

CONDENSED
INTERIM FINANCIAL
INFORMATION
HALF YEAR ENDED
31 DECEMBER 2015
UN-AUDITED



Ravi Textile Mills Limited



COMPANY INFORMATION

BOARD OF DIRECTORS

Muhammad Waseem-ur-Rehman	(Chief Executive)
Aftab Sarwar	(Chairman)
Tahir Majeed	
Muhammad Riaz	
Muhammad Shahid	
Aamir Khurshid Chandia	
Shahbaz Manzoor	

AUDIT COMMITTEE

Muhammad Shahid	(Independent Director)	Chairman
Muhammad Riaz	(Non - Executive Director)	Member
Aftab Sarwar	(Independent Director)	Member

HR & R COMMITTEE

Tahir Majeed	(Independent Director)	Chairman
Muhammad Shahid	(Independent Director)	Member
Muhammad Riaz	(Non - Executive Director)	Member

CORPORATE SECRETARY/ CHIEF FINANCIAL OFFICER

Munsaf Khan

AUDITORS

Riaz Ahmed & Company
Chartered Accountants
10-B, Saint Mary Park, Main Boulevard,
Gulberg-III, Lahore-54660

BANKERS

National Bank of Pakistan Limited
Bank Alfalah Limited
NIB Bank Limited
Habib Metropolitan Bank Limited
The Bank of Punjab

REGISTERED OFFICE

Bungalow No.120 Defence Officers Housing
Scheme, Sher Shah Road, Multan Cantt. Pakistan
Phone: 92-61-4503620 - 4503630
Fax: 92-61-4503640
E-mail: info@ravitextile.com

SHARE REGISTRAR

Hameed Majeed Associates (Pvt) Limited
H.M House 7-Bank square, Lahore.
Tel: 92-42 37235081-82

MILLS

49 KM, Lahore-Multan Road, Chunian, District Kasur.

CHIEF EXECUTIVE'S REVIEW

The results for the half year under review show net loss of Rs.35.000 million after accounting for all operational expenses including depreciation of Rs.10.319 million and finance cost of Rs. 4.623 million. The operations of the mill were resumed during the year ended 30 June 2015 after more than three years with the support of directors' loans. The management of the Company has successfully negotiated with its banks for restructuring of its debt. However, during the period under review, the operations of the mill were suspended again. It is beyond the control of the existing management of the Company to run the Company at an economically viable level due to poor economic / market condition for spinning sector and scarce availability of funds. The textile industry is unable to continue its business without the support of banks. These conditions indicate the existence of material uncertainty which cast doubt about the Company's ability to continue as a going concern.

Certain purchasers have executed a share purchase agreement (SPA) dated 13 January 2015 with major shareholders of the Company to acquire 57.42% of issued ordinary share capital of the Company. On 23 September 2015, the purchasers have also made public announcement of offer to acquire up to 5,322,347 ordinary shares of the Company comprising 21.289% of the total issued ordinary share capital of the Company at an offer price of Rupees 3.50 per share pursuant to the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2008. The purchasers are in process of completing necessary legal and other requirements / formalities.

For and on behalf of the board

Multan:
26th February, 2016

Muhammad Waseem ur Rehman
Chief Executive

**AUDITOR'S REPORT TO THE MEMBERS ON
REVIEW OF CONDENSED INTERIM FINANCIAL
INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of RAVI TEXTILE MILLS LIMITED as at 31 December 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2015 and 31 December 2014 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2015.

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 condensed 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 condensed interim financial information as of and for the half year ended 31 December 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to Note 1.2 to the condensed interim financial information, which states that this condensed interim financial information has been prepared on the basis of estimated realisable / settlement values of assets and liabilities respectively in addition to historical cost convention as the company is no longer a going concern for the reasons stated in the aforesaid note. Our conclusion is not qualified in respect of this matter.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

LAHORE

Date: 26th February, 2016



CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2015

	UN-AUDITED		AUDITED	
	31 December 2015		30 June 2015	
	Book Value	Estimated realizable / settlement value	Book Value	Estimated realizable / settlement value
Note	Rupees	Rupees	Rupees	Rupees
ASSETS				
Bank balances on current accounts	48,162	48,162	3,728,719	3,728,719
Advances and prepayments	2,639,332	2,639,332	2,262,188	2,262,188
Trade debts - unsecured but considered good	217,267	217,267	17,431,246	17,431,246
Stock-in-trade	103,088	103,088	29,113,046	29,113,046
Stores, spare parts and loose tools	4,260,081	4,260,081	3,696,825	3,696,825
Security deposits	390,340	390,340	390,340	390,340
Property, plant and equipment	3	241,015,939	252,835,516	252,835,516
TOTAL ASSETS		<u>248,674,209</u>	<u>309,457,880</u>	<u>309,457,880</u>
LIABILITIES				
Trade and other payables	143,059,572	143,059,572	169,831,560	169,831,560
Accrued mark-up	1,384,853	1,384,853	40,806	40,806
Loan from ex-chief executive	832,223	832,223	832,223	832,223
Loans from directors	91,786,220	91,786,220	91,786,220	91,786,220
Long term financing	4	78,030,566	80,929,218	93,762,079
Deferred income tax liability	20,538,657	-	21,557,660	-
Employees' retirement benefit	5,353,154	2,269,995	3,071,084	2,034,590
Provision for taxation	1,280,377	1,280,377	-	-
TOTAL LIABILITIES		<u>342,265,622</u>	<u>368,048,771</u>	<u>358,287,478</u>
NET ASSETS		<u>(93,591,413)</u>	<u>(58,590,891)</u>	<u>(48,829,598)</u>
Authorized share capital		<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid-up share capital		<u>250,000,000</u>	<u>250,000,000</u>	<u>250,000,000</u>
Revenue reserve - general reserve		9,000,000	9,000,000	9,000,000
Accumulated loss		(510,208,046)	(477,372,905)	(477,372,905)
Total equity		<u>(251,208,046)</u>	<u>(218,372,905)</u>	<u>(218,372,905)</u>
Net surplus on estimated realizable / settlement values		-	170,190,761	-
Surplus on revaluation of operating fixed assets		157,616,633	-	159,782,014
Contingencies and commitments	5	-	-	-
		<u>(93,591,413)</u>	<u>(58,590,891)</u>	<u>(48,829,598)</u>

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

Chief Executive

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	----- Rupees-----			
SALES	42,396,547	27,308,497	307,030	27,308,497
COST OF SALES	(66,426,041)	(72,034,420)	(10,991,183)	(57,885,978)
GROSS LOSS	(24,029,494)	(44,725,923)	(10,684,153)	(30,577,481)
DISTRIBUTION EXPENSES	(43,695)	-	-	-
ADMINISTRATIVE EXPENSES	(5,560,198)	(5,584,389)	(2,644,576)	(2,990,376)
	(5,603,893)	(5,584,389)	(2,644,576)	(2,990,376)
	(29,633,387)	(50,310,312)	(13,328,729)	(33,567,857)
OTHER INCOME	7,000	34,754,310	-	34,754,310
LOSS FROM OPERATIONS	(29,626,387)	(15,556,002)	(13,328,729)	1,186,453
FINANCE COST	(4,623,606)	(5,371,035)	(2,235,454)	(3,410,453)
LOSS BEFORE TAXATION	(34,249,993)	(20,927,037)	(15,564,183)	(2,224,000)
TAXATION	(750,529)	1,057,380	(1,260,030)	517,304
LOSS AFTER TAXATION	(35,000,522)	(19,869,657)	(16,824,213)	(1,706,696)
LOSS PER SHARE - BASIC AND DILUTED	(1.40)	(0.79)	(0.67)	(0.07)

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

Chief Executive

Director



CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN- AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

HALF YEAR ENDED		QUARTER ENDED	
31 December 2015	31 December 2014	31 December 2015	31 December 2014

----- (Rupees) -----

LOSS AFTER TAXATION (35,000,522) (19,869,657) (16,824,213) (1,706,696)

OTHER COMPREHENSIVE INCOME

Items that will not be reclassified to profit or loss

-	-	-	-
-	-	-	-

Items that may be reclassified subsequently to profit or loss

Other comprehensive income for the period

- - - -

TOTAL COMPREHENSIVE LOSS FOR THE PERIOD (35,000,522) (19,869,657) (16,824,213) (1,706,696)

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

Chief Executive

Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN- AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	HALF YEAR ENDED	
	31 December 2015	31 December 2014
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(34,249,993)	(20,927,037)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	10,319,577	10,283,785
Accrued mark-up written back	-	(18,284,521)
Adjustment due to impact of IAS- 39	1,785,173	-
Gain on recognition of long term financing at fair value	-	(16,469,789)
Provision for employees' retirement benefit	2,282,070	-
Finance cost	2,838,433	5,371,035
Cash used in operating activities before working capital changes	(17,024,740)	(40,026,527)
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(563,256)	(900,688)
Stock-in-trade	29,009,958	(16,099,134)
Trade debts	17,213,979	(5,253,512)
Sales tax refundable	-	(287,178)
Advances and prepayments	1,445,299	(963,260)
Security deposit	-	(60,000)
(Decrease) / increase in trade and other payables	(26,771,988)	43,034,766
Effect on cash flows due to working capital changes	20,333,992	19,470,994
Cash generated from / (used in) operations	3,309,252	(20,555,533)
Finance costs paid	(1,494,386)	(124,722)
Income tax paid	(811,598)	-
	(2,305,984)	(124,722)
Net cash generated from / (used in) operating activities	1,003,268	(20,680,255)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	-	(1,704,500)
Net cash used in investing activities	-	(1,704,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(4,683,825)	(7,597,536)
Loan from directors	-	30,450,000
Net cash (used in) / from financing activities	(4,683,825)	22,852,464
Net (decrease) / increase in cash and cash equivalents	(3,680,557)	467,709
Cash and cash equivalents at the beginning of the period	3,728,719	163,152
Cash and cash equivalents at the end of the period	48,162	630,861

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

Chief Executive

Director



**CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	REVENUE RESERVE	ACCUMULATED LOSS	TOTAL EQUITY
		General reserve		
----- Rupees -----				
Balance as at 30 June 2014 (Audited)	250,000,000	9,000,000	(414,979,670)	(155,979,670)
Loss for the half year ended 31 December 2014	-	-	(19,869,657)	(19,869,657)
Other comprehensive income for the half year ended 31 December 2014	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2014	-	-	(19,869,657)	(19,869,657)
Transferred from revaluation surplus - net of deferred income tax	-	-	2,146,802	2,146,802
Balance as at 31 December 2014 (Un-audited)	250,000,000	9,000,000	(432,702,525)	(173,702,525)
Loss for the half year ended 30 June 2015	-	-	(46,819,217)	(46,819,217)
Other comprehensive income for the half year ended 30 June 2015	-	-	-	-
Total comprehensive loss for the half year ended 30 June 2015	-	-	(46,819,217)	(46,819,217)
Transferred from revaluation surplus - net of deferred income tax	-	-	2,148,837	2,148,837
Balance as at 30 June 2015 (Audited)	250,000,000	9,000,000	(477,372,905)	(218,372,905)
Loss for the half year ended 31 December 2015	-	-	(35,000,522)	(35,000,522)
Other comprehensive income for the half year ended 31 December 2015	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2015	-	-	(35,000,522)	(35,000,522)
Transferred from revaluation surplus - net of deferred income tax	-	-	2,165,381	2,165,381
Balance as at 31 December 2015 (Un-audited)	250,000,000	9,000,000	(510,208,046)	(251,208,046)

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

Chief Executive

Director

*SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2015*

1 THE COMPANY AND ITS OPERATIONS

Ravi Textile Mills Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and its shares are quoted on Pakistan Stock Exchange limited. Its registered office is situated at Banglow No. 120, Defence Officers Housing Scheme, Sher Shah Road, Multan Cantt. The Company is engaged in manufacturing and trading of yarn.

Certain purchasers have executed a share purchase agreement (SPA) dated 13 January 2015 with major shareholders of the Company to acquire 57.42% of issued ordinary share capital of the Company. On 23 September 2015, the purchasers have also made public announcement of offer to acquire upto 5,322,347 ordinary shares of the Company comprising 21.289% of the total issued ordinary share capital of the Company at an offer price of Rupees 3.50 per share pursuant to the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2008. The purchasers are in process of completing necessary legal and other requirements / formalities.

1.2 Going concern assumption

The Company has incurred net loss of Rupees 35.000 million during the half year ended 31 December 2015. Equity of the Company stands at a negative balance of Rupees 251.208 million due to accumulated losses of Rupees 510.208 million as on 31 December 2015. The operations of the mill were resumed during the year ended 30 June 2015 after more than three years with the support of directors' loans. The management of the Company has successfully negotiated with its banks for restructuring of its debt. However, during the period, the operations of the mill were suspended again. It is beyond the control of the existing management of the Company to run the Company at an economically viable level due to poor economic / market conditions for spinning sector and scarce availability of funds.

These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as a going concern. In view of the applicable financial reporting requirements, this condensed interim financial information has been prepared on the basis of estimated realizable / settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in this condensed interim financial information have been presented in the order of liquidity.

2 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2015.

2.1 Basis of preparation

2.1.1 Statement of compliance

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the half year ended 31 December 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 2015.



2.1.2 Accounting convention

Keeping in view the fact that the Company may not be able to continue as going concern, this condensed interim financial information is prepared on the basis of realisable / (settlement) values of assets and liabilities respectively in addition to the historical cost convention. In realisable / (settlement) value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business. Realisable / (settlement) values of assets and liabilities respectively as disclosed in the condensed interim balance sheet are based on the management's best estimate.

2.1.3 Critical accounting estimates and judgments

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2015.

	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
3. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 3.1)	241,015,939	251,335,516
Capital work in progress	-	1,500,000
	<u>241,015,939</u>	<u>252,835,516</u>
3.1 Operating fixed assets		
Opening book value	251,335,516	269,036,662
Add: Cost of additions during the period / year (Note 3.2)	-	2,996,100
Less: Depreciation charged during the period / year	10,319,577	20,697,246
Closing book value	<u>241,015,939</u>	<u>251,335,516</u>
3.2 Cost of additions during the period / year		
Plant and machinery	-	825,000
Furniture, fixtures and office equipment	-	150,600
Vehicles	-	2,020,500
	<u>-</u>	<u>2,996,100</u>
4. LONG TERM FINANCING		
From banking companies - secured		
Opening balance	80,929,218	-
Add: Transferred from short term borrowing along with accrued mark-up	-	106,864,141
Less: Gain on recognition of long term financing at fair value	-	(16,469,789)
	<u>80,929,218</u>	<u>90,394,352</u>
Add: Adjustment due to impact of IAS - 39 during the period / year	1,785,173	3,636,928
Less: Repaid during the period / year	(4,683,825)	(13,102,062)
Closing balance	<u>78,030,566</u>	<u>80,929,218</u>

4.1 As at 31 December 2015, overdue instalments amount to Rupees 6.074 million .

5. CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments since the preceding annual published financial statements of the Company for the year ended 30 June 2015.

6. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties is as follows:

i. Transactions	(Un-audited)			
	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	----- Rupees -----			
Other related parties				
Remuneration to key management personnel	1,500,000	594,843	945,000	302,040
			Un-audited	Audited
			31 December	30 June
			2015	2015
			Rupees	Rupees
ii Period end balances				
Payable to associated company			35,636,357	32,992,729

7. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2015.

8. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 26th February 2016.



9. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made

10. GENERAL

Figures have been rounded off to the nearest of Rupee unless otherwise stated.

Chief Executive

Director

BOOK POST

Under Postal Certificate



IF UNDELIVERED, PLEASE RETURN TO:

RAVI TEXTILE MILLS LIMITED.

Bungalow No.120 Defence Officers Housing Scheme, Sher Shah Road,
Multan. Cantt. Multan Phone: 92-61-4503620-30 Fax: 92-61-4503640