generated from / (used in) operations	162,287,718	(48,428,541)
Income tax paid - net	(5,836,772)	(41,249,020)
Finance cost paid - net	(43,521,888)	(14,726,435)
Gratuity paid	(9,527,775)	-
Long term deposits - net	-	(35,565,315)
Export rebate received	-	98,439
	(58,886,435)	(91,442,331)
Net cash generated from / (used in) operating activities	103,401,283	(139,870,871)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(46,179,114)	(57,653,358)
Additions to capital work in progress	(1,193,605)	-
Short term investments	10,114,235	13,971,576
Proceeds from disposal of property, plant and equipment	38,795,270	-
Net cash generated from / (used in) investing activities	1,536,786	(43,681,782)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term finance	(49,595,977)	(6,475,628)
Long term finance obtained	-	52,900,822
Short term finances - net	54,330,188	(46,538,921)
Lease obtained during the period	36,000,000	-
Repayment of principal portion of lease liabilities	(2,383,247)	(1,436,807)
Dividend paid	(6,934,191)	(5,159,525)
Repayment of GIDC	(2,162,390)	37,990,140
	29,254,383	31,280,081
Net increase/(decrease) in cash and cash equivalents (A+B+C)	134,192,453	(152,264,573)
Cash and cash equivalents at beginning of the period	(182,932,392)	(30,573,669)
Cash and cash equivalents at end of the period	(48,739,939)	(182,838,242)
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	15,642,249	1,850,882
Running finance	(64,382,188)	(184,783,274)
	(48,739,939)	(182,932,392)

The annexed notes from 1 to 14 form an integral part of these 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, 2022

### 1. LEGAL STATUS

- 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, while the mill of the Company is located at M.M. Road, Chowk Sarwar Shaheed, District Muzaffargarh having area of 83 Kanals and 04 Marlas.
- 1.2 These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Statement of compliance

These condensed interim financial statements of the Company 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These interim financial statements are unaudited but subject to limited scope review by auditors and is being submitted to the shareholders as required under Section 237 of the Act.

- 2.2 These condensed interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with annual audited financial statements for the year ended June 30, 2022. Comparative condensed interim statement of financial position has been extracted from annual audited financial statements for the year ended June 30, 2022 whereas comparative condensed interim statement of profit or loss and condensed interim statement of comprehensive income, comparative condensed interim statement of changes in equity and comparative condensed interim statement of cash flows have been extracted from un-audited condensed interim financial statements for the six-month period ended December 31, 2022.

#### 2.3 Accounting policies and methods of computation

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2022. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2022, which do not have any impact on the Company's financial reporting and therefore, have not been detailed in this interim financial statements.

			(Unaudited)	(Audited)
			December 31, 2022	June 30, 2022
3. PROPERTY, PLANT AND EQUIPMENT	Note	Rupees	Rupees	
Operating assets	3.1	1,653,369,328	1,659,795,566	
Capital work-in-progress	3.2	-	31,881,940	
		<u>1,653,369,328</u>	<u>1,691,677,506</u>	
3.1 Operating assets				
Opening carrying value- operating assets		1,657,722,900	1,357,662,388	
Opening carrying value- right of use assets		2,072,666	4,581,063	
		<u>1,659,795,566</u>	<u>1,362,243,451</u>	

	(Unaudited) December 31,2022 Rupees	(Audited) June 30,2022 Rupees	
<b>Additions during the period / year</b>			
Land - freehold	-	-	
Buildings on freehold land	-	9,073,731	
Plant and machinery	8,001,858	94,481,552	
Electric installations	55,000	-	
Office equipment	137,900	13,800	
Computer equipment	28,000	26,000	
Furniture & fixtures	150,671	-	
Vehicles- owned	34,778,425	42,387,660	
Vehicles- right of use asset	36,000,000	-	
	79,151,854	145,982,743	
<b>Revaluation during the period/year</b>			
Land - freehold	-	28,389,890	
Buildings on freehold land	-	103,581,843	
Plant and machinery	-	114,480,643	
	-	246,452,376	
Disposal for the period/year		(15,801,187)	
-Vehicles- owned	(38,727,870)	-	
Depreciation charge for the period/year	(44,345,760)	(78,694,409)	
Depreciation charge for the period/year- right of use assets	(2,607,267)	(387,408)	
Closing carrying value	1,653,369,328	1,659,795,566	
Closing carrying value -operating fixed assets	1,617,903,929	1,657,722,900	
Closing carrying value- right of use assets	35,465,399	2,072,666	
	1,653,369,328	1,659,795,566	
<b>3.2 Capital Work in progress</b>			
Opening carrying value	31,881,940	15,131,098	
Additions during the period/ year	1,193,605	31,881,940	
Capitalized during the period/ year	(33,075,545)	(15,131,098)	
Closing carrying value	-	31,881,940	
<b>4. STOCK IN TRADE</b>			
Raw materials	205,185,712	351,447,410	
Work in process	56,484,944	86,814,948	
Finished goods Fabrics	843,964,698	956,572,372	
	1,105,635,354	1,394,834,730	
<b>5. LONG TERM FINANCING</b>			
<i>From banking companies - secured</i>			
<b>Allied Bank Limited</b>			
- LTFF I (Part 1)	5.1	4,301,519	8,603,044
- LTFF I (Part 2)	5.1	5,942,623	8,913,934
- LTFF II	5.2	61,885,272	74,262,325
- LTFF IV	5.3	64,781,823	70,415,023
- Salaries and wages loan	5.4	-	7,786,406
		136,911,237	169,980,732

		(Unaudited) December 31, 2022 Rupees	(Audited) June 30, 2022 Rupees
<b>National Bank of Pakistan</b>	<b>Note</b>		
- LTFF II	5.5	117,615,151	131,452,227
		<u>117,615,151</u>	<u>131,452,227</u>
<b>Bank Al Habib Limited</b>			
- Term Finance VIII	5.6	-	535,500
		<u>-</u>	<u>535,500</u>
<b>Soneri Bank Limited</b>			
- Term Finance	5.7	8,681,414	10,937,822
		<u>8,681,414</u>	<u>10,937,822</u>
Current portion of long term loans		(82,238,010)	(90,309,220)
Current portion of deferred grant		-	(102,497)
		<u>180,969,792</u>	<u>222,494,564</u>

#### 5.1 Allied Bank Limited - LTFF I (Part 1 & Part 2)

This finance has been obtained from Allied Bank Limited (ABL) for purchase of plant and machinery (Looms). The loan is repayable in 12 equal half yearly installments commenced from Dec 23, 2016. It carries mark up at rate of SBP + 3% and secured against joint pari passu charge on present and future fixed assets of the company. The second part of this facility was available from March 07, 2017 with 12 half yearly installments having the same rate as of LTFF I part 1.

#### 5.2 Allied Bank Limited - LTFF II

This finance has been obtained from Allied Bank Limited (ABL) for purchase of plant and machinery (Looms). The loan is repayable in 12 equal half yearly installments commenced from October 24, 2018. It carries mark up at rate of SBP + 1.5% and secured against joint pari passu charge on present and future fixed assets of the company.

#### 5.3 Allied Bank Limited - LTFF IV

This finance has been obtained from Allied Bank Limited (ABL) under SBP financing scheme for renewable energy for purchase of solar system. Loan is repayable in 27 equal quarterly installments commencing from February 2022 with 3 months grace period. This loan is secured against exclusive charge amounting to Rs. 96 million over specific machinery of solar system. It carries mark up at rate of SBP rate + 2%.

#### 5.4 Allied Bank Limited - Salaried loan

This finance has been obtained from ABL to pay salaries & wages under SBP's Refinance Scheme for payment of salaries & wages and is repayable in 8 equal quarterly installments commencing from January 2021 with 6 months grace period. This loan is secured against first pari passu charge amounting to Rs. 267 million over fixed assets of the company and personal guarantees of directors of the company. It carries mark up at flat rate of 2%.

#### 5.5 National Bank of Pakistan - LTFF II

This finance has been obtained from National Bank of Pakistan to finance property plant and equipment (Toyota Air Jet Looms) under SBP's Refinance Scheme & wages and is repayable in 24 equal quarterly installments commencing from May 2020 with 18 months grace period. This loan is secured against first pari passu charge on present and future fixed asset of the company. It carries mark up at SBP rate + 1.5%.

#### 5.6 Bank Al Habib - Term finance VIII

This finance has been obtained from Bank Al Habib Ltd to retire import document of spinning Machinery/Parts. It carries mark up at 6MK + 1.5%. This loan is secured against promisory note duly signed and stamped and charge on imported machinery.

#### 5.7 Soneri Bank Limited - Term finance

This finance has been obtained from Soneri Bank Limited for import of spare parts for over hauling of generators. This facility is repayable in at sight/LC to retired from follow on TF facility. It carries mark up at 3MK + 1.5%. This loan is secured against specific charge of Rs. 26.7 million over three gas generator JGS-320 and personal guarantees of directors of the company.



		(Unaudited) December 31, 2022 Rupees	(Audited) June 30, 2022 Rupees
<b>6. SHORT TERM BORROWINGS</b>	<b>Note</b>		
From banking companies			
Secured - under markup arrangements			
Cash finance	6.1	275,405,423	171,075,235
Running finance	6.2	64,382,188	184,783,274
Finance against packing credit		-	50,000,000
		<b>339,787,611</b>	<b>405,858,509</b>

**6.1** These cash finance facilities have been obtained from various commercial banks for working capital requirements, and are secured against personal guarantee of directors and pledge of stock of the company of the Company. Cash finance facilities carry mark up at the rates ranging from 15.71% to 17.99% per annum (June 30, 2022: 8.2% to 15.31% per annum).

**6.2** These facilities have been obtained from various banks for working capital requirements, and are secured against joint pari passu charge over all present and future current assets of the company. Running finance facilities carry mark up at the rates ranging from 15.71% to 16.77% per annum (June 30, 2022: 8.45% to 12.95% per annum).

## 7. CONTINGENCIES AND COMMITMENTS

**7.1** There is no significant change in status of contingent liabilities since the annual financial statements as at June 30, 2022.

**7.2** The Company's commitments against capital expenditure as at December 31, 2022 amount to Rs. Nil (June 30, 2022: Rs. 20.07 million). The Company's commitments other than capital expenditure; against letters of credits outstanding as at December 31, 2022 amount to Rs. Nil (June 30, 2022: Nil).

## ----- (Unaudited) -----

	...Six month period ended ...		...Three month period ended ...	
	December 31, 2022 Rupees	December 31, 2021 Rupees	December 31, 2022 Rupees	December 31, 2021 Rupees
<b>8. REVENUE FROM CONTRACTS</b>				
Local	1,304,056,345	1,228,881,422	774,348,667	1,069,013,880
Export	1,025,258,454	1,505,981,978	169,987,943	647,527,928
	<b>2,329,314,799</b>	<b>2,734,863,400</b>	<b>944,336,610</b>	<b>1,716,541,808</b>
<b>9. COST OF GOODS SOLD</b>				
Raw materials consumed	1,572,126,605	2,440,023,549	586,613,498	1,398,518,391
Salaries, wages and benefits	115,111,115	61,815,710	55,223,812	27,449,147
Stores consumed	45,433,238	32,806,135	19,155,855	17,514,456
Chemical consumed	31,276,955	31,965,079	12,850,179	18,043,967
Packing materials consumed	4,695,783	5,776,973	2,023,039	3,258,344
Power and fuel	128,426,383	117,651,567	25,966,416	63,279,615
Repair and maintenance	749,120	5,677,759	288,995	2,825,439
Insurance	3,758,299	2,831,478	1,810,812	1,826,239
Rent, rates and taxes	331,017	182,623	194,197	136,819
Depreciation	37,386,447	31,031,733	18,734,069	15,560,063
	<b>1,939,294,962</b>	<b>2,729,762,606</b>	<b>722,860,872</b>	<b>1,548,412,480</b>
Work-in-process				
Opening stock	86,814,948	71,538,900	95,825,367	69,166,166
Closing stock	(56,484,944)	(96,368,644)	(56,484,944)	(96,368,644)
	<b>30,330,004</b>	<b>(24,829,744)</b>	<b>39,340,423</b>	<b>(27,202,478)</b>
Cost of goods manufactured	<b>1,969,624,966</b>	<b>2,704,932,862</b>	<b>762,201,295</b>	<b>1,521,210,002</b>
<b>Finished goods</b>				
Opening stock	956,572,372	343,531,494	931,185,335	615,920,698
Closing stock	(843,964,698)	(562,886,865)	(843,964,698)	(562,886,865)
	<b>112,607,674</b>	<b>(219,355,371)</b>	<b>87,220,637</b>	<b>53,033,833</b>
	<b>2,082,232,640</b>	<b>2,485,577,491</b>	<b>849,421,932</b>	<b>1,574,243,835</b>

## 10. RELATED PARTY TRANSACTIONS

The related parties comprise associated undertakings and key management personnel. The company in the normal course of business carries out transactions with related parties. Significant transactions with related parties are as follows:

Relationship and nature of transaction	----- (Unaudited) -----			
	Six month period ended		Three month period ended	
	December 31,	December 31,	December 31,	December 31,
	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees
Chief executive:				
- Managerial remuneration	2,250,000	2,100,000	1,125,000	1,050,000
- Dividend	4,276,814	5,273,666	4,276,814	5,273,666
Directors :				
- Managerial remuneration	2,250,000	1,020,000	1,125,000	510,000
- Meeting fee	26,000	27,500	-	21,000
- Dividend	4,090,023	4,630,503	4,090,023	4,630,503
Shareholders - dividend	3,163,883	7,462,479	3,163,883	7,462,479
Executives / key management personnel :				
- Advances (received back) / given - net	-	(51,091)	-	(13,500)
- Remuneration and benefits	-	3,546,967	-	1,863,000

10.1 All transactions with related parties have been carried out on agreed terms and conditions.

## 11. FAIR VALUE MEASUREMENTS

IFRS 13 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measuring fair value of financial instruments.

Information about fair value hierarchy and asset classified under the hierarchy are as follows.

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. drive from prices).
- Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

### 11.1 Fair value of property, plant and equipment

The Company follows the revaluation model for its free hold land, building on free hold land, plant and machinery. The fair value measurement as at March 17, 2022 was performed by K.G Traders (Private) Limited, independent valuer not related to the Company. K.G Traders (Private) Limited is on panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on the panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value of these assets was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In estimating the fair value of free hold land, building on free hold land, plant and machinery the highest and best use of these assets is their current

	----- (Unaudited) -----		
	December 31, 2022		
	Level 1	Level 2	Level 3
	-----Rupees-----		
<b>Property, plant and equipment</b>			
Freehold lands	-	74,880,000	-
Buildings on freehold lands			
- Factory	-	237,490,955	-
- Residential	-	65,675,382	-
- Plant and machinery	-	1,162,227,871	-
	-	1,540,274,208	-



------(Audited)-----

June 30, 2022

	Level 1	Level 2	Level 3
	-----Rupees-----		
<b>Property, plant and equipment</b>			
Freehold lands	-	74,880,000	-
Buildings on freehold lands			
- Factory	-	362,957,819	-
- Residential	-	118,465,023	-
- Plant and machinery	-	1,971,809,345	-
	-	2,528,112,187	-

Other than this the fair value of all financial assets and financial liabilities are approximate to their carrying value.

There were no transfers between levels during the period

## 12. FINANCIAL RISK MANAGEMENT

The Company's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the annual audited financial statements of the Company as at and for the year ended June 30, 2022.

## 13. DATE OF AUTHORIZATION OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were authorized for issue on \_\_\_\_\_, 2023 by the Board of Directors of the Company.

## 14. FIGURES

Figures have been rounded-off to the nearest rupee except stated otherwise.

Sd/-  
CHIEF EXECUTIVE

Sd/-  
DIRECTOR

Sd/-  
CHIEF FINANCIAL OFFICER

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