

ALLAWASAYA

TEXTILE & FINISHING MILLS LIMITED
MULTAN



FINANCIAL STATEMENTS

(AUDITORS' REVIEWED)

For the half year ended
December 31, 2016



COMPANY PROFILE

BOARD OF DIRECTORS

Mian Muhammad Jamil	- Chairman
Mian Tanvir Ahmad Sheikh	- Chief Executive/ M.D.
Mrs. Nusrat Jamil	- Director
Mian Tauqir Ahmad Sheikh	- Director
Mian Anis 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

SHARES REGISTRAR

M/s Hameed Majeed Associates (Pvt) Limited,
H.M. House, 7-Bank Square, Lahore.



DIRECTORS' REVIEW

Dear Shareholders,

Your Directors present before you the Auditors' Reviewed Financial Statements of your Company for the Half Year ended December 31, 2016.

Performance of your Company during the period under report was better than its performance for the same period last year. For the time being, exports are not picking up due to high cost of production and facing challenges in the international market. However better position is expected in near future due to Textile Package announced by the Government. Other leading factor which is affecting the performance of Textile Spinning Sector is the Cotton Shortage world over and the resultant high prices of all raw materials. However, improvement in the yarn rates is being witnessed thereby the overall position of Textile Industry is expected to improve.

The total sales, for the period, amounted to Rs. 995,502,842 as compared to Rs. 834,345,441 last year. The gross profit was Rs. 24,385,918 as compared to Rs. 6,134,777 last year and the net Loss after providing for Tax amounted to (Rs. 18,542,962) for the Half Year ended December 31, 2016 as compared to (Rs. 25,845,576) last year.

Your Directors hope that overall performance of the Company will improve in the remaining period of the current financial year to end on June 30, 2017.

On behalf of the Board

Sd/-

Mian Muhammad Jamil
Chairman

Place: Multan

Dated: 23.02.2017



ڈائریکٹران کا جائزہ

محترم حصص داران!

آپ کے ڈائریکٹر کمپنی کے پڑتال و جائزہ شدہ مالیاتی نتائج برائے نصف سال مختتمہ 31 دسمبر 2016ء پیش کرتے ہیں۔

پیش کردہ ششماہی مالیاتی رپورٹ کے دورانہ میں کمپنی کی کارکردگی پچھلے سال کی کارکردگی سے کافی بہتر رہی۔ فی الوقت پیداوار کی بڑھتی ہوئی لاگت اور بین الاقوامی مارکیٹ کے چیلنجوں کی وجہ سے برآمدات نہیں بڑھ رہی ہیں۔ تاہم مستقبل قریب میں حکومت کے اعلان کردہ ٹیکسٹائل پیکیج کی وجہ سے بہتری کی امید نظر آرہی ہے۔ مزید برآں دنیا بھر میں کاشن کی کم پیداوار بھی ٹیکسٹائل سپننگ سیکٹر کو متاثر کر رہی ہے اور اس کے نتیجے میں تمام خام مال کے نرخوں میں بھی اضافہ ہوا ہے۔ تاہم دھاگے کے نرخوں میں بہتری کا مشاہدہ کیا گیا ہے جس کی وجہ سے ٹیکسٹائل انڈسٹری میں بہتری کی توقع کی جاتی ہے۔

مالی سال 2016-2017 کی ششماہی مختتمہ 31 دسمبر 2016ء میں کمپنی کی آمدن (سیلز) مبلغ 995,502,842 روپے تھی جو کہ پچھلے سال مبلغ 834,345,441 روپے تھی۔ ابتدائی منافع مبلغ 24,385,918 روپے تھا جو کہ پچھلے سال مبلغ 6,134,777 روپے تھا۔ مالی سال 2016-2017 کی ششماہی مختتمہ 31 دسمبر 2016ء کمپنی کا بعد از ٹیکس خسارہ مبلغ 18,542,962 روپے ہے جو کہ پچھلے سال مبلغ 25,845,576 روپے تھا۔

آپ کے ڈائریکٹران امید کرتے ہیں کہ کمپنی 30 جون 2017ء میں اختتام ہونے والے مالیاتی سال کے بقایا مدت میں مجموعی طور پر بہتر نتائج حاصل کرے گی۔

بحکم بورڈ آف ڈائریکٹرز

دستخط

میاں محمد جمیل - چیئرمین

ملتان - بتاریخ 23 فروری 2017ء



**AUDITORS' REPORT TO THE MEMBERS ON REVIEW
OF 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, 2016, the related condensed interim profit and loss account, condensed interim cash flow statement, and condensed interim statement of changes in equity and notes to the accounts 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 interim profit and loss account for the quarters ended December 31, 2016 and December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2016.

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 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, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

DELOITTE YOUSUF ADIL
Chartered Accountants
Engagement Partner:
Nadeem Yousuf Adil
Karachi.

Dated: 23.02.2017



Allawasaya Textile & Finishing Mills Limited

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2016**

ASSETS	Note	(Un audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	4	887,315,489	890,476,175
Long term deposits		2,379,997	2,379,997
		889,695,486	892,856,172
CURRENT ASSETS			
Stores, spares and loose tools		21,664,253	11,994,464
Stock in trade		306,544,567	252,639,869
Trade debts		165,245,895	146,100,238
Loans and advances		26,901,607	33,311,449
Trade deposits and prepayments		12,182,149	533,025
Tax refunds due from government		15,509,676	6,903,805
Cash and bank balances		2,805,936	3,224,064
		550,854,083	454,706,914
TOTAL ASSETS		1,440,549,569	1,347,563,086
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
1,000,000 (June 30, 2016: 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, 2016: 800,000) ordinary shares of Rs. 10 each		8,000,000	8,000,000
Capital reserves		2,668,746	2,668,746
Revenue reserves		80,000,000	80,000,000
Unappropriated profits		164,292,852	178,237,663
		254,961,598	268,906,409
Surplus on revaluation of property, plant and equipment		571,036,369	575,634,520
NON-CURRENT LIABILITIES			
Deferred tax		114,134,854	119,794,403
CURRENT LIABILITIES			
Trade and other payables		97,782,640	90,465,764
Accrued markup		5,531,757	4,963,575
Short term borrowings		387,147,323	271,066,846
Provision for taxation		9,955,028	16,731,569
		500,416,748	383,227,754
TOTAL EQUITY AND LIABILITIES		1,440,549,569	1,347,563,086
Contingencies and commitments	5		

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 & THREE MONTHS PERIOD ENDED DECEMBER 31, 2016**

	----- Six months period ended -----		----- Three months period ended -----	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Note	----- Rupees -----			
Sales - net	995,502,842	834,345,441	510,178,573	440,019,655
Cost of goods sold	6 (971,116,924)	(828,210,664)	(501,283,523)	(435,050,468)
Gross profit	24,385,918	6,134,777	8,895,050	4,969,187
Other income	254,552	-	254,552	-
	24,640,470	6,134,777	9,149,602	4,969,187
Distribution and marketing expenses	(5,931,064)	(4,471,359)	(1,946,716)	(1,329,026)
Administrative expenses	(23,186,378)	(31,194,258)	(11,147,636)	(13,993,532)
Finance cost	(9,770,511)	(4,258,223)	(5,631,059)	(1,841,135)
	(38,887,953)	(39,923,840)	(18,725,411)	(17,163,693)
Loss before taxation	(14,247,483)	(33,789,063)	(9,575,809)	(12,194,506)
Taxation	(4,295,479)	7,943,487	(4,075,764)	11,589,676
Loss after taxation	(18,542,962)	(25,845,576)	(13,651,573)	(604,830)
Other comprehensive income	-	-	-	-
Total comprehensive income	(18,542,962)	(25,845,576)	(13,651,573)	(604,830)
Earnings per share - basic and diluted	(23.18)	(32.31)	(17.06)	(0.76)

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



Allawasaya Textile & Finishing Mills Limited

**CONDENSED INTERIM CASH FLOW STATEMENT
(UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2016**

	----- Six months period ended -----	
	December 31, 2016 Rupees	December 31, 2015 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(14,247,483)	(33,789,063)
Adjustments for non cash items:		
Depreciation on property, plant and equipment	16,342,595	25,042,191
Provision for staff retirement benefits gratuity	7,045,683	6,503,514
Profit on disposal of property, plant and equipment	(254,552)	-
Finance cost	9,770,511	4,258,223
Operating cash flows before movement in working capital	18,656,754	2,014,865
(Increase)/decrease in current assets		
Stores, spares and loose tools	(9,669,789)	(2,126,936)
Stock in trade	(53,904,698)	(7,657,610)
Trade debts	(19,145,657)	(17,975,287)
Loans and advances	4,929	47,772
Trade deposits and prepayments	(11,649,124)	(2,099,287)
Sales tax refundable	(7,466,799)	(1,124,426)
Increase/(decrease) in current liabilities		
Trade and other payables	7,512,393	38,831,535
	(94,318,745)	7,895,761
Net cash (used in)/generated from operations	(75,661,991)	9,910,626
Income tax paid	(11,065,728)	(15,625,180)
Staff retirement benefits - gratuity paid	(7,241,200)	(3,674,000)
Finance cost paid	(9,202,329)	(6,077,336)
Net cash used in operating activities	(103,171,248)	(15,465,890)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(13,327,357)	(8,448,544)
Net cash used in investing activities	(13,327,357)	(8,448,544)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	116,080,477	21,833,106
Dividend paid	-	(72,748)
Net cash generated from financing activities	116,080,477	21,760,358
Net decrease in cash and cash equivalents (A+B+C)	(418,128)	(2,154,076)
Cash and cash equivalents at beginning of the period	3,224,064	8,439,236
Cash and cash equivalents at end of the period	2,805,936	6,285,160

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, 2016**

Issued, subscribed and paid up capital	Reserves			Total
	Capital	Revenue		
	Tax holiday reserve	General reserve	Unappropriated profits	

----- Rupees -----

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 six months 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 (net of deferred tax)	-	-	-	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
Balance as at July 01, 2016	8,000,000	2,668,746	80,000,000	178,237,663	268,906,409
Loss for the period	-	-	-	(18,542,962)	(18,542,962)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the six months period ended December 31, 2016	-	-	-	(18,542,962)	(18,542,962)
Transfer from surplus on revaluation of property plant and equipment on account of incremental depreciation (net of deferred tax)	-	-	-	4,598,151	4,598,151
Balance as at December 31, 2016	8,000,000	2,668,746	80,000,000	164,292,852	254,961,598

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, 2016**

1. THE COMPANY AND ITS OPERATIONS

1.1 Allawasaya 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 Limited. It is principally engaged in the manufacture and sale of yarn. The registered office and mill of the Company is situated at Multan in the 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 PREPARATION

2.1 This condensed interim financial information of the Company for the six months period ended December 31, 2016 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 and 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, 2016. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2016 whereas comparative profit and loss account, comparative statement of changes in equity and comparative cash flow statement are extracted from un-audited condensed interim financial information for the six months period ended on December 31, 2015.

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 5.19.13. (b) of Pakistan Stock Exchange Limited Rule Book 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 judgments 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 annual financial statements of the Company for the year ended June 30, 2016.



Allwasaya Textile & Finishing Mills Limited

	<i>(Un audited)</i> December 31, 2016 Rupees	<i>(Audited)</i> June 30, 2016 Rupees
4. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	890,476,175	744,820,834
Additions during the period/year		
Freehold land	-	1,340,000
Plant & machinery	13,314,357	-
Electric installation	-	525,000
Office equipment	-	75,000
Weighing scale	13,000	13,000
Vehicles	-	19,074,644
	13,327,357	21,027,644
Disposals during the period/year	(145,448)	(794,592)
Revaluation Adjustment	-	153,751,741
Depreciation charge for the period/year	(16,342,595)	(28,329,452)
Closing book value	<u>887,315,489</u>	<u>890,476,175</u>

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no material change in the status of contingencies as disclosed in the published annual financial statements of the Company for the year ended June 30, 2016.

5.2 Commitments

Guarantees issued by Commercial Banks on behalf of the Company outstanding as at December 30, 2016 were for Rs. 30 million (June 30, 2016: Rs. 30 million).

6. COST OF GOODS SOLD

	----- Six months ended -----		----- Three months ended -----	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- Rupees -----			
Raw material consumed	649,699,854	540,771,824	341,179,417	292,795,486
Salaries, wages and benefits	106,902,590	95,457,732	51,972,839	45,449,556
Stores and spares consumed	14,141,867	16,977,977	6,700,189	8,337,651
Packing materials consumed	13,671,196	13,477,574	7,009,606	6,946,364
Fuel and power	121,233,693	140,518,140	59,430,779	75,824,073
Repairs and maintenance	1,148,770	1,209,042	491,940	625,044
Insurance expenses	2,147,802	2,003,964	1,073,901	919,620
Depreciation	14,198,676	22,675,777	7,146,049	11,337,942
	<u>923,144,448</u>	<u>833,092,030</u>	<u>475,004,720</u>	<u>442,235,736</u>
Adjustment of work in process	(3,944,254)	(74,032)	(3,187,717)	(966,745)
Cost of goods manufactured	<u>919,200,194</u>	<u>833,017,998</u>	<u>471,817,003</u>	<u>441,268,991</u>
Adjustment of finished goods	51,916,730	(4,807,334)	29,466,520	(6,218,523)
Cost of goods sold	<u>971,116,924</u>	<u>828,210,664</u>	<u>501,283,523</u>	<u>435,050,468</u>



Allawasaya Textile & Finishing Mills Limited

7. RELATED PARTY TRANSACTIONS

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

	----- Un audited -----			
	---Six months period ended---		---Three months period ended---	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Rupees	Rupees	Rupees	Rupees
Transactions with directors and key management personnel				
Remuneration of chief executive officer, directors and executives	7,152,060	6,988,284	3,576,030	3,494,142

8. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended June 30, 2016.

9. FAIR VALUE ESTIMATION

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 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. derive from prices).
- Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

9.1 Fair value of property, plant and equipment

The Company's Freehold Land, Building on Freehold Land, Plant & Machinery, Electric Installation and Power house is carried at revalued amounts, being fair value at the date of revaluation, less any subsequent depreciation and subsequent impairment losses, if any. The fair value measurement of the Company's Freehold Land, Plant & Machinery, Electric Installation and Power house as at June 30, 2016 were performed by M/s. K. G. Traders (Private) Limited (valuer), independent valuer not related to the Company. The valuer is listed on panel of Pakistan Banks Association and they have proper qualification and experience in the fair value measurement of property, plant and equipment.

	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
As at December 31, 2016				
Land- Freehold	-	356,125,000	-	356,125,000
Building on freehold land	-	103,167,070	-	103,167,070
Plant & machinery	-	290,434,841	-	290,434,841
Power house				
- Building on freehold land	-	8,144,779	-	8,144,779
- Generators	-	87,774,375	-	87,774,375
- Electric installation	-	10,938,125	-	10,938,125
As at June 30, 2016				
Land- Freehold	-	356,125,000	-	356,125,000
Building on freehold land	-	105,812,380	-	105,812,380
Plant & machinery	-	284,621,000	-	284,621,000
Power house				
- Building on freehold land	-	8,353,620	-	8,353,620
- Generators	-	90,025,000	-	90,025,000
- Electric installation	-	11,825,000	-	11,825,000

There were no transfer between levels of fair value hierarchy during the period.



Allawasaya Textile & Finishing Mills Limited

The carrying values of all other financial assets and liabilities reflected in this condensed interim financial information is approximate at their fair values.

10. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information were authorized for issue on February 23, 2017 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



www.allawasaya.com

ALLAWASAYA TEXTILE & FINISHING MILLS LIMITED

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