

ALLAWASAYA

TEXTILE & FINISHING MILLS LIMITED
MULTAN



FINANCIAL STATEMENTS

(AUDITORS' REVIEWED)

For the half year ended
December 31, 2015



COMPANY PROFILE

BOARD OF DIRECTORS

Mian Muhammad Jamil	- Chairman
Mian Tanvir Ahmad Sheikh	- Chief Executive/ M.D.
Mrs. Nusrat Jamil	- Director
Mian Anis Ahmad Sheikh	- Director
Mian Tauqir Ahmad Sheikh	- Director
Mian Muhammad Bilal Ahmad Sheikh	- Director
Mian Muhammad Alamgir Jamil Khan	- Director
Mian Muhammad Umar Farooq Sheikh	- Director
Mr. Javed Musarrat	- Director

AUDIT COMMITTEE

Mian Anis Ahmad Sheikh	- Chairman
Mrs. Nusrat Jamil	- Member
Mr. Javed Musarrat	- Member

CHIEF FINANCIAL OFFICER

Sohail Nadeem

COMPANY SECRETARY

Muhammad Ismail

AUDITORS

Deloitte Yousuf Adil Chartered Accountants, Karachi

BANKERS

M/s Habib Bank Limited
M/s Bank AL Habib Limited
M/s Habib Metropolitan Bank Limited
M/s United Bank Limited

REGISTERED OFFICE

Allawasaya Square,
Mumtazabad Industrial Area,
Vehari Road, Multan



DIRECTORS' REVIEW

Dear Shareholders,

Your Directors present before you the Auditors' Reviewed Financial Statements of your Company for the Half Year ended December 31, 2015.

The period under report was difficult for the entire Spinning Industry in the country and your Company also suffered due to same. The overall global demand for yarn slackened depressing its market prices while there was increase in prices of raw material, salaries & wages. The short fall in local crop of cotton further enhanced the crises. The prices of yarn decreased substantially resulting in Net Pre-Tax Loss of (Rs.33,789,063) for the Six Months period.

The total sales amounted to Rs. 834,345,441 as compared to Rs. 886,380,762 last year. The gross profit was Rs. 6,134,777 as compared to Rs. 26,709,947 last year and the net Loss after providing for Tax amounted to (Rs.25,845,576) for the Half Year ended December 31, 2015 as compared to (Rs.17,806,620) last year.

Your Directors hope for overall improvement in the market conditions enabling your Company to perform better in the remaining period of the current financial year to end on June 30, 2016.

On behalf of the Board

Sd/-

Mian Muhammad Jamil
Chairman

Place: Multan

Dated: 24.02.2016



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

INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of **ALLAWASAYA TEXTILE & FINISHING MILLS LIMITED** (the Company) as at December 31, 2015, the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month 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 interim profit and loss account for the quarters ended December 31, 2015 and December 31, 2014 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2015.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the person 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, 2015 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

DELOITTE YOUSUFADIL

Chartered Accountants

Engagement Partner:

Nadeem Yousuf Adil

Karachi.

Dated: 24.02.2016



CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2015

ASSETS	Note	(Un-audited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
Non-current assets			
Property, plant and equipment	4	740,281,287	756,874,934
Long term deposits		2,379,997	2,379,997
		742,661,284	759,254,931
Current assets			
Stores and spares		14,590,947	12,464,011
Stock-in-trade		187,238,339	179,580,729
Trade debts		168,517,437	150,542,150
Loans and advances		19,978,398	21,992,635
Trade deposits and prepayments		2,723,949	624,662
Tax refunds due from government		6,184,558	5,060,132
Cash and bank balances		6,285,160	8,439,236
		405,518,788	378,703,555
Total assets		1,148,180,072	1,137,958,486
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
1,000,000 (June 30, 2015: 1,000,000)			
ordinary shares of Rs. 10 each		10,000,000	10,000,000
Issued, subscribed and paid up capital			
800,000 (June 30, 2015: 800,000)			
ordinary shares of Rs. 10/- each		8,000,000	8,000,000
Reserves		82,668,746	82,668,746
Unappropriated profit		185,162,212	204,822,116
		275,830,958	295,490,862
Surplus on revaluation of property, plant and equipment		451,119,260	457,304,932
Non-current liabilities			
Deferred tax		93,876,080	110,163,021
		93,876,080	110,163,021
Current liabilities			
Trade and other payables		158,654,185	117,065,884
Accrued markup		1,755,913	3,575,026
Short-term borrowings		158,600,222	136,767,116
Provision for taxation		8,343,454	17,591,645
		327,353,774	274,999,671
Total equity and liabilities		1,148,180,072	1,137,958,486

Contingencies and commitments

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The annexed selected notes 1 to 11 form an integral part of this condensed interim financial information.

Sd/-
Mian Tanvir Ahmad Sheikh
Chief Executive Officer

Sd/-
Mian Muhammad Alamgir Jamil Khan
Director

Sd/-
Sohail Nadeem
Chief Financial Officer



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
(UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2015**

	----- Six months ended -----		----- Three months ended -----	
	December 31 2015	December 31 2014	December 31 2015	December 31 2014
<i>Note</i>	----- Rupees -----			
Sales	834,345,441	886,380,762	440,019,655	450,192,737
Cost of goods sold	7. (828,210,664)	(859,670,815)	(435,050,468)	(446,830,857)
Gross profit	6,134,777	26,709,947	4,969,187	3,361,880
Other income	-	70,305	-	39,114
	6,134,777	26,780,252	4,969,187	3,400,994
Distribution cost - commission	(4,471,359)	(5,327,274)	(1,329,026)	(2,715,625)
Administrative expenses	(31,194,258)	(30,393,868)	(13,993,532)	(15,194,619)
Other operating expenses	-	(44,061)	-	264,247
Finance cost	(4,258,223)	(4,920,811)	(1,841,135)	(3,820,686)
	(39,923,840)	(40,686,014)	(17,163,693)	(21,466,683)
Loss before taxation	(33,789,063)	(13,905,762)	(12,194,506)	(18,065,689)
Provision for taxation	7,943,487	(3,900,858)	11,589,676	(1,817,720)
Loss after taxation	(25,845,576)	(17,806,620)	(604,830)	(19,883,409)
Other comprehensive income	-	-	-	-
Total comprehensive income	(25,845,576)	(17,806,620)	(604,830)	(19,883,409)
Loss per share - Basic and diluted	(32.31)	(22.26)	(0.76)	(24.85)

The annexed selected notes 1 to 11 form an integral part of this condensed interim financial information.

Sd/-
Mian Tanvir Ahmad Sheikh
Chief Executive Officer

Sd/-
Mian Muhammad Alamgir Jamil Khan
Director

Sd/-
Sohail Nadeem
Chief Financial Officer



**CONDENSED INTERIM CASH FLOW STATEMENT
(UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2015**

	----- Six months ended -----	
	December 31, 2015 Rupees	December 31, 2014 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(33,789,063)	(13,905,762)
Adjustments for non cash items:		
Depreciation on property, plant and equipment	25,042,191	26,197,496
Provision for staff retirement benefits-gratuity	6,503,514	5,144,716
Profit on bank deposits and long term investment	-	(31,191)
Finance cost	4,258,223	4,920,811
Operating cash flows before movement in working capital	2,014,865	22,326,070
(Increase)/ decrease in current assets		
Stores, spares and loose tools	(2,126,936)	(467,366)
Stock-in-trade	(7,657,610)	(86,265,796)
Trade debts	(17,975,287)	(47,396,299)
Loans and advances	47,772	(648,533)
Trade deposits and prepayments	(2,099,287)	(1,776,684)
Sales tax refundable	(1,124,426)	433,386
Increase/ (decrease) in current liabilities		
Trade and other payables	38,831,535	(8,191,470)
	7,895,761	(144,312,762)
Cash flow/ (used) in operations	9,910,626	(121,986,692)
Income tax paid	(15,625,180)	(12,302,082)
Staff retirement benefits - gratuity paid	(3,674,000)	(7,036,800)
Finance cost paid	(6,077,336)	(3,603,845)
Net cash used in operating activities	(15,465,890)	(144,929,419)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(8,448,544)	(1,032,000)
Proceeds on redemption of long-term investment	-	259,272
Profit on long term investment	-	31,191
Net cash used in investing activities	(8,448,544)	(741,537)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing repaid	-	(8,173,920)
Short term borrowings - net	21,833,106	162,793,364
Dividend paid	(72,748)	(8,079,479)
Net cash from financing activities	21,760,358	146,539,965
Net increase in cash and cash equivalents (A+B+C)	(2,154,076)	869,009
Cash and cash equivalents at beginning of the period	8,439,236	1,430,271
Cash and cash equivalents at end of the period	6,285,160	2,299,280

The annexed selected notes 1 to 11 form an integral part of this condensed interim financial information.

Sd/-
Mian Tanvir Ahmad Sheikh
Chief Executive Officer

Sd/-
Mian Muhammad Alamgir Jamil Khan
Director

Sd/-
Sohail Nadeem
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2015**

Share capital	Reserves			Total	
	Capital	Revenue			
	Tax holiday reserve	General reserve	Accumulated profit/(loss)		
----- Rupees -----					
Balance as at July 01, 2014	8,000,000	2,668,746	80,000,000	216,023,031	306,691,777
Loss for the period	-	-	-	(17,806,620)	(17,806,620)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period ended December 31, 2014	-	-	-	(17,806,620)	(17,806,620)
Transactions with owners:					
Dividend for the year ended June 30, 2014 @ 10.25/share	-	-	-	(8,200,000)	(8,200,000)
Transfer from surplus on revaluation of property plant and equipment on account of incremental depreciation	-	-	-	9,708,211	9,708,211
Balance as at December 31, 2014	8,000,000	2,668,746	80,000,000	199,724,622	290,393,368
Balance as at July 01, 2015	8,000,000	2,668,746	80,000,000	204,822,116	295,490,862
Loss for the period	-	-	-	(25,845,576)	(25,845,576)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period ended December 31, 2015	-	-	-	(25,845,576)	(25,845,576)
Transfer from surplus on revaluation of property plant and equipment on account of incremental depreciation	-	-	-	6,185,672	6,185,672
Balance as at December 31, 2015	8,000,000	2,668,746	80,000,000	185,162,212	275,830,958

The annexed selected notes 1 to 11 form an integral part of this condensed interim financial information.

Sd/-
Mian Tanvir Ahmad Sheikh
Chief Executive Officer

Sd/-
Mian Muhammad Alamgir Jamil Khan
Director

Sd/-
Sohail Nadeem
Chief Financial Officer



**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2015**

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Allwaysaya Textile & Finishing Mills Limited (the Company) was incorporated in Pakistan on December 03, 1958 as a private limited company. It was converted into a public limited company in 1965 under the Companies Act 1913 (now Companies Ordinance, 1984). Its shares are quoted on Pakistan Stock Exchange (formerly Karachi, Lahore and Islamabad Stock Exchanges). It is principally engaged in the manufacture and sale of yarn. The registered office and mill of the Company is situated in Multan (province of Punjab).
Finishing plant of the Company was closed in 1978 due to its obsolete machinery.
- 1.2** This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

2. BASIS OF PREPRATION

- 2.1** This condensed interim financial information of the Company for the six-month period ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2** This condensed interim financial information does 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, 2015. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2015 whereas comparative profit and loss account, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited condensed interim financial information for the six months ended on December 31, 2014.
- 2.3** This condensed interim financial information is un-audited. However, a limited scope review has been performed by the statutory auditors of the Company in accordance with the clause (xix) of the Code of Corporate Governance and they have issued their review report thereon.

3. ACCOUNTING POLICIES AND ESTIMATES

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 30 June 2015. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2015, which donot have any impact on this condensed interim financial information except for IFRS 13 Fair Value Measurement.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of this standard does not have an impact on this condensed interim financial information except certain additional disclosures.



The different levels by valuation methods have been defined below:

Level 1 - Quoted prices (unadjusted) in active markets 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 (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

	<i>(Un-audited)</i> December 31, 2015 <i>Rupees</i>	<i>(Audited)</i> June 30, 2015 <i>Rupees</i>
4. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	744,820,834	793,848,822
Additions during the period / year:		
Freehold land	1,340,000	2,360,000
Electric installation	-	1,000,000
Office equipment	75,000	-
Weighing scale	13,000	32,000
Vehicles	19,074,644	-
	20,502,644	3,392,000
Capital work in process	-	12,054,100
Depreciation charge for the period/year	<u>(25,042,191)</u>	<u>(52,419,988)</u>
Closing book value	<u>740,281,287</u>	<u>756,874,934</u>

5. FAIR VALUE OF SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Company follows the revaluation model for its free hold Land, Building on Free Hold Land, Plant and machinery, Generator and Electric Installations. The fair value measurement as at June 29, 2013 was performed by KG Traders (Private) Limited, independent valuer not related to the Company. KG Traders (Private) Limited is on panel of Pakistan Banks Association as Any Amount asset valuator. It is also on 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 the office premises 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, Generator and Electric Installations, the highest and best use of these premises is their current use.

The revaluation resulted in a further surplus of Rs. 549 million. Out of the total revaluation surplus of Rs. 597 million, Rs. 451 million net of deferred tax (June 2015: Rs. 457 million) remains undepreciated as at December 31, 2015.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of these properties, therefore, management believes that the carrying value of 'office premises' approximate its fair market value.



Allwaysaya Textile & Finishing Mills Limited

Details of the Company's free hold land, building on free hold land, plant and machinery, generator and electric installations about fair value hierarchy as at December 31, 2015 are as follows:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<i>-----Rupees-----</i>				
Free Hold Land	-	288,600,000	-	288,600,000
Building on Free Hold Land	-	87,282,710	-	87,282,710
Plant and Machinery	-	256,039,137	-	256,039,137
Generator	-	74,020,217	-	74,020,217
Electric Installations	-	5,279,038	-	5,279,038
Total	-	711,221,102	-	711,221,102

There were no transfers between levels of fair value hierarchy during the year.

Had there been no revaluation, the related figures of property, plant and equipment would have been as follows:

	<i>(Un-audited)</i> <i>December 31,</i> <i>2015</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2015</i> <i>Rupees</i>
Free Hold Land	5,335,834	3,995,834
Building on Free Hold Land	8,823,789	9,288,199
Plant and Machinery	103,676,430	109,133,084
Generator	65,445,107	68,889,586
Electric Installations	5,018,565	5,425,476
	188,299,725	196,732,179

6. CONTINGENCIES AND COMMITMENTS

6.1 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, 2015.

6.2 Commitments

Guarantees issued by commercial banks on behalf of the company outstanding as at December 31, 2015 were for Rs. 30 million (June 30, 2015 Rs. 30 million).



7. COST OF GOODS SOLD

	----- Six months ended -----		----- Three months ended -----	
	December 31 2015	December 31 2014	December 31 2015	December 31 2014
	----- Rupees -----			
Raw material consumed	540,771,824	605,113,498	292,795,486	328,985,583
Salaries, wages and benefits	95,457,732	75,620,083	45,449,556	40,937,128
Store and spares consumed	16,977,977	19,771,120	8,337,651	11,388,467
Packing material consumed	13,477,574	12,989,310	6,946,364	7,224,203
Fuel and power	140,518,140	133,295,030	75,824,073	73,901,008
Repair and maintenance	1,209,042	459,964	625,044	147,021
Insurance expenses	2,003,964	1,823,072	919,620	911,536
Depreciation	22,675,777	25,210,934	11,337,942	12,617,969
	<u>833,092,030</u>	<u>874,283,011</u>	<u>442,235,736</u>	<u>476,112,915</u>
Adjustment of work in progress	(74,032)	6,235,938	(966,745)	2,732,652
Cost of goods manufactured	<u>833,017,998</u>	<u>880,518,949</u>	<u>441,268,991</u>	<u>478,845,567</u>
Adjustment of finished goods	(4,807,334)	(20,848,134)	(6,218,523)	(32,014,710)
Cost of goods sold	<u><u>828,210,664</u></u>	<u><u>859,670,815</u></u>	<u><u>435,050,468</u></u>	<u><u>446,830,857</u></u>

8. RELATED PARTY TRANSACTIONS

8.1 The related parties comprise associated undertakings, directors and key personnel. The company in normal course of business carries out transactions with various related parties. Transactions with related parties are as follows:

	----- Unaudited -----			
	---- Six months ended ----		---- Three months ended ----	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Rupees			
Transactions with directors and key personnel				
Remuneration of chief executive officer, directors and executives	6,988,284	5,400,000	3,494,142	2,700,000

8.2 During the period ended December 31, 2015 an amount of Rs. 648,900 was receivable from M/S Allwaysaya Spinning Mills(Private) Limited, a related party, in respect of yarn sold to the company. All transactions with related parties have been carried out on agreed terms and conditions.

9. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015.



10. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information were authorized for issue on February 24, 2016 by the Board of Directors of the Company.

11. GENERAL

Figures in the condensed interim financial information have been rounded-off to the nearest rupee except stated otherwise.

Sd/-
Mian Tanvir Ahmad Sheikh
Chief Executive Officer

Sd/-
Mian Muhammad Alamgir Jamil Khan
Director

Sd/-
Sohail Nadeem
Chief Financial Officer

Brand Name "Gumbad"



www.allawasaya.com

ALLAWASAYA TEXTILE & FINISHING MILLS LIMITED

Allawasaya Square, Mumtazabad Industrial Area,
Vehari Road, Multan, Pakistan.

Phone: (061) 4233624-26

Fax: (061) 6525202

Website: www.allawasaya.com

E-mail: atm@allawasaya.com