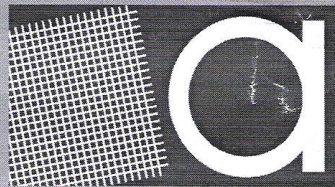


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**ASHFAQ TEXTILE MILLS
LIMITED**

Mailing Address:

8.A, Officers Colony No.1, Susan Road. Faisalabad- Pakistan
Tel: +92-41-2435101-4 Fax: +92-41-2435105



**2nd. Quarter Report
December 31, 2014
(Unaudited)**

Ashfaq Textile Mills Ltd.

COMPANY INFORMATION

CHIEF EXECUTIVE
MR. ASHFAQ AHMED

EXECUTIVE DIRECTORS
MR. ASHFAQ AHMED
MR. NADEEM ASHFAQ
MR. WASEEM ASHFAQ

NON-EXECUTIVE DIRECTORS
MR. AMJAD ASLAM
MRS. SHAZIA AMJAD
MRS. NAZIA IRFAN
KHAWAJA MUHAMMAD ILYAS
MR. MUHAMMAD IDREES

COMPANY SECRETARY
MR. WASEEM ASHFAQ

CHIEF FINANCIAL OFFICER (CFO)
MR. MOHAMMAD ANWAR JAWED

AUDITORS
M/S AVAIS HYDER LIAQAT NAUMAN,
CHARTERED ACCOUNTANTS

SHARE REGISTRAR
M/S CONSULTING ONE (PVT) LTD.
478-D, PEOPLES COLONY #1, FSD.

BANKERS
UNITED BANK LIMITED.

AUDIT COMMITTEE
KH. MUHAMMAD ILYAS (CHAIRMAN)
MRS. SHAZIA AMJAD (MEMBER)
MR. MOHAMMAD IDREES (MEMBER)

**HUMAN RESOURCES AND
REMUNERATION COMMITTEE**
MR. AMJAD ASLAM (CHAIRMAN)
MRS. NAZIA IRFAN (MEMBER)
KH. MUHAMMAD ILYAS (MEMBER)

MAILING ADDRESS:
8/A-1, OFFICERS COLONY, SUSAN
ROAD, FAISALABAD.

REGISTERED OFFICE / MILLS
17TH K.M. MAIN FAISALABAD
JARANWALA ROAD, FAISALABAD.

CONTACTS:
PHONES : 041-2435101-4
FAX : 041-2435105
E-mail : info@ashfaqtextile.com
WEB : www.ashfaqtextile.com

DIRECTOR'S REPORT TO THE SHARE HOLDERS

Dear Share Holders,

The Directors of your Company are pleased to present 2nd Quarter's report for the half year ending 31st December 2014 alongwith review report of the Com[any's Auditors.

Review of the Results.

Sales during the period were recorded Rs.186.353 Million in comparison to last years same period were recorded Rs.276.267 Million.

During this period the Operating (Distribution, Administrative & Other) expenses were 7.94% to sales, in comparison to Rs.10.17% in the same period last year. Gross profit for this period is 9.49% in comperison to 18.31% during the same period last year. Financial charges to sales were recorded as 0.21% in comparison to 2.68% in the same period in last year. Cost of goods sold are 90.51% in comparison to 81.69% in the same period last year.

In the coming days:

Textile market is passing through a slow down where genuine demand has shurnk due to various factors mainly the consumer spending has gone down and a sharp fall in commodity prices is making it difficult for deceson makers to take positions for future which is putting an adverse impact in the demand.

Strong Government decisions need to taken by passing on the benefits of dropping oil prices, so that this important industry can be more cost competitive to pass through this slowdown in the market

Keeping in mind the recession in the textile market, the Directors voluntarily decided to reduce their remuneration from 1st July 2014.

We are gratefull to our customers and suppliers for their continuos support and also appreciate the efforts to our staff.



(ASHFAQ AHMAD)
Chief Executive Officer

Auditors' Report on Review of Interim Financial Information to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of Ashfaq Textile Mills Limited as at December 31, 2014, 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 (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 the approved accounting standards as applicable in Pakistan. 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 and condensed interim statement of comprehensive income for the quarter ended December 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

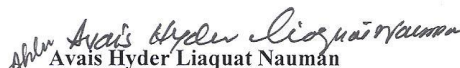
Scope of Review

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 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 at December 31, 2014 and for the half year then ended is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Dated: **25 FEB 2015**
Place: **Faisalabad**


Avais Hyder Liaquat Nauman
Chartered Accountants
Engagement partner: **Hamid Masood**

ASHFAQ TEXTILE MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2014

[illegible]

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

ASHFAQ TEXTILE MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Note	Quarter Oct-Dec		Half Year July-Dec	
		2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
Sales	6	100,972,896	120,891,779	186,352,955	276,267,282
Cost of sales	7	92,521,765	103,070,665	168,660,957	225,684,400
Gross profit		8,451,131	17,821,114	17,691,998	50,582,882
Distribution cost		1,837,321	2,669,398	3,113,888	6,310,017
Administrative expenses		5,806,065	10,308,769	11,500,650	21,015,508
Other operating expenses		(157,883)	769,487	185,676	771,290
Finance cost		289,240	3,347,361	394,648	7,397,154
		7,774,743	17,095,015	15,194,862	35,493,969
Profit for the period before taxation		676,388	726,099	2,497,136	15,088,913
Provision for taxation	8	(705,876)	-	-	-
Profit for the period		1,382,264	726,099	2,497,136	15,088,913
Earnings per share - Basic and diluted (Rupees)		0.04	0.02	0.07	0.43

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

ASHFAQ TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Quarter		Half Year	
	Oct-Dec		July-Dec	
	2014	2013	2014	2013
	Rupees	Rupees	Rupees	Rupees
Profit for the period	1,382,264	726,099	2,497,136	15,088,913
Other comprehensive income				
Item that will not be subsequently reclassified to profit or loss				
Incremental depreciation on revalued assets for the period	6,203,155	1,863,254	8,066,413	3,726,512
Total comprehensive income for the period	<u>7,585,419</u>	<u>2,589,353</u>	<u>10,563,549</u>	<u>18,815,425</u>

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

ASHFAQ TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Half Year July-Dec	
	2014 Rupees	2013 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	2,497,136	15,088,913
Adjustments for:		
Depreciation of property, plant and equipment	16,708,852	16,100,714
Provision for staff retirement gratuity	1,683,390	1,998,838
Loss on disposal of operating assets	43,559	1,803
Finance cost	394,648	7,397,154
Operating cash flows before working capital changes	<u>21,327,585</u>	<u>40,587,422</u>
Changes in working capital:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(1,725,570)	(350,305)
Stock in trade	9,913,260	4,732,841
Trade debts	(21,193,427)	58,695,630
Loans and advances	(6,677,298)	94,279
Deposit and prepayments	(2,177,018)	164,003
Other receivables	957,401	4,951,939
Tax refunds due from Government	4,554,417	(7,078,501)
Increase / (decrease) in current liabilities		
Trade and other payables	11,276,452	(6,944,920)
	<u>(5,071,783)</u>	<u>54,264,966</u>
Cash generated from operating activities	16,255,802	94,852,388
Finance cost paid	(394,648)	(6,032,535)
Income tax paid	(1,585,684)	(3,332,196)
Staff retirement gratuity paid	(949,170)	(644,250)
Net cash generated from operating activities	<u>13,326,300</u>	<u>84,843,407</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(12,087,537)	(34,868,891)
Proceeds from disposal of operating assets	2,150,000	545,000
Net cash (used in) investing activities	<u>(9,937,537)</u>	<u>(34,323,891)</u>

Half Year	
July-Dec	
2014	2013
Rupees	Rupees

c) CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing	-	(50,000,000)
Increase in short term bank borrowings	-	7,036,000
Net cash (used in) financing activities	-	(42,964,000)
Net increase in cash and cash equivalents (a+b+c)	3,388,763	7,555,516
Cash and cash equivalents at the beginning of the period	18,655,262	14,624,318
Cash and cash equivalents at the end of the period	22,044,025	22,179,834

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

ASHFAQ TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Issued, subscribed and paid up capital	Unappropriated profit	Total
	-----Rupees-----		
Balance as at July 01, 2013	262,387,500	202,745,510	465,133,010
Bonus shares issued during the period (One share for each three shares held)	87,462,500	(87,462,500)	-
Total comprehensive income for the period			
Profit for the period	-	15,088,913	15,088,913
Other comprehensive income			
Item that will not be subsequently reclassified to profit or loss			
Incremental depreciation on revalued assets for the period	-	3,726,512	3,726,512
	-	18,815,425	18,815,425
Balance as at December 31, 2013	349,850,000	134,098,435	483,948,435
Total comprehensive income for the period			
Profit for the period	-	26,498,612	26,498,612
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Incremental depreciation on revalued assets for the period	-	3,726,512	3,726,512
Remeasurement of defined benefit liability	-	531,758	531,758
	-	30,756,882	30,756,882
Balance as at June 30, 2014	349,850,000	164,855,317	514,705,317
Total comprehensive income for the period			
Profit for the period	-	2,497,136	2,497,136
Other comprehensive income			
Item that will not be subsequently reclassified to profit or loss			
Incremental depreciation on revalued assets for the period	-	8,066,413	8,066,413
	-	10,563,549	10,563,549
Balance as at December 31, 2014	349,850,000	175,418,866	525,268,866

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

ASHFAQ TEXTILE MILLS LIMITED
SELECTED EXPLANATORY NOTES TO THE
CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

1. STATUS AND ACTIVITIES

- 1.1 Ashfaq Textile Mills Limited (the Company) was incorporated in Pakistan on January 14, 1988 as a private limited company under the Companies Ordinance, 1984 (the Ordinance) and subsequently converted into a public limited company. The Company is currently listed on Karachi Stock Exchange. The business of the Company is manufacturing and sale of textiles and rendering of sizing and conversion services. The registered office and mills of the Company are located at 17 K.M. Jaranwala Road, Faisalabad in the Province of Punjab.
- 1.2 This condensed interim financial information is presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

- 2.1.1 This condensed interim financial information 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 (the Ordinance). In case the requirements differ, the provisions of or directives issued under the Ordinance have been followed.
- 2.1.2 This condensed interim financial information is unaudited but subject to limited scope review by the auditors of the Company and is being submitted to the shareholders as required under Section 245 of the Ordinance.
- 2.1.3 This condensed interim financial information does not include all the information required for complete set of financial statements, and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2014.

2.2 Application of new and revised International Financial Reporting Standards

2.2.1 Standards, amendments to published approved accounting standards and interpretations becoming effective in current period:

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretation that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2014 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards, amendments and IFRIC interpretation that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2014.

2.2.2 Standards, amendments to published approved accounting standards and interpretations becoming effective in future periods:

There are other new standards and amendments that are mandatory for accounting periods of the Company beginning on or after July 01, 2015 but are considered not to be relevant or not to have any significant effect on the Company's operations. The new standards and amendments that are relevant to the operations of the Company are disclosed in the published audited financial statements for the year ended June 30, 2014.

2.3 Basis of preparation

This condensed interim financial information has been prepared under the historical cost convention except:

- certain property, plant and equipment stated at valuation.
- staff retirement benefits carried at present value.

2.4 The accounting policies and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2014.

2.5 Estimates, judgments and risk management policies

2.5.1 The preparation of financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in this condensed interim financial information are the same as those disclosed in the published audited financial statements for the year ended June 30, 2014, except the following change in estimate;

Change in estimate of useful lives of property, plant and equipment

During the period, the management has reviewed the useful lives of property, plant and equipment and has revised the estimate of useful life of building on freehold land and plant and machinery upwards. The revision has been accounted for as change in accounting estimate in accordance with the requirements of IAS-8 "Accounting Policies, Changes in accounting estimates and Errors". Accordingly the effect of change in accounting estimate has been recognised prospectively in the profit and loss account of the current period. Had there been no change in this accounting estimate, equity would have been lower by Rs. 6,648,782/-, property, plant and equipment would have been lower by Rs. 14,857,310/- and profit for the period would have been lower by Rs. 14,715,193/-.

2.5.2 Risk management policies and procedures are consistent with those disclosed in the published audited financial statements for the year ended June 30, 2014.

3. Issued, subscribed and paid up capital

Audited June 30, 2014	Un-audited December 31, 2014		Un-audited December 31, 2014	Audited June 30, 2014
Number of shares			Rupees	Rupees
20,991,000	20,991,000	Ordinary shares of Rs.10/- each fully paid in cash	209,910,000	209,910,000
5,247,750	13,994,000	Ordinary shares of Rs. 10/- each fully paid bonus shares	139,940,000	52,477,500
8,746,250	-	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares during the period / year	-	87,462,500
<u>34,985,000</u>	<u>34,985,000</u>		<u>349,850,000</u>	<u>349,850,000</u>

	Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
4. CONTINGENCIES AND COMMITMENTS		
Contingencies		
Liability of workers' welfare fund not acknowledged. The Company is claiming exemption from the levy.	4,839,867	4,706,891
Commitments		
Under letters of credit for raw material	3,294,751	-
5. Property, plant and equipment		
Operating assets	733,812,480	741,037,370
Capital work in progress	2,496,883	2,086,867
	<u>736,309,363</u>	<u>743,124,237</u>

5.1 Acquisitions / capitalizations and disposals of operating assets during the period

	Half Year July - Dec			
	2014		2013	
	Acquisitions / capitalizations	Disposals	Acquisitions / capitalizations	Disposals
	Rupees			
At cost				
Building on freehold land	-	-	67,908,814	-
Plant and machinery	8,856,500	-	43,747,168	-
Office equipment	124,000	-	442,641	-
Furniture and fixture	43,370	-	10,800	-
Vehicles	2,653,651	4,652,888	11,754,965	1,118,480
	<u>11,677,521</u>	<u>4,652,888</u>	<u>123,864,388</u>	<u>1,118,480</u>

	Quarter Oct - Dec		Half Year July - Dec	
	2014	2013	2014	2013
	Rupees	Rupees	Rupees	Rupees
6. Sales				
Cloth				
Export	33,566,337	62,630,030	59,191,856	154,461,219
Local	345,710	4,844,046	1,223,465	19,072,788
	<u>33,912,047</u>	<u>67,474,076</u>	<u>60,415,321</u>	<u>173,534,007</u>
Sizing and conversion income	67,060,810	53,432,589	126,966,504	103,145,564
	<u>100,972,857</u>	<u>120,906,665</u>	<u>187,381,825</u>	<u>276,679,571</u>
Add: Export rebate / duty drawback	39	33,400	1,741	78,742
	<u>100,972,896</u>	<u>120,940,065</u>	<u>187,383,566</u>	<u>276,758,313</u>
Less: Commission / claims	-	48,286	1,030,611	491,031
	<u>100,972,896</u>	<u>120,891,779</u>	<u>186,352,955</u>	<u>276,267,282</u>

	Note	Quarter Oct - Dec		Half Year July - Dec	
		2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
7. Cost of sales					
Cost of goods manufactured	7.1	80,574,359	105,880,134	164,683,995	222,151,901
Finished goods					
Opening stock		33,151,282	43,997,705	25,180,838	50,339,673
Closing stock		(21,203,876)	(46,807,174)	(21,203,876)	(46,807,174)
		11,947,406	(2,809,469)	3,976,962	3,532,499
		<u>92,521,765</u>	<u>103,070,665</u>	<u>168,660,957</u>	<u>225,684,400</u>

7.1 Cost of goods manufactured

Raw material consumed	7.1.1	15,968,034	59,379,738	38,277,943	103,252,924
Sizing cost		10,637,661	9,333,598	19,453,245	19,325,834
Packing material		470,716	438,994	1,071,623	980,611
Salaries, wages and benefits		23,663,467	20,232,923	39,726,425	39,830,456
Staff retirement benefits		1,430,881	799,536	1,430,881	1,599,071
Fuel and power		21,721,972	19,396,717	38,665,399	46,404,717
Stores, spares and loose tools		6,525,243	2,386,445	9,572,439	6,739,744
Repairs and maintenance		120,550	2,868,738	446,116	3,128,649
Insurance		902,451	1,199,481	1,804,903	2,398,951
Depreciation		79,307	7,497,159	14,896,146	14,337,416
		<u>81,520,282</u>	<u>123,533,329</u>	<u>165,345,120</u>	<u>237,998,373</u>
Work in process					
Opening stock		2,821,828	7,855,297	3,106,626	9,662,020
Closing stock		(3,767,751)	(25,508,492)	(3,767,751)	(25,508,492)
		(945,923)	(17,653,195)	(661,125)	(15,846,472)
		<u>80,574,359</u>	<u>105,880,134</u>	<u>164,683,995</u>	<u>222,151,901</u>

7.1.1 Raw material consumed

Opening stock		10,442,233	20,263,157	17,039,656	25,959,755
Purchases including purchase expenses		15,968,034	48,029,522	31,680,520	86,206,110
		<u>26,410,267</u>	<u>68,292,679</u>	<u>48,720,176</u>	<u>112,165,865</u>
Closing stock		(10,442,233)	(8,912,941)	(10,442,233)	(8,912,941)
		<u>15,968,034</u>	<u>59,379,738</u>	<u>38,277,943</u>	<u>103,252,924</u>

8. Provision for taxation

Current					
For the period	8.1	-	-	-	-
For the prior period		(705,876)	-	-	-
Deferred	8.2	-	-	-	-
		<u>(705,876)</u>	<u>-</u>	<u>-</u>	<u>-</u>

8.1 No provision for current taxation has been made during the period due to tax credits available under the law.

8.2 There are no temporary differences as the income of the Company is subject to tax under final tax regime. Hence no provision for deferred taxation has been made.

9. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings, directors and key management personnel. The Company has not carried out any transaction with related parties during the period except payment of remuneration to Chief Executive Officer, Directors and Executives amounting to Rs. 5,137,080/- (2013: Rs. 8,530,800/-).

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on 25 FEB 2015 by the Board of Directors of the Company.

11. GENERAL

11.1 The provision for workers' profit participation fund made in this condensed interim financial information is subject to adjustment in annual financial statements.

11.2 There is no unusual item included in this condensed interim financial information which is affecting equity, liabilities, assets, profit, comprehensive income or cash flows of the Company, except for change in estimate as disclosed in Note 2.5.1.

11.3 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR