

COMPANY INFORMATION

BOARD OF DIRECTORS:

Chairman

Chief Executive

Directors

Mian Muhammad Javed Anwar

Mian Muhammad Pervez

Mr. Muhammad Haris

Mr. Muhammad Aurangzeb

Mrs. Salma Javed

Mrs. Waheeda Pervez

Mr. Raza Abbas Jafferri (Rep. N.I.T)

AUDIT COMMITTEE

Chairman

Members

Mr. Muhammad Aurangzeb

Mrs. Salma Javed

Mrs. Waheeda Pervez

COMPANY SECRETARY:

Mr. Shamsur Rahman

CHIEF FINANCIAL OFFICER

Mr. Sohail Nadeem

HEAD OF INTERNAL AUDIT

Mr. Najeeb Ahmad Khan

AUDITORS

M. Yousuf Adil Saleem & Co.,
Chartered Accountants
Abdali Road, Multan.

BANKERS

Bank Al-Falah Limited
Habib Bank Limited
Bank Al-Habib Limited
Fayçal Bank Limited
United Bank Limited
Allied Bank Limited
MCB Bank Limited
Meezan Bank Limited

REGISTERED / HEAD OFFICE

46 - Hassan Parwana Colony, Multan.

MILLS

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

Ahmad Hassan Textile Mills Ltd.

DIRECTORS' REVIEW

In the Name of Allah the Most Beneficent the Most Merciful

Dear Shareholders,

I am feeling pleasure presenting you the half yearly auditors' reviewed accounts of the company for the period ended December 31, 2009.

OPERATING RESULTS

By the grace of Almighty Allah, during the current six months period under review, the performance of the company was quite satisfactory in a view of its performance in the international market, i.e. attained a level of 63% with reference to export sales as compared to corresponding period i.e. 40%. It is all because of Allah's blessings and the policies of the management towards recognition of its products. However despite of all these factors, the operations of the company could not become positive, which is due to unrealistic phenomenon like unpredictable price of the raw material especially cotton which starts at Rs. 3,200/- per mund in the start of season and currently Rs. 5,200/- per mund. Almost and increase of 62% has been observed, while the prices of finished product do not respond in the same manner. Further load management (5-6 hours on daily basis) has also badly affected the operations of the company. At last but not least the electricity cost which has substantially increased by 50% (i.e. is from Rs. 4.83 to Rs. 7.25 per unit currently), which means around Rs. 10-11 million per month. I would also like to bring in the notice of members of the board of directors that in October-2008 against the tariff increase in electricity filed a case through APTMA against PEPCO. In start, keeping in view of scenario, it was presumed that the said court will pass a order against the said authorities and stopped them to further increase in the electricity tariff as the textile industry was already working under extreme worse conditions but in November-2009 the Supreme Court of Pakistan has passed the judgment against APTMA resultantly Rs. 45 million as a arrears has to been booked by the company. Out of which Rs. 33.625 million pertains to last year that is Rs. 2008-09 which have been booked in the said year and accordingly financials of the last year have been restated accordingly. Further the provision of deferred tax has also been rationalized.

FUTURE OUTLOOK

As on 1st of September-2009, the government of Pakistan as announced a textile policy, according to which 5% rebate on the markups on long term loans, constant supply of electricity and gas to industry has been proposed, which all of this is badly awaited to be implemented. Further yarn prices are consistent and expected to be consistent with the fluctuation of cotton prices, resultantly it will impact on future operating results of concern positively.

ACKNOWLEDGMENT

Your directors place on record their appreciation for the efforts made by the workers and staff of the company for their devotion to work.

Your directors would also like to express their thanks to the financial institution for their support and assistance.

Multan:
Dated: 25.02.2010

On behalf of the Board
Mian Muhammad Javed Anwar
Chairman

**AUDITORS' REPORT TO THE MEMBERS
ON REVIEW OF INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of AHMAD HASSAN TEXTILE MILLS LIMITED (the company) as at December 31, 2009, and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the selected explanatory notes forming part thereof for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed profit and loss account for the quarters ended December 31, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2009 and 2008.

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 Company". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended December 31, 2009 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi

Dated: 25.02.2010

M. YOUSUF ADIL SALEEM & CO.,
CHARTERED ACCOUNTANTS

Ahmad Hassan Textile Mills Ltd.

CONDENSED INTERIM BALANCE SHEET - (UN-AUDITED)

	Note	Unaudited December 31, 2009 Rupees	Audited June 30, 2009 Restated Rupees	Audited June 30, 2008 Restated Rupees
SHARE CAPITAL AND RESERVES				
Authorised capital 20,000,000 Ordinary shares of Rs. 10/- each		200,000,000	200,000,000	200,000,000
Issued, subscribed & paid-up capital		144,082,488	144,082,488	144,082,488
Capital reserve		32,746,284	32,746,284	32,746,284
(Accumulated loss) / Unappropriated profits		(30,256,655)	(20,178,896)	43,297,452
		146,572,117	156,649,876	220,126,224
Surplus on revaluation of property, plant and equipment		515,887,482	527,859,828	552,715,105
NON-CURRENT LIABILITIES				
Long term financing		428,384,428	494,791,294	429,635,358
Long term loan from related parties		105,000,000	105,000,000	90,000,000
Liabilities against assets subject to finance lease		26,516,107	34,099,671	32,548,952
Long term morabaha		87,257,057	107,552,249	94,218,916
Deferred liabilities - taxation		159,746,884	172,188,632	182,970,719
		806,904,476	913,631,846	829,373,945
CURRENT LIABILITIES				
Trade and other payables		278,436,716	180,775,918	130,751,623
Interest / markup accrued on loans		56,384,285	65,383,710	58,414,938
Short term borrowings		1,011,255,219	1,003,870,736	897,128,670
Current portion of long term financing		179,588,204	99,216,423	168,329,082
Provision for taxation		36,576,168	13,303,230	13,182,974
		1,562,240,592	1,362,550,017	1,267,807,287
CONTINGENCIES & COMMITMENTS				
	8			
		3,031,604,667	2,960,691,567	2,870,022,561

The annexed selected notes form an integral part of these condensed interim financial information.

Sd/-
Mian Muhammad Javed Anwar
Chairman

Sd/-
Mian Muhammad Parvez
Chief Executive

Ahmad Hassan Textile Mills Ltd.

AS AT DECEMBER 31, 2009

	Note	Unaudited December 31, 2009 Rupees	Audited June 30, 2009 Restated Rupees	Audited June 30, 2008 Restated Rupees
NON-CURRENT ASSETS				
Property, plant and equipment	7	1,904,786,234	1,949,986,594	2,017,040,206
Long term investment		259,636	259,688	259,792
Long term security deposits		4,582,497	4,582,497	4,582,497
		1,909,628,367	1,954,828,779	2,021,882,495
CURRENT ASSETS				
Stores, spares and loose tools		54,284,739	53,704,769	51,493,295
Stock in trade		713,360,158	688,558,847	582,794,991
Trade debts		303,696,449	233,831,344	161,739,614
Loans and advances		35,838,131	13,585,565	31,891,156
Short term prepayments		3,321,383	-	-
Tax refunds due from government		9,741,698	9,900,838	10,011,745
Other receivables		650,150	4,500,618	744,612
Other financial assets		104	104	8,427,813
Cash and bank balances		1,083,488	1,780,703	1,036,840
		1,121,976,300	1,005,862,788	848,140,066
		<u>3,031,604,667</u>	<u>2,960,691,567</u>	<u>2,870,022,561</u>

Sd/-
Muhammad Haris
Director

Sd/-
Sohail Nadeem
Chief Financial Officer

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT
(UN-AUDITED)**

For the half year ended December 31, 2009

Note	Six Months		Three Months	
	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
	Rupees (July - December)	Restated Rupees	Rupees (October - December)	Restated Rupees
Sales	1,662,822,793	1,401,660,816	854,839,868	476,044,414
Cost of sales	(1,503,455,010)	(1,217,276,734)	(757,032,922)	(405,078,165)
Gross profit	159,367,783	184,384,082	97,806,946	70,966,249
Other operating income	3,067,542	2,938,974	913,347	740,399
	162,435,325	187,323,056	98,720,293	71,706,648
Distribution cost	(56,893,985)	(31,619,427)	(45,251,434)	(23,787,923)
Administrative expenses	(11,106,416)	(11,882,945)	(5,054,557)	(5,699,032)
Other operating expenses	(48,400)	(1,655,012)	(48,400)	(1,655,012)
Finance cost	(118,382,521)	(165,991,611)	(60,359,206)	(87,896,545)
	(186,431,322)	(211,148,995)	(110,713,597)	(119,038,512)
Loss before taxation	(23,995,997)	(23,825,939)	(11,993,304)	(47,331,864)
Provision for taxation	1,945,892	(18,621,988)	6,396,614	(15,121,988)
Loss after taxation	(22,050,105)	(42,447,927)	(5,596,690)	(62,453,852)
Other comprehensive income				
Incremental depreciation arising from revaluation of property, plant and equipment	14,401,956	15,160,279	7,256,354	15,160,279
Income tax relating to component of comprehensive income	(2,429,610)	(2,791,007)	(1,013,822)	(2,791,007)
Other comprehensive income - net off tax	11,972,346	12,369,272	6,242,532	12,369,272
Total comprehensive (loss) / income	10,077,759	(30,078,655)	645,842	(50,084,580)
Earnings per share - basic & diluted	(1.53)	(2.95)	(0.39)	(4.33)

The annexed selected notes form an integral part of these condensed interim financial information.

Sd/-
Mian Muhammad Javed Anwar
Chairman

Sd/-
Mian Muhammad Parvez
Chief Executive

Sd/-
Muhammad Haris
Director

Sd/-
Sohail Nadeem
CFO

CONDENSED INTERIM CASH FLOW STATEMENT - (UN-AUDITED)
For the half year ended December 31, 2009

	Six Months	
	Dec 31, 2009	Dec 31, 2008
	Rupees (July - December)	Restated Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(23,995,997)	(23,825,939)
Adjustments for:		
Depreciation on property, plant and equipment	51,056,473	49,874,834
Provision for staff retirement benefits - gratuity	2,700,000	14,016,046
Gain on disposal of property, plant and equipment	-	(185,780)
Loss on valuation of other financial assets	-	1,602,612
Finance cost	118,382,521	165,991,611
Operating cash flows before movements in working capital	148,142,997	207,473,384
<i>Changes in working capital</i>		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(579,970)	(4,681,567)
Stock in trade	(24,801,311)	(399,069,017)
Trade debts	(69,885,105)	(60,763,555)
Loans and advances	(22,252,566)	(36,401,275)
Short term prepayments	(3,321,383)	(3,120,182)
Other receivables	3,850,468	2,231,240
Tax refunds due from government	159,140	-
Increase in current liabilities: Trade & other payables	97,660,798	50,515,419
	(19,149,929)	(451,288,937)
Cash used in operations	128,993,068	(243,815,553)
Income tax paid	12,777,082	(6,474,096)
Gratuity paid	(2,700,000)	(5,186,922)
Finance cost paid	(127,381,946)	(151,430,830)
Net cash generated from / (used in) operating activities	11,688,204	(406,907,401)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,856,113)	(20,697,058)
Other financial assets	-	514,774
Long term investment redeemed	52	104
Proceeds from disposal of property, plant & equipment	-	1,474,722
Net cash used in investing activities	(5,856,061)	(18,707,458)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	-	(3,132,589)
Long term financing repaid	(6,330,277)	(41,435,300)
Lease finance - net	(7,583,564)	(19,660,512)
Short term borrowings - net	7,384,483	493,344,518
Net cash (used in)/ generated from financing activities (C)	(6,259,358)	429,116,117
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(697,215)	3,501,258
Cash and cash equivalents at the beginning of the period	1,780,703	1,036,840
Cash and cash equivalents at the end of the period	1,083,488	4,538,098

The annexed selected notes form an integral part of these condensed interim financial information

Sd/- Mian Muhammad Javed Anwar Chairman	Sd/- Mian Muhammad Parvez Chief Executive	Sd/- Muhammad Haris Director	Sd/- Sohail Nadeem CFO
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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY -
(UN-AUDITED)**

For the half year ended December 31, 2009

	Share Capital	Capital Reserve	(Accumulated loss)/ Unappropriated Profit	Total
(R U P E E S)				
Balance as at July 01, 2008	144,082,488	32,746,284	106,063,245	282,892,017
Effect of prior period error as per note 9	-	-	(62,765,793)	(62,765,793)
Balance at July 1, 2008 - restated	144,082,488	32,746,284	43,297,452	220,126,224
Total comprehensive loss for the period ended December 31, 2008 - restated	-	-	(30,078,655)	(30,078,655)
Balance as at December 31, 2008	144,082,488	32,746,284	13,218,797	190,047,569
Total comprehensive loss for the period ended June 30, 2009 - restated	-	-	(33,397,693)	(33,397,693)
Balance as at June 30, 2009	144,082,488	32,746,284	(20,178,896)	156,649,876
Total comprehensive loss for the period ended December 31, 2009	-	-	(10,077,759)	(10,077,759)
Balance as at December 31, 2009	144,082,484	32,746,284	(30,256,655)	146,572,117

The annexed selected notes form an integral part of these condensed interim financial information.

Sd/-
Mian Muhammad Javed Anwar
Chairman

Sd/-
Mian Muhammad Parvez
Chief Executive

Sd/-
Muhammad Haris
Director

Sd/-
Sohail Nadeem
CFO

**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
For the half year ended December 31, 2009**

GENERAL INFORMATION

1. Ahmed Hassan Textile Mills Limited (the Company) was incorporated in Pakistan on 03 December, 1989 as a Public Limited Company under the Companies Ordinance 1984. Its shares are quoted on all Stock Exchanges in Pakistan. It is principally engaged in the manufacture and sale of yarn and fabric. The registered office of the Company is situated in Multan and the Mills is located at District Muzaffargarh in the province of Punjab.
2. These condensed interim financial information are presented in Pak Rupees, which is the Company's functional and presentation currency.
3. The interim financial information have been prepared under the historical cost convention modified by:-
 - revaluation of certain property, plant and equipment
 - certain financial instruments at fair value
4. These condensed interim financial information are unaudited but subject to limited scope review by external auditors of the company. In accordance with the requirements of clause (xxi) of the Code of Corporate Governance and they have issued their review report thereon and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and also presented in accordance with the listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges. These condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.
5. The accounting policies and methods of computation followed in the preparation of the six month condensed interim financial information are the same as those of the published annual audited financial statements for the year ended June 30, 2009. These condensed interim financial information do not include all of the information required for annual audited financial statements and therefore should be read in conjunction with the annual audited financial statements of the company for the year ended June 30, 2009.

In the current period, the Company has adopted following Standards issued by the IASB and as notified by the Securities and Exchange Commission of Pakistan that are relevant to its operations and effective for Company's accounting period beginning on July 01, 2009:-

***Effective for accounting period
beginning on or after***

- | | |
|----------------------------------------|------------------|
| - IAS 1 (revised) | |
| - Presentation of Financial Statements | January 01, 2009 |
| - IFRS 8 Operating Segments | January 01, 2009 |

Ahmad Hassan Textile Mills Ltd.

Adoption of above mentioned standards will have no impact on the company's condensed interim financial information except certain additional disclosures.

6. The Company has restated certain prior period information in accordance with the requirements of IAS-8 "Accounting policies, change in accounting estimates and errors". The resulting adjustments have been shown in note 9.

7. PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited Dec. 31, 2009 Rupees	Audited Jun. 30, 2009 Rupees
Operating assets	7.1	1,904,742,216	1,949,986,594
Capital work in progress		44,018	-
		<u>1,904,786,234</u>	<u>1,949,986,594</u>
7.1 Operating Assets			
Opening carrying value		1,949,986,594	1,923,000,949
Additions during the period/year:			
Owned			
Cost			
Plant and machinery		5,764,105	46,648,608
Grid Station		38,000	64,747,312
Office equipments		9,900	217,100
Building on freehold land - mills		-	19,245,374
Electric installations		-	75,000
Factory equipment		-	222,000
Vehicles		-	6,416,533
		5,812,095	137,571,927
Carrying value of assets disposed-off during the period/year		-	(7,084,777)
Depreciation charge for the period/year		(51,056,473)	(103,501,505)
Closing carrying value		<u>1,904,742,216</u>	<u>1,949,986,594</u>

8. CONTINGENCIES AND COMMITMENTS

Contingencies

There is no material change in the status of contingencies as disclosed in the published annual audited financial statements for the year ended June 30, 2009.

Commitments

Foreign bills discounted	52,251,000	23,260,000
Capital expenditure	705,982	-
Letters of credit other than for capital expenditure	90,000,000	-

9. RESTATEMENT OF FINANCIAL INFORMATION

The comparative financial information has been restated due to following reasons:-

On October 31, 2009, Multan Electric Power Company charged to the company an arrear amount of Rs. 33.625 million on account of change in electricity tariff effective from September 01, 2008. The aforesaid amount of arrears pertaining to financial year ended 2008-2009.

There were some errors in calculation of deferred tax asset / liability relating to charge of accelerated tax depreciation, amount of assessed losses and incremental depreciation on revaluation of property, plant and equipment.

The management has accounted for the above adjustments with retrospective effect and comparative information has been restated in accordance with the treatment specified in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Error".

9.1 The effect of retrospective restatement on profit and loss account for the quarter and six months ended December 31, 2008 is given below:-

 Six Months Three Months.....	
	Dec. 31, 2008	Dec. 31, 2008	Dec. 31, 2008	Dec. 31, 2008
	Rupees	Rupees	Rupees	Rupees
	(July - December)		(October - December)	
	As earlier reported	Restated Amount	As earlier reported	Restated Amount
Cost of sales	1,206,370,762	1,217,276,734	394,172,193	405,078,165
Deferred tax charge for the period	-	13,046,506	-	13,046,506
Loss after taxation for the period	(18,495,449)	(42,447,927)	(38,501,374)	(62,453,852)
Earnings per share				
- Basic and diluted	(1.28)	(2.95)	(2.67)	(4.33)

9.2 The effect of retrospective restatement on Balance sheet for 2009 and 2008 is given below:-

	June 30, 2009	June 30, 2009	June 30, 2008	June 30, 2008
	Rupees	Rupees	Rupees	Rupees
	As earlier reported	Restated Amount	As earlier reported	Restated Amount
Net deferred tax liability	118,561,055	172,188,632	120,204,926	182,970,719
Surplus on revaluation of property, plant and equipment	513,750,750	527,859,828	552,715,105	552,715,105
Trade and other payables	147,150,660	180,775,918	130,751,623	130,751,623
Unappropriated profit	81,183,017	(20,178,896)	106,063,245	43,297,452

9.3 The effect of retrospective restatement on statement of changes in equity for 2009 and 2008 is given below:-

	As earlier reported	Restated
	Rupees	Rupees
(Accumulated loss) / Unappropriated profit		
June 30, 2009	81,183,017	(20,178,896)
December 31, 2008	99,893,350	13,218,797
June 30, 2008	106,063,245	43,297,452

Ahmad Hassan Textile Mills Ltd.

10. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertaking and directors of the company. The significant transactions with related parties are as follows: -

Relationship with the Company	Nature of Transaction	Six Months	
		December 31, 2009 Rupees (July - December)	December 31, 2008 Rupees
An associated company	Purchase of goods & services	66,531,829	206,712,756
Directors	Short-term employee benefits	990,000	990,000

11. DATE OF AUTHORIZATION OF INTERIM FINANCIAL INFORMATION

These condensed interim financial statements were authorised for issue by the Board of Directors of the company on 25.02.2010.

12. GENERAL

Figures have been rounded off to the nearest Rupee.

Sd/-
Mian Muhammad Javed Anwar
Chairman

Sd/-
Mian Muhammad Parvez
Chief Executive

Sd/-
Muhammad Haris
Director

Sd/-
Sohail Nadeem
CFO
