

CONDENSED
INTERIM FINANCIAL
INFORMATION
HALF YEAR ENDED
31 DECEMBER 2014
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	(Non- Executive Director)
Shahbaz Manzoor	(Non- Executive Director)

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

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.19.870 million after accounting for all operational expenses including depreciation of Rs.10.284 million and finance cost of Rs. 5.371 million. The operations of the mill were resumed during the quarter ended 31 December 2014 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. Although resumption of mill operations and debt restructuring were critical for the Company but it is beyond the control of the existing management of the Company to run the Company at an economically viable level due to unfavorable circumstances prevailing in the yarn market, squeezed liquidity position of the company and non-availability of fresh credit facilities from the banks to continue the business operation. The textile industry is unable to continue its business without the support of banks. These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as a going concern.

Subsequent to the balance sheet date, certain purchasers have executed a share purchase agreement (SPA) dated 13 January 2015 with major shareholders of the Company to acquire 57.42 percent of issued ordinary share capital of the Company plus such additional shares as may be required to be purchased from the general public to comply with the takeover laws. Necessary legal and other requirements / formalities and conditions are being fulfilled.

For and on behalf of the board

Multan:

27th February, 2015

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 2014 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 2014 and 31 December 2013 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 2014.

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 2014 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: 27th February, 2015


CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2014

	UN-AUDITED		AUDITED	
	31 December 2014		30 June 2014	
	Book Value	Estimated realizable/settlement value	Book Value	Estimated realizable/settlement value
Note	Rupees	Rupees	Rupees	Rupees
ASSETS				
Bank balances on current accounts	630,861	630,861	163,152	163,152
Advances and prepayments	3,120,669	3,120,669	2,157,409	2,157,409
Sales tax refundable	735,639	735,639	448,461	448,461
Trade debts	5,253,512	5,253,512	-	-
Stock-in-trade	16,099,134	16,099,134	-	-
Stores, spare parts and loose tools	5,657,195	5,657,195	4,756,507	4,756,507
Security deposits	390,340	390,340	330,340	330,340
Property, plant and equipment	3 263,132,377	263,132,377	271,711,662	271,711,662
TOTAL ASSETS	295,019,727	295,019,727	279,567,531	279,567,531
LIABILITIES				
Trade and other payables	117,134,632	117,134,632	47,281,065	47,281,065
Accrued mark-up	-	-	68,262,853	68,262,853
Short term borrowings	4 -	-	83,648,674	83,648,674
Loan from ex-chief executive	832,223	832,223	832,223	832,223
Loan from directors	76,611,220	76,611,220	46,161,220	46,161,220
Long term financing	5 87,987,193	99,266,604	-	-
Deferred income tax liability	23,289,717	-	24,347,097	-
Employees' retirement benefit - gratuity of ex-employees	1,610,090	1,610,090	1,610,090	1,610,090
TOTAL LIABILITIES	307,465,075	295,454,769	272,143,222	247,796,125
NET ASSETS	(12,445,348)	(435,042)	7,424,309	31,771,406
Authorized share capital	300,000,000	300,000,000	300,000,000	300,000,000
Issued, subscribed and paid-up share capital	250,000,000	250,000,000	250,000,000	250,000,000
Revenue reserves - General reserves	9,000,000	9,000,000	9,000,000	9,000,000
Accumulated loss	(432,702,525)	(432,702,525)	(414,979,670)	(414,979,670)
Total equity	(173,702,525)	(173,702,525)	(155,979,670)	(155,979,670)
Net surplus on estimated realisable / settlement values	-	173,267,483	-	187,751,076
Surplus on revaluation of fixed Assets	161,257,177	-	163,403,979	-
Contingencies and commitments	6 -	-	-	-
	(12,445,348)	(435,042)	7,424,309	31,771,406

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 2014

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Note	----- Rupees -----			
SALES	27,308,497	-	27,308,497	-
COST OF SALES	(72,034,420)	-	(57,885,978)	-
GROSS LOSS	(44,725,923)	-	(30,577,481)	-
ADMINISTRATIVE EXPENSES	(5,584,389)	(13,627,487)	(2,990,376)	(7,124,155)
OTHER EXPENSES	-	(4,489,400)	-	(4,489,400)
	(5,584,389)	(18,116,887)	(2,990,376)	(11,613,555)
	(50,310,312)	(18,116,887)	(33,567,857)	(11,613,555)
OTHER INCOME	7 34,754,310	5,368,195	34,754,310	1,300,000
LOSS FROM OPERATIONS	(15,556,002)	(12,748,692)	1,186,453	(10,313,555)
FINANCE COST	(5,371,035)	(4,957,127)	(3,410,453)	(2,499,013)
LOSS BEFORE TAXATION	(20,927,037)	(17,705,819)	(2,224,000)	(12,812,568)
TAXATION	1,057,380	984,414	517,304	984,414
LOSS AFTER TAXATION	(19,869,657)	(16,721,405)	(1,706,696)	(11,828,154)
LOSS PER SHARE - BASIC AND DILUTED	(0.79)	(0.67)	(0.07)	(0.47)

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 2014

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	----- R u p e e s -----			
LOSS AFTER TAXATION	(19,869,657)	(16,721,405)	(1,706,696)	(11,828,154)
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	(19,869,657)	(16,721,405)	(1,706,696)	(11,828,154)

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 2014

	HALF YEAR ENDED	
	31 December 2014	31 December 2013
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(20,927,037)	(17,705,819)
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	10,283,785	9,662,973
Accrued mark-up written back	(18,284,521)	-
Gain on recognition of long term financing at fair value	(16,469,789)	-
Finance cost	5,371,035	4,957,127
Cash used in operating activities before working capital changes	(40,026,527)	(3,085,719)
(Increase) / decrease / current assets:		
Stores, spare parts and loose tools	(900,688)	33,882
Stock-in-trade	(16,099,134)	-
Trade debts	(5,253,512)	-
Sales tax refundable	(287,178)	-
Advances and prepayments	(963,260)	45,000
Other receivables	-	1,239,400
Security deposits	(60,000)	-
Increase / (decrease) in current liabilities:		
Trade and other payables	43,034,766	2,035,797
Effect on cash flows due to working capital changes	19,470,994	3,354,079
Cash (used in) / generated from operations	(20,555,533)	268,360
Finance cost paid	(124,722)	(2,223)
Income tax paid	-	(12,884)
Gratuity paid	-	(76,957)
	(124,722)	(92,064)
Net cash (used in) / from operating activities	(20,680,255)	176,296
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	(7,597,536)	-
Loan from directors	30,450,000	-
Net cash from financing activities	22,852,464	-
Net increase in cash and cash equivalents	467,709	176,296
Cash and cash equivalents at the beginning of the period	163,152	19,464
Cash and cash equivalents at the end of the period	630,861	195,760

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 2014

	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	REVENUE RESERVE	ACCUMULATED LOSS	TOTAL EQUITY
		General reserve		
----- Rupees -----				
Balance as at 30 June 2013 (Audited)	250,000,000	9,000,000	(373,842,078)	(114,842,078)
Loss for the half year ended 31 December 2013	-	-	(16,721,405)	(16,721,405)
Other comprehensive income for the half year ended 31 December 2013	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2013	-	-	(16,721,405)	(16,721,405)
Transferred from revaluation surplus - net of deferred income tax	-	-	1,910,921	1,910,921
Balance as at 31 December 2013 (Un-audited)	250,000,000	9,000,000	(388,652,562)	(129,652,562)
Loss for the half year ended 30 June 2014	-	-	(28,238,804)	(28,238,804)
Other comprehensive income for the half year ended 30 June 2014	-	-	-	-
Total comprehensive loss for the half year ended 30 June 2014	-	-	(28,238,804)	(28,238,804)
Transferred from revaluation surplus - net of deferred income tax	-	-	1,911,696	1,911,696
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)

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

Chief Executive

Director



**SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION**

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

(UN-AUDITED)

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 Karachi and Lahore Stock Exchanges. 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.

Subsequent to the reporting period, certain purchasers have executed a share purchase agreement (SPA) dated 13 January 2015 with major shareholders of the Company to acquire 57.42 percent of issued ordinary share capital of the Company plus such additional shares as may be required to be purchased from the general public to comply with the takeover laws. Necessary legal and other requirements / formalities and conditions are being fulfilled.

1.2 Going concern assumption

The Company has incurred net loss of Rupees 19.870 million during the half year ended 31 December 2014. Equity of the Company stands at a negative balance of Rupees 173.703 million due to accumulated loss of Rupees 432.703 million as on 31 December 2014. The operations of the mill were resumed during the quarter ended 31 December 2014 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. Although resumption of mill operations and debt restructuring were critical for the Company but 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.

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 has been presented in the order of liquidity.

2 ACCOUNTING POLICIES

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 2014 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 2014.

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 2014.

	Un-audited 31 December 2014 Rupees	Audited 30 June 2014 Rupees
3. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 3.1)	260,807,377	269,036,662
Capital work in progress	2,325,000	2,675,000
	<u>263,132,377</u>	<u>271,711,662</u>
3.1 Operating fixed assets		
Opening book value	269,036,662	281,190,014
Add: Cost of additions during the period / year (Note 3.2)	2,054,500	1,704,340
Add: Surplus on revaluation	-	5,508,647
Less: Depreciation charged during the period / year	10,283,785	19,366,339
Closing book value	<u>260,807,377</u>	<u>269,036,662</u>
3.2 Cost of additions during the period / year		
Plant and machinery	-	590,948
Furniture, fixtures and equipment	34,000	465,046
Motor vehicles	2,020,500	648,346
	<u>2,054,500</u>	<u>1,704,340</u>
4. SHORT TERM BORROWINGS		
These short term borrowings have been restructured as long term financing by the banks.		
5. LONG TERM FINANCING		
From banking companies - secured		
Opening balance	-	-
Add: Transferred from short term borrowing along with accrued mark-up	106,808,205	-
Less: Gain on recognition of long term financing at fair value	<u>(16,469,789)</u>	-
	90,338,416	-
Add: Adjustment due to impact of IAS - 39 during the period / year	5,246,313	-
Less: Repaid during the period / year	<u>(7,597,536)</u>	-
Closing balance	<u>87,987,193</u>	-
6. 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 2014.



(Un-audited)			
HALF YEAR ENDED		QUARTER ENDED	
31 December 2014	31 December 2013	31 December 2014	31 December 2013
----- Rupees -----			

7. OTHER INCOME

Accrued mark-up written back	18,284,521	-	18,284,521	-
Gain on recognition of long term financing at fair value	16,469,789	-	16,469,789	-
Rental income	-	3,250,000	-	1,300,000
Gain tendered by beneficial owner	-	2,118,195	-	-
	<u>34,754,310</u>	<u>5,368,195</u>	<u>34,754,310</u>	<u>1,300,000</u>

8. 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 2014	31 December 2013	31 December 2014	31 December 2013
----- Rupees -----			

Other related parties

Remuneration to key management personnel	594,843	614,398	302,040	212,665
			Un-audited	Audited
			31 December	30 June
			2014	2014
			Rupees	Rupees

ii Period end balances

Payable to associated company	37,955,342	7,260,915
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9. FINANCIAL RISK MANAGEMNT

The Company's financial risk management objectives and polices are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2104.



10. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 27th February 2015.

11. 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.

12. GENERAL

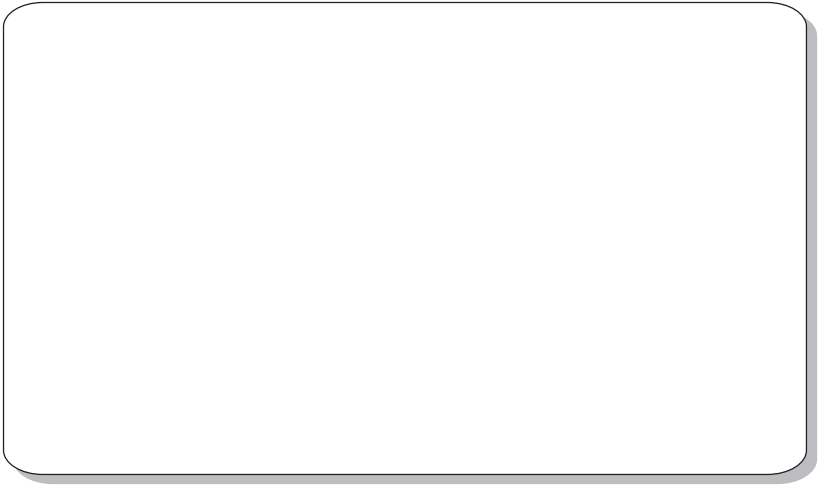
Figures have been rounded off to the nearest of Rupee unless otherwise restated.

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