NAZIR
COTTON MILLS LTD.

ANNUAL REPORT 2015

42nd Annual Report and Accounts
For the year ended June 30,2015

In the Name of Allah the merciful, the compassionate

CONTENTS

COMPANY'S INFORMATION

Board of Director	Mian Shahzad Aslam	Chief Executive Officer
	Mian Farrukh Naseem	
	Mian Aamir Naseem	
	Mr. Maqbool Hussain Bhutta	
	Mr. Muhammad Asghar	
	Mr. Muhammad Abbas	
	Mr. Sibgat Ullah	
Audit Committee:	Mr. Muhammad Asghar	Chairman
	Mr. Muhammad Abbas	Member
	Mr. Sibgat Ullah	Member
Chief Financial Officer:	Mr. Maqbool Hussain Bhutta	
Company Secretary:	Mr. Ahsan Raza	
Auditors:	Ale Imran & Co. Chartered Accountants House No. 155, Street No. 4, Cavalry Ground Lahore.	
Bankers:	National Bank Of Pakistan Habib Bank Limited Muslim Commercial Bank Ltd. Samba Bank Limited.	
Share Registrar	Scarlet IT Systems (Pvt) Ltd. 24-Ferozpur Road, Near Mozang Chungi Lahore. Tel: 042-37426519, 37426544	
Registered Office:	61-K, Gulberg III, Lahore. Ph: 042-35763736, 35773742 Fax: 042-35763768	
Mill:	8-Km, Faisalabad Road, Aslamabad, Khaareyanwala, Sheikhupura. Ph: 056-344053	

VISION STATEMENT

We aim at seeing our Mills to be a model manufacturing unit producing high quality yarn by complying with the requirements of Quality Management System and continuously improving its effectiveness for total customer's satisfaction. We wish to play a leading role in the spinning sector by keeping a substantial presence in the export and local markets.

MISSION STATEMENT

1. **To install state of the art machinery and to acquire sophisticated process technology to achieve maximum growth in a competitive quality environment.**

2. **To make strenuous efforts to enhance profitability of the mills ensuring a fair return to the investors, shareholders and employees of the Company.**

3. **To exercise maximum care for improvement of quality of our products by employing a team of high skilled technicians and professional managers.**

4. **To strive hard to develop new markets for the sale of our products in export and local markets.**

5. **To improve customer's satisfaction level by adhering strictly to quality requirements of our customers in local and export markets and by improving communications with customers for receiving prompt feed backs about quality of our products.**

6. **To attend to the prompt resolution of customer's complaints by taking timely corrective measures to re-dress the quality complaints.**

7. **To improve logistic facilities for our customers dispatch programme and issue all shipments / delivery documents well in time.**

8. **To make comprehensive arrangement for the training of our workers/technicians.**

9. **To promote team work, sense of transparency and creativity in our professionals and technical people.**

STATEMENTS OF ETHICS AND BUSINESS PRACTICES

NAZIR COTTON MILLS LIMITED has laid down the following business ethics and principles, the observance of which is compulsory for all the directors and staff members of the company in the conduct of company's business in order to protect and safeguard the reputation and integrity of the company at all levels of its operations. Any contravention of these ethics is regarded as misconduct. The company will ensure that all the executives and subordinate staff members are fully aware of these standards and principles.

1. Conflict of interest

All staff members are expected not to engage in any activity which can cause conflict between their personal interests and company's interests, such as:

a) In effecting the purchase for the company and selling its products, the Directors and the staff members are forbidden from holding any personal interest in any organization supplying goods or service to the company or buying its products.

b) The staff members should not engage in any outside business while serving the company.

c) Staff member's are not permitted to conduct personal business in company's premises or use company's facilities for the same.

d) If a staff member has direct or indirect relationship with an outside organization dealing with the company he must disclose the same to the management.

2. Confidentially

All staff members are required not to divulge any secrets / information of the company to any outside even after leaving the service of the company unless it is so required by a court of law. During the course of service in the company they should not disseminate any information relating to business secrets of the company without the consent of management.

3. Kickbacks

All staff members ate strictly forbidden not to accept any favour, gifts or kickbacks from any organization dealing with the company. In case if such a favour is considered, in the interest of the company, the same should be disclosed clearly to the management.

4. Proper Books of Accounts

All funds, receipt and disbursements should be properly recorded in the accounts books of the company. No false or fictitious entries should be made or misleading statement pertaining to the company or its operation should be issued. All agreements with agents, dealers and consultants should be made in writing supported with required evidence.

5. Relationship with Government officials suppliers and agents etc.

The dealings of the company with Government officials, suppliers, buyers, agents and consultants of the company should always be such that the integrity of the company and reputation is not damaged. Members having queries in connection with how to deal with these requirements should consult the management.

6. Health and Safety

Every staff members is required to take care of his health and safety and of those working with him. The management's responsibility for keeping its staff members insured government rules and regulations.

7. Environment

To preserve and protect the environment all staff members are required to operate the company's facilities and processes so as to ensure maximum safety of the adjoining communicates, and strive contiguously to improve environmental awareness and protections.

8. Alcohol, Drugs

All types of gambling and betting at the company's work places strictly forbidden. Also taking of any alcohols or drugs inside the work place is not allowed and any member of the staff, not abiding by these prohibitions will attract disciplinary as well as penal action under the law.

9. Coordination among staff members to maintain Discipline

All staff members will work in close coordination with their co-workers, superiors and colleagues. Every member will cooperate with other members so that the company's work carried out effectively and efficiently. All case of non-cooperation among staff members should reported to the management for necessary and suitable action. Strict disciplinary action will be taken against those staff members who violate the rules and regulations of the company.

10. Workplace harassment

All members of the staff will provide an environment that free from harassment and in which all employees are equally respected. Work place harassment means any action that creates an intimidating, hostile or offensive environment which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.

KEY OPERATING AND FINANCIAL DATA

OPERATING

(Rupees in Thousands)

	2015	2014	2013	2012	2011	2010
Sale	-	-	-	-	-	-
Gross Profit / (Loss)	-	-	-	-	-	-
Operating Profit/(loss)	-	-	-	-	-	-
Profit/(Loss) before tax	(5,039)	(3,426)	(5,062)	(128,347)	(8,260)	(4,102)
Tax	-	-	-	-	-	314
Profit/(Loss) after tax	(5,039)	(3,426)	(5,062)	(128,347)	(8,260)	(4,417)
Total Assets	235,491	68,534	65,647	65,595	111,301	117,601
Current Liabilities	174,449	177,972	177,784	172,546	31,515	31,408
	61,042	(109,438)	(112,137)	(106,951)	79,786	86,193

REPRESENTED BY

	2015	2014	2013	2012	2011	2010
Share Capital	(250,051)	(245,013)	(241,587)	(243,615)	(111,244)	(102,996)
Reserves	166,563	(479)	(3,545)	(3,545)	45,630	45,630
Equity	(83,488)	(245,492)	(245,132)	(240,070)	65,614	(57,366)
Long Term Loans & Leases	144,530	136,054	132,995	133,119	191,030	189,190
	61,042	(109,438)	(112,137)	(106,951)	(125,416)	(131,824)

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Nazir Cotton Mills Ltd. ("the Company") for the year ended June 30, 2015, to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of the Karachi Stock Exchange require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2015.

Lahore
October 08, 2015

ALE IMRAN & CO.
Chartered Accountants

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of the Shareholders of **NAZIR** COTTON MILLS LIMITED will be held at Company's Registered Office, 61-K Gulberg III, Lahore on October 30, 2015 (Friday) at 10:00 AM to transact the following business:-

1. To confirm the minutes of the Annual General Meeting of the Company held on October 31, 2014.

2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2015 together with the Directors' and Auditors' Report thereon.

3. To appoint Auditors and fix their remuneration for the year ended June 30, 2016.

By Order of the Board

Lahore:
Dated: October 08, 2015

(MIAN SHAHZAD ASLAM)
Chief Executive

Notes:

1. A member eligible to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective, must be received at 61-K Gulberg III, Lahore the Registered Office of the Company not later than 48 hours before the time of the meeting and must be duly stamped, signed and witnessed.

2. The Share Transfer Books of the Company will remain closed from October 23, 2015 to October 30, 2015 (both days inclusive).

3. Members are requested to immediately notify the change in their addresses, if any.

4 Account holders and sub-account holders holding book entry securities in respect of the shares of the Company in Central Depository Company of Pakistan Limited, who wish to attend the General Meeting are requested to bring their original Computerized National Identity Cards for identification purpose.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of your company welcome you to the Annual General Meeting and are pleased to present the company's audited financial statements for the year ended June 30, 2015.

Performance Review

The year under review shows that the company has suffered net loss of Rs.5.03 Million after accounting for administrative expenses of Rs. 5.04 Million including depreciation of Rs.0.075 Million as compared to last corresponding year's net loss of Rs.3.4 Million. The cash liquidity was squeezed and the company was not able to meet its obligations in respect of repayment of borrowings and finance cost accrued thereon. As a result of this banks did not restore the credit facilities of the company which were suspended. Moreover, the financial institutions have instituted the recovery suit against the company in the Honorable High Courts. Owing to this factor, the management of the company was compelled to suspend its own operation of mills.

Financial Results

The year under review was not good as the textile industry in Pakistan is still facing difficult period. The financial results of the company for the year under the review are as under:

	2015 Rupees	2014 Rupees
Operating Profit/(Loss)	(5,041,917)	(3,620,157)
Financial charges	(1,801)	(1,376)
Other income	4,808	195,084
(Loss)/Profit before taxation	(5,038,910)	(3,426,449)
Taxation	-	-
(Loss)/Profit after taxation	(5,038,910)	(3,426,449)
Accumulated loss brought forward	(521,276,520)	(517,850,071)
Loss available for appropriation	(526,315,430)	(521,276,520)

Loss per share

Based on net loss for the year ended June 30, 2015, the loss per share for the year ended June 30, 2015 is Rs. (0.22) as compared to the loss per share of Rs. (0.15) in the preceding year ended June 30, 2014.

Dividend

No dividend has been declared by the company during the year due to loss

Auditors' Report

The auditors M/S Ale Imran & Co. chartered accountants in their audit report for the year ended June 30, 2015 have highlighted about the doubt of the going concern of the company in lights of presents fact and situation.

However the management of the company is hopeful that the company will starts its commercial production with the help of investment of sponsors.

Future Prospects

The textile industry is unable to continue its business without the support of banks. Therefore the management of the company is under negotiation with the banks making all efforts to settle the cases into a Compromise Agreement with the banks. The management is fully aware of present challenges facing the textile industry specially spinning and making their efforts to revive the operation of mills subject to support of banks.

Corporate Governance

As required by the Code of Corporate Governance, directors are pleased to report that:

a. The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operations, cash flows and changes in equity. With the closure of mills' operations and financial reporting requirements of the Code of Corporate Governance, the management has changed its basis of accounting; therefore, the financial statements for the year under reference have been drawn on estimated realizable (settlement) value of assets and liabilities respectively in addition to the historical cost convention.

b. Proper books of accounts have been maintained by the company.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d. International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. The significant doubts upon the company's ability to continue as a going concern have been adequately disclosed in the financial statements.

g. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations of the stock exchanges.

Board of directors meeting

During the year, four (4) Meeting of the Board of Directors were held. Attendance by each Director at the Board Meetings as under:-

Name of the Directors	No. of Meetings Attended
Mian Shahzad Aslam	4
Mian Faruukh Naseem	4
Mian Aamir Naseem	4
Maqbool Hussain Bhutta	4
Mr.muhammad Asghar	4
Mr.Mudassar hussain	4
Mr.Nadeem Anjum	4

Directors who could not attend Board Meeting due to illness or some other engagements were granted leave of absence in accordance with law.

Audit committee

The Board of Directors in compliance of Code of Corporate Governance has established an Audit Committee and the following Directors are its members.

Mr. Muhammad Asghar	Chairman
Mr. Muhammad Abbas	Member
Mr. Sibgat Ullah	Member

Acknowledgement

The directors would like to place on record their appreciation for services rendered by the employees of the company who have contributed their optimum skills and hope that the same spirit of devotion will continue in future. In addition, we thank our stakeholders for trusting us.

For and on behalf of the Board

Lahore
Dated: October 08, 2015

(MIAN SHAHZAD ASLAM)
Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Statement Is being presented to comply with the code of corporate of governance Contained in listing regulation of stock exchange in Pakistan for the purpose of establishing a frame work of good governance whereby a listed company of managed in compliance with the best practices of corporate governance.

1. The company encourages the representation of independent non-executive directors and directors representing minority interest on its board of directors. At present there are ten non-executive directors on the board.

2. The directors have confirmed that none of them is serving as a director in more than the ten listed companies, including this company.

3. All the resident directors of the company are registered as tax payers and none of them have defaulted in payment of any loan to a banking company, DFI or an NBFI. None of the directors are member of any stock exchange.

4. No casual vacancy accrued in the board during the year

5. The business of the company is conducted in accordance with “settlement of Ethics and Business Practices” signed by all the directors and employees.

6. The business operation the company is carried out in accordance with the company's vision / mission statement, overall corporate strategies and significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of board have been duly exercised and the decision on the material transaction, including appointment and determination of remuneration and the terms and the conditions of employment of the CEO and the other executive directors have been taken by the board.

8. The meetings of the board were presided over by the chairman and, in his absence by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and the working papers, were circulated at least (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. No specific orientation course was held during the year. However the management continues to apprise and familiarize with changes in law to discharge their duties and responsibilities.

10. The CFO, company secretary and the head of internal audit have executed their responsibilities pursuant to the approved appointment by the board including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The directors' report for this year has been prepared in compliance with the requirements of the code of corporate governance and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of board.

13. The directors, CFO and executives, do not have any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company complied with all the corporate and the financial reporting requirements of the code of corporate governance.

15. The audit committee as formed by the board is fully functional. The committee comprise of three members, majority of whom are non- executive director,

16. The meeting of the audit committee were held at least once every quarter prior to approval of the interim and final results of the company and as required by the code of the corporate governance. The term of the reference of the committee have been formed and advised to the committee for the compliance.

17. The board set up the effective internal control function.

18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the institute of the chartered accountants of Pakistan, that they or any of the partners of the firm, their spouse and the minor children do not hold the shares of the company and that the firm and all its partners are in compliance with the international Federation of the Accountants (IFAC) guide lines on code of ethics as adopted by the institute of the chartered accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guide lines in this regard.

20. The related party transaction and pricing methods have been placed before the audit committee and approved by the board of directors with necessary justification for the pricing methods for transaction that were made on terms equivalent to those that prevail in the arm's length transaction.

21. The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles contained in the code of corporate governance have been compiled with.

Lahore
Dated: October 08, 2015

(MIAN SHAHZAD ASLAM)
Chief Executive

NAZIR COTTON MILLS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Nazir Cotton Mills Ltd. as at June 30, 2015 and the related profit and loss account, cash flow statement, statement of comprehensive income and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(A) The balances of bank loans Rs.155.83 million (Note # 9), remained unsubstantiated for want of confirmatory certificates from the financial institutions.

Except for the effects on the financial statements of the matters stated above, we report that:

(B) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

(C) in our opinion:

- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

- (ii) the expenditure incurred during the year was for the purpose of the company's business; and

- (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(D) in our opinion except for the effect of matters referred in paragraph (A) and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement, statement of comprehensive income and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, given the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of company's affairs as at June 30, 2015 and of the loss, its cash flows and changes in equity for the year then ended; and

(E) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII 1980).

We draw attention to the Note # 1.4 to the financial statements, which states that these statements have been prepared on the basis of estimated realizable/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.

Lahore
October 08, 2015

ALE IMRAN & CO.
Chartered Accountants

BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015 Rupees Book Value	2015 Rupees Estimated realizable / settlement value	2014 Rupees Book Value	2014 Rupees Estimated realizable / settlement value
ASSETS					
Cash & Bank Balances	3	**153,256**	**153,256**	174,019	174,019
Advances, Deposits, Prepayments & Other Receivables	4	**12,512,246**	**12,512,246**	12,501,786	12,501,786
Trade Debts		**2,827,973**	**2,827,973**	2,827,973	2,827,973
Stores & Spares		**1,805,733**	**1,805,733**	1,805,733	1,805,733
Investments	5	**3,838,000**	**5,562,850**	3,838,000	3,838,000
Assets Held For Sale	6	**212,136,340**	**212,136,340**	46,818,126	46,818,126
Property, Plant & Equipment	7	**492,713**	**492,713**	568,571	568,571
Total Assets		**233,766,261**	**235,491,111**	68,534,208	68,534,208
LIABILITIES					
Trade & Other Payables	8	**541,478**	**541,478**	564,148	564,148
Accrued Mark Up On- Secured Loans		**986,643**	**986,643**	986,643	986,643
Short Term Running Finances		**10,000,000**	**10,000,000**	10,000,000	10,000,000
Loan Liabilities - Banking Companies	9	**152,330,390**	**152,330,390**	155,830,390	155,830,390
Provision For Taxation - Net		**1,341,384**	**1,341,384**	1,341,384	1,341,384
Accrued Mark Up On Loan From Associated Undertakings		**9,248,965**	**9,248,965**	9,248,965	9,248,965
Long Term Loans	10	**144,530,242**	**144,530,242**	136,054,823	136,054,823
Total Liabilities		**318,979,102**	**318,979,102**	314,026,353	314,026,353
Net Liabilities		**(85,212,841)**	**(83,487,991)**	(245,492,145)	(245,492,145)
REPRESENTED BY:					
Authorized Capital:					
25,000,000 (2014 : 25,000,000) ordinary shares of Rs. 10/- each		**250,000,000**	**250,000,000**	250,000,000	250,000,000
Issued, Subscribed & Paid Up Capital	11	**230,000,000**	**230,000,000**	230,000,000	230,000,000
Capital Reserve		**434,000**	**434,000**	434,000	434,000
Reserve On Remeasurement of Available For Sale Investments		**(479,125)**	**1,245,725**	(479,125)	(479,125)
Accumulated Loss		**(480,485,930)**	**(480,485,930)**	(475,447,020)	(475,447,020)
Total Equity		**(250,531,055)**	**(248,806,205)**	(245,492,145)	(245,492,145)
Surplus on Revaluation of Assets Held for Sale	12	**165,318,214**	**165,318,214**	-	-
CONTINGENCIES & COMMITMENTS	13	**-**	**-**	-	-
		(85,212,841)	**(83,487,991)**	(245,492,145)	(245,492,145)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		Rupees	Rupees
Sales - Net	14	-	-
Cost Of Sale		-	-
Gross Loss		-	-
Administrative Expenses	15	(5,041,917)	(3,620,157)
Operating Loss		(5,041,917)	(3,620,157)
Other Income	16	4,808	195,084
		(5,037,109)	(3,425,073)
Finance Cost	17	(1,801)	(1,376)
(Loss) Before Taxation		(5,038,910)	(3,426,449)
Taxation	18	-	-
(Loss) After Taxation		(5,038,910)	(3,426,449)
Accumulated Loss B/F		(521,276,520)	(517,850,071)
Accumulated Loss C/F		(526,315,430)	(521,276,520)
Loss Per Share - Basic & Diluted	21	(0.22)	(0.15)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	Rupees	Rupees
Loss After Taxation	**(5,038,910)**	(3,426,449)
Other Comprehensive Income	-	-
Total Comprehensive Loss for the Year	**(5,038,910)**	(3,426,449)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss Before Taxation	**(5,038,910)**	(3,426,449)
Adjustment For:		
Depreciation	**75,858**	88,168
Balances Written Back	**-**	-
Surplus on Revaluation of Investment	**1,724,850**	3,066,400
Financial Charges	**1,801**	1,376
	1,802,509	3,155,944
Operating Loss Before Working Capital Changes	**(3,236,401)**	(270,505)
(Increase)/Decrease In Current Assets:		
Advances, Deposits, Prepayments & Other Receivables	**(10,460)**	(27,050)
Trade Debts	**-**	-
Stock in Trade	**-**	-
	(10,460)	(27,050)
Increase/(Decrease) In Current Liabilities:		
Trade and Other Payables	**(22,670)**	187,817
Cash (Utilized In) Operations	**(3,269,531)**	(109,738)
Income Taxes Paid	**-**	-
Financial Charges Paid	**(1,801)**	(1,376)
Net Cash Utilized In Operating Activities	**(3,271,332)**	(111,114)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditures	**-**	-
Investments	**(1,724,850)**	(3,066,400)
CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loans	**8,475,419**	3,059,119
Repayment of Short Term Loan From Banking Companies	**(3,500,000)**	-
Transferred From Reserve	**-**	-
Net Cash Inflow from Financing Activities	**4,975,419**	3,059,119
Net increase/(Decrease) in Cash and Cash Equivalents	**(20,763)**	(118,395)
Cash & Cash Equivalents at the Beginning of the Year	**174,019**	292,414
Cash & Cash Equivalents at the end of the Year	**153,256**	174,019

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	SHARE CAPITAL	CAPITAL	RESERVE ON REMEASUREMENT OF AVAILABLE FOR SALE INVESTMENT	REVENUE RESERVE - GENERAL	ACCUMULATED LOSS	TOTAL
			Rupees			
Balance as at June 30, 2013	**230,000,000**	**434,000**	**(3,545,525)**	**45,630,000**	**(517,650,571)**	**(245,132,096)**
Loss for the Year After Taxation	-	-	-	-	(3,426,449)	(3,426,449)
Surplus on Revaluation of Investment	-	-	3,066,400	-	-	3,066,400
Other Comprehensive Income	-	-	-	-	-	-
	-	-	3,066,400	-	(3,426,449)	(360,049)
Balance as at June 30, 2014	**230,000,000**	**434,000**	**(479,125)**	**45,630,000**	**(521,077,020)**	**(245,492,145)**
Loss for the Year After Taxation	-	-	-	-	(5,038,910)	(5,038,910)
Surplus on Revaluation of Investment	-	-	1,724,850	-	-	1,724,850
Other Comprehensive Income	-	-	-	-	-	-
	-	-	1,724,850	-	(5,038,910)	(3,314,060)
Balance as at June 30, 2015	**230,000,000**	**434,000**	**1,245,725**	**45,630,000**	**(526,115,930)**	**(248,806,205)**

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

THE COMPANY & ITS OPERATIONS

Nazir Cotton Mills Limited is a Public Limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and its shares are quoted on Karachi Stock Exchange of Pakistan. The Company is engaged in manufacturing, selling, buying and dealing in Yarn of all types. The registered office of the Company is situated at 61-K, Gulberg III, Lahore. Park Lahore Cantt. The manufacturing unit is located at 8-KM, Faisalabad Road, Aslamabad, Khareanwala, Sheikhupura.

1. BASIS OF PREPARATION

1.1 *Basis of accounting*

The Company has incurred after tax loss of Rs. 5.038 million and has accumulated loss of Rs. 526.315 million resulting in negative equity of Rs.248.806 million and its total liabilities exceed its total assets by Rs. 248.806million as at June 30, 2015. Further more company has temporarily closed down its business operations. The matter of repayment of long term loans and markup thereon is in court. The short term borrowing facilities stand expired. Due to continuing cost escalation of row material, increase in energy cost, extensive load shedding of electricity and scarce availability of funds, it has become beyond the control of the management to run the company at an economically viable level. Hence, the operation of the mill were suspended.

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 financial reporting requirements of Code of Corporate Governance, these financial statements have 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 these financial statements have been presented in the order of liquidity.

1.2 *Statement of Compliance*

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (S.E.C.P.) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

1.3 *Basis of Measurement*

These financial statements have been prepared under the historical cost convention except as explained in relevant notes.

1.4 *Accounting convention*

Keeping in view the fact that the Company may not be able to continue as going concern, these financial statements are prepared on the basis of realizable / settlement values of assets and liabilities respectively. In realizable / 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. Realizable / settlement values of assets and liabilities respectively as disclosed in the balance sheet are based on the management's best estimate. In addition to the accounting convention of realizable / settlement values of assets and liabilities, these financial statements have also been prepared under the historical cost convention.

1.5 *Standard, amendments to approved accounting standards and interpretations to approved accounting standards that are effective in the current year*

Following are certain new standards, amendments to approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2011, but are considered not to be relevant or did not have any significant impact on the Company's financial statements;

a) IAS 1 (Amendments), 'Presentation of Financial Statements' is effective for annual periods beginning on or after January 1, 2011. The amendment clarifies that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

b) IAS 24 (Revised), 'Related Party Disclosures', is effective for annual periods beginning on or after January 1, 2011. The definition of a related party has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control.

c) IAS 34 (Amendment), 'Interim financial reporting', is effective for annual periods beginning on or after January 1, 2011. The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets.

d) IFRIC 14 (Amendment), 'Prepayments of a minimum funding requirement', is effective for annual periods beginning on or after January 1, 2011. IFRIC 14 provides further guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of minimum funding requirement as an asset.

e) IFRS 7 (Amendment), 'Financial Instruments: Disclosure', is effective for annual periods beginning on or after January 1, 2011. The amendment emphasizes the interaction between quantitative and qualitative disclosure and the nature and extent of risks sister with financial instruments.

f) IFRS 7 (Amendment),' Financial Instruments: Disclosure', is effective for annual periods beginning on or after January 1, 2011. The amendment requires additional quantitative and qualitative disclosures relating to transfer of financial assets, where financial assets are derecognized in their entirety, but where the entity has a continuing involvement in them (e.g. options or guarantees on the transferred assts) or where financial assets are not derecognized in their entirety.

g) IAS 32 (Amendment), 'Classification of rights issues', issued in October 2009. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities.

h) IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.

i) IFRS 9, 'Financial Instruments' (effective for the periods on or after January 1, 2015). This is the first standard issued as a part of a wider project to replace IAS 39, 'Financial Instruments: Recognition and measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets at (a) amortized cost and (b) fair value. The basis of classification depends on entity's business model and the contractual cash flow characteristics of the financial asset.

j) IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for the periods beginning on or after July 1, 2012). The main change resulting from these amendments is a requirement for the entities to group items presented in "other comprehensive income" on the basis of whether they can be potentially reclassified to profit and loss subsequently (reclassification adjustments).

k) IAS 19 (Revised) 'Employee Benefits' (effective for the periods beginning on or after January 1, 2013). It eliminates the 'corridor method' for recognizing actuarial gains and losses and make it mandatory for all the actuarial gains and losses to be recognized immediately and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset.

l) IAS 12 (Amendments), 'Deferred tax on investment property (effective for annual period beginning on or after 1 January 2012). The amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property.

m) IAS 32 (Amendments), 'Financial instruments: Presentation on offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments.

n) IFRS 7 (Amendments), 'Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

1.6 *Standard, amendments to approved accounting standards and interpretations that are published and considered relevant but not yet effective*

The followings amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation.

Standared / Interpretation	**Effective Date** **Annual period beginning on or after**
IFRS -10 Consolidated Financial Statements (Amendments)	01 January 2016
IFRS -12 Discloure of interest in other Entities (Amendments)	01 January 2016
IAS - 27 Separate Financial Statements - Equity method in separate financial statements (Amendments)	01 January 2016
IAS- 16 Property, Plant and Equipment, IAS 41Agriculture- Agriculture bearer plants (Amendments)	01 January 2016

Further following new standards have been issued by the IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan.

IFRS-9 Financial Instruments: Classification and Measurement	01 January 2018
IFRS - 14 Regulatory Deferral Accounts	01 January 2018
IFRS - 15 Revenue from Contracts with Customers	01 January 2018

1.7 *Standard, amendments to approved accounting standards and interpretations that are not yet effective and are not considered relevant*

There are other new accounting standards, amendments to approved accounting standards and interpretations that are mandatory for future years. However, these are not expected to affect materially the financial statements of the Company.

1.8 *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which is the Pakistan Rupee (Rs).

1.9 *Critical Accounting Estimate & Judgments*

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amount of assets, liabilities, income and expenses. 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 carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affect only that period, or in the period of revision in future period if the revision affects both current and future periods.

Significant areas requiring the use of management estimates in the financial statements are stated below;

Property, Plant and Equipment

The Company reviews appropriateness of the rates of depreciation / useful lives and residual values used in the calculation of depreciation at each financial year end. Any change in estimate in future might effect the carrying amounts of the respective item of property, plant and equipments with corresponding effect on the depreciation charge and impairment.

Taxation

In making the estimate for income tax payable, the company takes into account the applicable tax laws. Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts use for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary difference when they reverse, based on the laws that have been enacted or substantively enactive by the reporting date. Significant judgment is exercised to determined the amount of net deferred tax liabilities to be recognized.

Provisions

The Company reviews its doubtful balances at each balance sheet date to assess the adequacy of the provision there against. In particular, judgment is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 *Provisions*

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made to the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.2 *Trade and Other Payables*

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

2.3 *Taxation*

Current:

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred:

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination; and that affects neither accounting nor taxable profit or loss, and differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2.4 *Property, Plant and Equipment*

Property, plant & equipment is stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land which is stated at cost. Cost of these assets consists of historical cost and directly attributable costs of bringing the assets to working condition. Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economics benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognized. Borrowing costs pertaining to the construction and erection are capitalized up to the date of completion. Depreciation on property, plant & equipment is charged to income on reducing balance method at the rates specified in note No.7.1 to the accounts to write off the cost over their estimated useful lives. Depreciation on addition and deletion is charged on the basis of number of days the asset remains in use of the company. Assets' residual values, useful life and depreciation rates are reviewed and adjusted, if appropriate, at each balance sheet date. Any impairment loss, or its reversal, is also charged to income. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the assets' carrying amount less the residual value over its estimated useful life. Normal repair and maintenance is charged to income as and when incurred. Major renewals and improvements are capitalized.

Surplus on revaluation of fixed assets credited to the account 'Surplus on revaluation of fixed assets' shown below the equity in the balance sheet. Depreciation charge on assets which are revalued are taken to the profit and loss account and an amount equal to incremantal depreciation for the year net off deferred tax is transferred from Surplus on revaluation of fixed assets to accumulated profit / (loss) through statement of changes in equity to record realization of surplus to the extent of the incremantal depriciation charge for the year.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefit are expected from its use or disposal. Any gain and losses on disposal or de-recognition (calculated at the difference between the net disposal proceeds and carrying amount of the asset) is taken to profit and loss account.

2.5 *Leases*

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the lease are accounted for as liabilities. Financial charges are allocated to the accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liabilities. Depreciation on these assets is charged in line with normal depreciation policy adopted for assets owned by the company.

2.6 *Investments*

All investments are initially recognized at cost, being fair value of the consideration given including acquisition charges associated with investments and are classified as either Held for Trading or Available for Sale. After initial recognition, investments Held for Trading or Available for Sale are measured at fair value.

Gains and losses on Investments Held for Trading are recognized in income. Gains and losses on Investments Available for Sale are recognized as separate component of equity until investments are sold, disposed off or determined to be impaired, at which time the accumulated gain/loss previously reported in equity is included in income.

2.7 *Stores and spares*

These are valued at weighted average cost. Items in transit are valued at cost comprising invoice value and other incidental charges thereon.

2.8 *Stocks in trade*

These are value at lower of cost or net realizable value. Cost is calculated as follows

Raw materials	-	at lower of weighted average cost
Work in process	-	at direct material cost plus appropriate proportion of production overheads
Finished goods	-	at estimated manufacturing cost
Wastes	-	at net realizable value

Net realizable value signifies the prevailing market prices in the ordinary course of business less selling and distribution expenses incidental to sales.

Raw materials in transit are valued at cost comprising invoice value plus incidental charges paid thereon.

2.9 *Trade & other receivables*

Trade debts are recognized and carried at original invoice amount less an allowance for any uncollectible amount. An estimated provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred. Other receivables are recognized at nominal amount which is the fair value of the consideration to be received less an allowance for any uncollectible amount.

2.10 *Financial instruments*

Financial instruments carried on the balance sheet include bank balances, advances, deposits, other receivables, trade and other payables, short term borrowings, mark-up, loan from ex-chief executive, etc. Financial assets and liabilities are initially recognized at fair value at the time the company becomes a party to the contractual provisions of the instruments. The particular measurement methods adopted are disclosed in the individual policy statements associated with the each item. Financial assets are derecognized when the company loses control of the contractual rights that comprise the financial asset. The company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and derecognition is charged to the profit or loss currently.

a) *Trade & Other Payables*

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

b) *Trade & Other Receivables*

Trade and other receivables are recognized and carried at original invoice amount / cost less an allowance for any uncollectible amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the reliability of these receivables, appropriate amount of provision is made.

c) *Off Setting of Financial Assets and Financial Liabilities*

Financial assets and financial liabilities are off set and the net amount is reported in the financial statements when there is a legally enforceable right to off set and the company intends either to settle on a net basis, or to realize the asset and to settle the liabilities simultaneously.

d) *Mark-up bearing borrowings*

Mark-up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments.

2.11 *Borrowing costs*

Mark-up, interest and other charges on borrowings which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs i.e. mark-up, interest and other charges are charged to the profit and loss account in the period in which they are incurred.

2.12 *Impairment*

a) *Financial*

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

2.5 *Leases*

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the lease are accounted for as liabilities. Financial charges are allocated to the accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liabilities. Depreciation on these assets is charged in line with normal depreciation policy adopted for assets owned by the company.

2.6 *Investments*

All investments are initially recognized at cost, being fair value of the consideration given including acquisition charges associated with investments and are classified as either Held for Trading or Available for Sale. After initial recognition, investments Held for Trading or Available for Sale are measured at fair value.

Gains and losses on Investments Held for Trading are recognized in income. Gains and losses on Investments Available for Sale are recognized as separate component of equity until investments are sold, disposed off or determined to be impaired, at which time the accumulated gain/loss previously reported in equity is included in income.

2.7 *Stores and spares*

These are valued at weighted average cost. Items in transit are valued at cost comprising invoice value and other incidental charges thereon.

2.8 *Stocks in trade*

These are value at lower of cost or net realizable value. Cost is calculated as follows

Raw materials	-	at lower of weighted average cost
Work in process	-	at direct material cost plus appropriate proportion of production overheads
Finished goods	-	at estimated manufacturing cost
Wastes	-	at net realizable value

Net realizable value signifies the prevailing market prices in the ordinary course of business less selling and distribution expenses incidental to sales.

Raw materials in transit are valued at cost comprising invoice value plus incidental charges paid thereon.

2.9 *Trade & other receivables*

Trade debts are recognized and carried at original invoice amount less an allowance for any uncollectible amount. An estimated provision for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred. Other receivables are recognized at nominal amount which is the fair value of the consideration to be received less an allowance for any uncollectible amount.

2.10 *Financial instruments*

Financial instruments carried on the balance sheet include bank balances, advances, deposits, other receivables, trade and other payables, short term borrowings, mark-up, loan from ex-chief executive, etc. Financial assets and liabilities are initially recognized at fair value at the time the company becomes a party to the contractual provisions of the instruments. The particular measurement methods adopted are disclosed in the individual policy statements associated with the each item. Financial assets are derecognized when the company loses control of the contractual rights that comprise the financial asset. The company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the company surrenders those rights. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and derecognition is charged to the profit or loss currently.

a) *Trade & Other Payables*

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

b) *Trade & Other Receivables*

Trade and other receivables are recognized and carried at original invoice amount / cost less an allowance for any uncollectible amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the reliability of these receivables, appropriate amount of provision is made.

c) *Off Setting of Financial Assets and Financial Liabilities*

Financial assets and financial liabilities are off set and the net amount is reported in the financial statements when there is a legally enforceable right to off set and the company intends either to settle on a net basis, or to realize the asset and to settle the liabilities simultaneously.

d) *Mark-up bearing borrowings*

Mark-up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments.

2.11 *Borrowing costs*

Mark-up, interest and other charges on borrowings which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs i.e. mark-up, interest and other charges are charged to the profit and loss account in the period in which they are incurred.

2.12 *Impairment*

a) *Financial*

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) *Non- Financial*

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.13 *Revenue recognition*

Revenue comprises the fair value of the consideration received or receivable for that sale of goods in the ordinary course of the Company's activities. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred or to be incurred, can be measured reliably and when specific criteria have been met for each of the Company's activities as described below:

- Local sales are recognized on dispatch of goods to customers.
- Profit on bank deposits is recognized on a time proportion basis that takes into account the effective yield on the deposits.
- Dividend on equity Investments is recognized as income when the right to receive the Dividend is established.

2.14 *Cash and Cash Equivalents*

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand, deposits in banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

2.15 *Related Party Transactions*

All transactions between company and related party are accounted for at arm's length price in accordance with 'Comparable Uncontrolled Price Method'.

2.16 *Earnings per share*

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.17 *Contingent Liabilities*

Contingent liability is disclosed when the Company has a possible obligation as a result of past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of obligation cannot be measured with sufficient reliability.

2.18 *Share Capital*

Ordinary shares are classified as equity and recognized at their fair value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

	2015 Rupees	2014 Rupees
3. CASH & BANK BALANCES		
Cash in Hand	**18,425**	18,404
Cash with Banks in:		
Current Accounts	**134,831**	155,615
	134,831	155,615
	153,256	174,019
4. TRADE DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES		
Deposit with WAPDA	**12,418,302**	12,418,302
Security Deposits	**37,500**	37,500
Advance Income Tax	**56,444**	45,984
	12,512,246	12,501,786

5 INVESTMENTS

	2015 Rupees Estimated realizable / settlement value	2015 Rupees Book value	2014 Rupees Book value
Available for sale			
Quoted:			
Sajjad Textile Mills Limited			
383,300 (2014: 383,300) Ordinary Shares of Rs.10/- each	**5,557,850**	**3,833,000**	3,833,000
Unquoted:			
Sargodha Industrial Urban Development Co-operative Society Limited	**5,000**	**5,000**	5,000
50 (2014: 50) Ordinary Shares of Rs. 100/- each.	**5,562,850**	**3,838,000**	3,838,000

5.1 The Investment is measured at cost which has been considered as fair value in the absence of any other reliable means of measurement.

6. ASSETS HELD FOR SALE

	2015 Rupees Estimated realizable / settlement value	2015 Rupees Book value	2014 Rupees Book value
Land	**81,919,200**	**81,919,200**	7,337,167
Building	**70,217,140**	**70,217,140**	3,174,310
Plant & Machinery	**60,000,000**	**60,000,000**	36,306,649
	212,136,340	**212,136,340**	**46,818,126**

6.1 Samba Bank Limited and National Bank Limited filed suit before the Honorable Lahore High Court for the recovery of their outstanding liabilities. In this regard the moveable and immoveable properties were ordered by the Honorable High Court to be auctioned and Court auctioneers were appointed by the Lahore High Court on March 08, 2009. Proposed terms of auction have been submitted by the learned Court Auctioneer in this regard. These assets have been classified as held for sale and measured at lower of carrying value or fair value less costs to sell.

6.2 Land, building and plant & machinery of the company was revalued in the financial year ended June 30, 2015 by M/S Al-Noor consultants & evaluaters, resulting in surplus of Rs. 165.318 million over its book value of Rs. 46.818 million. Detail of assets being revalued during the year is as below:

	Book value	Market value	Revaluation surplus
Land	7,337,167	81,919,200	74,582,033
Building	3,174,310	70,217,140	67,042,830
Plant & Machinery	36,306,649	60,000,000	23,693,351
	46,818,126	**212,136,340**	**165,318,214**

7. PROPERTY, PLANT & EQUIPMENT

		2015 Rupees Estimated realizable / settlement value	2015 Rupees Book value	2014 Rupees Book value
Owned Assets	7.1	**492,713**	**492,713**	568,571
		492,713	**492,713**	568,571

7.1 PROPERTY, PLANT & EQUIPMENT

	2015 Rupees	2014 Rupees
Owned Assets	492,713	568,571
	492,713	568,571

	Free hold land	Building- on free hold land	Plant & machinery	Furniture & Fixtures	Electric Installation	Laboratory Equipment	Office & other Equipment	Air conditioners	Fire Fighting Equipment	Fans	Tube well	Arms and ammunition	Computers	Vehicles	Total
	(Rupees)														
Net carrying value basis															
Year ended June 30, 2014															
Opening Net Book Value (NBV) - Restated	-	-	-	67,077	260,803	74,934	21,081	11,066	21,961	3,677	20,035	3,430	160,048	12,626	656,739
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Charge	-	-	-	(6,708)	(39,120)	(11,240)	(3,162)	(2,213)	(3,294)	(552)	(3,005)	(343)	(16,005)	(2,525)	(88,168)
Closing net book value (NBV)	-	-	-	60,369	221,683	63,694	17,919	8,852	18,667	3,126	17,030	3,087	144,043	10,101	568,571
Gross carrying value basis															
At June 30, 2014															
Cost	-	-	-	915,829	9,043,541	2,207,748	544,571	156,699	1,053,552	228,154	966,025	29,885	368,983	534,536	16,049,523
Accumulated Depreciation	-	-	-	855,460	8,821,858	2,144,054	526,652	147,847	1,034,885	225,028	948,995	26,798	224,940	524,435	15,480,952
Net Book Value (NBV)	-	-	-	60,369	221,683	63,694	17,919	8,852	18,667	3,126	17,030	3,087	144,043	10,101	568,571
Net carrying value basis															
Year ended June 30, 2015															
Opening Net Book Value (NBV) - Restated	-	-	-	60,369	221,683	63,694	17,919	8,852	18,667	3,126	17,030	3,087	144,043	10,101	568,571
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Charge	-	-	-	(6,037)	(33,252)	(9,554)	(2,688)	(1,770)	(2,800)	(469)	(2,555)	(309)	(14,404)	(2,020)	(75,858)
Closing net book value (NBV)	-	-	-	54,332	188,430	54,140	15,231	7,082	15,867	2,657	14,476	2,778	129,639	8,081	492,713
Gross carrying value basis															
At June 30, 2015															
Cost	-	-	-	915,829	9,043,541	2,207,748	544,571	156,699	1,053,552	228,154	966,025	29,885	368,983	534,536	16,049,523
Accumulated Depreciation	-	-	-	861,497	8,855,111	2,153,608	529,340	149,617	1,037,685	225,497	951,549	27,107	239,344	526,455	15,556,810
Net Book Value (NBV)	-	-	-	54,332	188,430	54,140	15,231	7,082	15,867	2,657	14,476	2,778	129,639	8,081	492,713
Annual Rate of Depreciation (%)	-	-	-	10%	15%	15%	15%	20%	15%	15%	15%	10%	10%	20%	

7.1.1 The depreciation charged for the year has been allocated as under:-

	2015 Rupees	2014 Rupees
Cost of Sales	-	-
Administrative	75,858	88,168
	75,858	88,168

7.1.2 Free hold land, building, classified a plantand machinery had been classified as held for sale as mentioned in note # 6 to the financial statements

		2015	2015	2014
		Rupees	Rupees	Rupees
8. TRADE & OTHER PAYABLES		Estimated realizable / settlement value	Book value	Book value
Other Liabilities		57,581	57,581	57,581
Accrued Liabilities		483,897	483,897	506,567
		541,478	541,478	564,148
9. LOAN LIABILITIES - BANKING COMPANIES - SECURED				
Habib Bank Limited	9.1	**13,258,000**	**13,258,000**	13,258,000
Samba Bank Limited	9.2	**60,141,598**	**60,141,598**	60,141,598
Islamic Investment Bank Limited	9.3	**71,464,211**	**71,464,211**	71,464,211
National Bank of Pakistan	9.4	**7,466,581**	**7,466,581**	10,966,581
		152,330,390	**152,330,390**	155,830,390
Less: Current Portion		**152,330,390**	**152,330,390**	155,830,390
		-	-	-

9.1 The loan is secured against equitable mortgage charge on all the entire present and future fixed assets, hypothecation charge on all the present and future current assets and personal guarantees of all the directors of the Company. This loan was earlier settled by the State Bank of Pakistan in December 29, 2004 which had resulted in reduction of the liability by Rs. 3.580 million with no further markup to be provided subject to provisions that if the Company failed to repay any of the installment than the agreement would stood cancelled and the bank would be entitled to recover the original outstanding amount without any reduction. However, the Company failed to repay the installments and the Bank filed a case for recovery of its original liability. This loan does not carry any further markup as the Bank is only entitled to recover its original outstanding liability without any further markup, hence no markup has been provided.

9.2 This loan was created by payment of mark-up, exchange risk fee, letter of credit and letter of guarantee commissions on machinery supplier credit obtained (on a guarantee established by Doha Bank Limited) from Toyota Tsusho (Hong Kong) Co. Limited. This loan was earlier settled by the State Bank of Pakistan in December 29, 2004 which had resulted in the liability being settled at Rs. 230.775 million out of which Nazir Cotton is treating Rs. 60.141 million as its liability and the balance liability is appearing in the books of Silver Fiber Mills Limited. The liability of the Company was reduced by Rs. 17.308 million with no further markup to be provided subject to provisions that if the Company failed to repay any of the installment than the agreement would stood cancelled and the bank would be entitled to recover the original outstanding amount without any reduction. However, the Company failed to repay the installments and the Bank filed a case for recovery of its original liability. The Company filed a suit against the Bank and State Bank of Pakistan for settlement of dispute under BPD circular 29 before Honorable Sindh High Court. The Honorable Sindh High Court decided that the matter be remanded back to the State Bank of Pakistan for decision afresh under BPD circular 29. The Bank filed petition in the Honorable Supreme Court of Pakistan against judgment of Honorable Sindh High Court, which is pending for adjudication. This loan does not carry any further markup as the Bank is only entitled to recover its original outstanding liability without any further markup, hence no markup has been provided. The Bank confirmed the total outstanding balance of Rs.507,468,634. This includes principal outstanding of Rs. 216,099,263, Markup of Rs. 47,162,615, Letter of Guarantee of Rs. 4,052,000, and Markup from 22/12/99 to 28/03/07 of Rs. 240,154,756. The Honourable Lahore High Court issued orders during the year 2011 to auction the assets of the company to meet the obligations of the Samba Bank Ltd. The bids were called to auction the assets of the company but due to the low bids and lack of interest of the prospective buyers, however, the execution on the auction order is still in process.

9.3 Islamic Investment Bank Limited	2015	2015	2014
	Rupees	Rupees	Rupees
	Estimated realizable / settlement value	Book value	Book value
Principal	**17,698,386**	**17,698,386**	17,698,386
Frozen Markup	**20,354,000**	**20,354,000**	20,354,000
Accrued Markup	**33,411,825**	**33,411,825**	33,411,825
	71,464,211	**71,464,211**	71,464,211

The loan was repayable in sixteen quarterly installments w.e.f. April 1, 1999. It carries mark-up @ 20% per annum. Accrued mark-up has been frozen and kept in a separate account. The new mark-up on diminishing principal is also being kept in same account and repayment of this mark-up would start subject to the entire repayment of the principal amount. This loan and mark-up account are secured by Personal guarantees of directors except nominee director and mortgage of fixed assets to the tune of Rs.20 million. The liquidator of Islamic Investment Bank has been appointed. The management is of the opinion that as the bank is a shareholder in the profit/(losses) and that the matter is pending in the Peshawar court of law of the Company, therefore, no markup is payable. The company has filed a suit against the bank to recover the share of losses amounting to Rs. 110.0 (M).

9.4 National Bank of Pakistan	2015	2015	2014
	Rupees	Rupees	Rupees
	Estimated realizable / settlement value	Book value	Book value
Principal	**10,000,000**	**10,000,000**	10,000,000
Repayment	**(3,500,000)**	**(3,500,000)**	-
Accrued Markup	**966,581**	**966,581**	966,581
	7,466,581	**7,466,581**	10,966,581

This is secured against pledge of stocks, hypothecation of stocks / work-in- process and stores, charge on book debts and other assets, demand promissory note and personal guarantee of all the directors except nominee directors. It carried mark up @ 3 months Kibor + 2.5% . The bank has claimed an amount of Rs.10.966 million as final discharge of its liability and filed suit in Banking Court for recovery. The management is contesting the suit.

10 LONG TERM LOANS

		2015	2015	2014
		Rupees Estimated realizable / settlement value	Rupees Book value	Rupees Book value
Sponsors Loan - Deferred	10.1	**102,175,856**	**102,175,856**	98,575,856
Loans from Associated Undertakings - Unsecured	10.2	**42,354,386**	**42,354,386**	37,478,967
		144,530,242	**144,530,242**	**136,054,823**

10.1 This represents unsecured and interest free loan obtained from sponsors of the Company to meet the Company's past B.M.R. plans and liquidity problem, with undetermined repayment period. The Company is of the view that these shall be repaid in undetermined installments at ease of the Company. Due to non availability of a defined repayment schedule, this loan has been stated at cost.

10.2 Loans from Associated Undertakings - Unsecured

	2015	2015	2014
	Rupees Estimated realizable / settlement value	Rupees Book value	Rupees Book value
Sargodha Textile Mills Limited	**1,500,000**	**1,500,000**	1,500,000
Silver Fiber Spinning Mills Limited	**40,854,386**	**40,854,386**	35,978,967
Total	**42,354,386**	**42,354,386**	37,478,967
Less : Current Portion of Long Term Loan	**144,530,242**	**144,530,242**	136,054,823
	-	**-**	-
	144,530,242	**144,530,242**	136,054,823

10.2.1 This represents unsecured obtained from Group Companies, with undetermined repayment period. They company intends to repay the loans in undetermined installments on the commencement of commercial operations. Interest has been provided @ 3 months Kibor + 1.50%.

11 ISSUED, SUBSCRIBED & PAID UP CAPITAL

	2015	2014
	Rupees	Rupees
20,312,530 (2014: 20,312,530) ordinary shares of Rs. 10/- each fully paid up in cash	**203,125,300**	203,125,300
370,000 (2014: 370,000) ordinary shares of Rs. 10/- each issued as fully paid up in consideration of Property, and assets of Sargodha Textile Mils Limited as per bifurcation scheme approved by the Honorable High Court in 1974.	**3,700,000**	3,700,000
2,317,470 (2014: 2,317,470) ordinary shares of Rs. 10/- each issued as bonus shares	**23,174,700**	23,174,700
	230,000,000	230,000,000

12 SURPLUS ON REVALUATION OF ASSETS HELD FOR SALE

Gross Surplus		
Opening balance of surplus on revaluation of fixed assets	-	-
Revaluation carried out during the year	**165,318,214**	-
Transferred to un-appropriated profit in respect of incremental depreciation charged during the year	**-**	-
	165,318,214	**-**
Less: Deferred Tax Liability on:		
Opening balance of revaluation	-	-
Incremental depreciation charges on related assets	-	-
	-	-
Closing balance of surplus on revaluation of fixed assets	**165,318,214**	**-**

13 CONTINGENCIES & COMMITMENTS

a) Honorable Lahore High Court on a suit file by Samba Bank has decreed against the Company for a sum of Rs. 260.0 million. The company has filed an appeal in the Honorable Supreme Court which is still pending. However, the Samba Bank has claimed the total outstanding balance of Rs.507,468,634. This includes principal outstanding of Rs. 216,099,263, Markup of Rs. 47,162,615, Letter of Guarantee of Rs. 4,052,000, and Markup from 22/12/99 to 28/03/07 of Rs. 240,154,756. The management is hopeful of a decision in their favour.

b) Islamic Investment Bank (in liquidation) and case has been shifted from Lahore High Court to Peshawar High Court because, the liquidation process will be completed in Peshawar. This loan and mark-up account are secured by Personal guarantees of directors except nominee director and mortgage of fixed assets to the tune of Rs.20.0 million. The liquidator of Islamic Investment Bank has been appointed. The management is of the opinion that as the bank is a shareholder in the profit/(losses), therefore, the company has filed a suit against the bank to recover the share of losses amounting to Rs. 110.0 (M) and that the matter is pending in the Peshawar High Court, hence, no markup is payable.

c) Decree in favor of National Bank of Pakistan has been issued for amounting to Rs. 10.0 (M) by the Banking Court-Lahore 2011. The auction was held in two turns, but, the prospective buyer is not willing to buy the auctioned assets.

18 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

d) WAPDA had filed a suit against the company for recovering of arrears amounting to Rs. 12.4 (M). The Lahore High Court had decided the case in favor of WAPDA. The company had deposited Rs. 12.4 (M) with WAPDA for electricity case as per orders of the Lahore High Court and has filed an appeal for recovery of the said amount from WAPDA in the Supreme Court. The management is hopeful of a decision in their favour.

Commitments

There were no commitments outstanding as at the balance sheet date (2014: Nil), as otherwise stated in relevant notes.

			2015	2014
			Rupees	Rupees
14	**SALES - NET**		**-**	-

14.1 The business operations of the Company remained suspended, hence there are no sales or cost of sales.

15 ADMINISTRATIVE EXPENSES

	Note	2015	2014
Staff Salaries & Benefits (including outsourced staff)		**2,381,743**	2,636,285
Traveling & Conveyance		**4,300**	5,180
Printing & Stationery		**62,036**	88,608
Postage, Telephone & Telex		**9,516**	20,000
Vehicle Running & Maintenance		**-**	50,000
Repairs & Maintenance		**96,408**	10,310
Entertainment		**6,530**	4,850
Rent, Rates & Taxes		**232,025**	135,000
Electricity, Water & Gas		**1,682,138**	-
Fees & Subscription		**153,750**	235,950
Legal & Professional		**149,650**	145,000
Auditors' Remuneration	15.1	**125,000**	150,000
Newspapers & Periodicals		**22,313**	19,014
Advertisement		**25,650**	25,000
Miscellaneous Expenses		**15,000**	4,346
Zakat Deduction		**-**	2,446
Depreciation	7.1.1	**75,858**	88,168
		5,041,917	3,620,157

15.1 Auditors' remuneration

	2015	2014
Statutory Audit Fee	**125,000**	150,000

16 OTHER INCOME

	2015	2014
Profit on Bank Deposits	**4,808**	-
Balances Written Back	**-**	195,084
	4,808	195,084

17 FINANCE COST

	2015	2014
Bank Charges	**1,801**	1,376
	1,801	1,376

18 TAXATION

18.1 No provision for taxation has been provided as there were not commercial operations during the year. Keeping in view the available tax losses and probability that future taxable profit will not be available against which unused tax losses can be utilized, deferred tax asset has not been recognized.

19 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

19.1 No remuneration or meeting fee has been paid to chief executive and any director during the year.

19.2 The chief executive is provided with the free use of company maintained cars.

19.3 Executive are defined as employees with basic salary exceeding Rs. 500,000 per annum. No employee of the company qualifies as executive.

20 TRANSACTIONS WITH RELATED PARTIES

The related parties include major shareholders, entities having directors in common with the Company, directors, other key management personnel and employees benefit plans. Transaction with related parties, other than remuneration and benefits to key management personnel under terms of their employment are as under:

	2015	2014
Loans Received from Sponsors During the Year	**3,600,000**	-
Loans Received from Associated Undertaking During the Year	**4,875,419**	3,059,119

LOSS PER SHARE - BASIC & DILUTED

There is diluted effect on the basic earning per share which is based on:

Loss after Taxation	**(5,038,910)**	(3,426,449)
Weighted Average Number of Ordinary Shares	**23,000,000**	23,000,000
Loss Per Share - Basic	**(0.22)**	(0.15)

FINANCIAL RISK MANAGEMENT

22.1 *Risk management framework*

The Company's activities expose it to a variety of financial risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies .

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

22.2 Fair Value

The carrying values of the financial assets and financial liabilities approximate their fair values except for Deferred sponsors' loan and loan from related parties disclosed in note.10 to the financial statements. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If the transaction is not based on market terms, or if a market price cannot be readily determined, then an estimate of future cash payments or receipts, discounted using the current market interest rate for a similar financial instrument, is used to approximate the fair value.

22.3 Financial Risk Factors

The Company has exposures to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

22.3.1 *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from long term security deposits, loans and advances to employees, deposits, trade debts, other receivables and bank balances .

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date was:

	2015	2014
	Rupees	Rupees
Cash in Hand	**18,425**	18,404
Advances, Deposits, Prepayments & Other	**12,512,246**	12,501,786
Trade Debts	**2,827,973**	2,827,973
Bank Balances	**134,831**	155,615
	15,493,475	15,503,778

22.3.2 *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

Following is the maturity analysis of financial liabilities:

	Rupees		
Non - derivative financial liabilities	**Up to 1 year**	**Up to 5 year**	**Total**
Trade & Other Payables	**-**	**-**	-
Loan Liabilities - Banking Companies	**152,330,390**	**-**	152,330,390
Accrued Mark Up On Loan From Associated Undertakings	**-**	**9,248,965**	9,248,965
Long Term Loans	**-**	**144,530,242**	144,530,242
June 30, 2015	**152,330,390**	**153,779,207**	**306,109,597**
Non - derivative financial liabilities	Up to 1 year	Up to 5 year	Total
Trade & Other Payables	-	-	-
Loan Liabilities - Banking Companies	155,830,390	-	155,830,390
Accrued Mark Up On Loan From Associated Undertakings	-	9,248,965	9,248,965
Long Term Loans	-	136,054,823	136,054,823
June 30, 2014	155,830,390	145,303,788	301,134,178

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effectively as at June 30, 2015. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

22.4 *Market risk*

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate and currency risks.

a) Currency Risk

Currency Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is not significantly expose to currency risk as the company does not maintain bank accounts in foreign currencies.

b) Interest Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts.

23 CAPITAL RISK MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, the Company's ability to continue as going concern is disclosed in note 1.1 to the financial statements, and

(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

24 PLANT CAPACITY AND ACTUAL PRODUCTION

		2015	2014
		Rupees	Rupees
No. of spindles installed		28,800	28,800
No. of spindles worked		-	-
Installed capacity at 20's count based on number of shifts worked.	Kgs	-	-
Actual production of yarn on different counts.	Kgs	-	-
Actual production of yarn converted into 20's count	Kgs	-	-
Number of shifts worked		-	-

Reason for low production is due to closure of mills for some period as a result of financial constraints.

25 NUMBER OF EMPLOYEES

The average and total number of employees are as follows:

	2015	2014
Average number of employees during the year	**24**	24
Total number of employees as at the year end	**24**	24

26 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on September 23, 2015.

27 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE **DIRECTOR**

FORM - 34

PATTERN OF HOLDINGS OF SHARES
HELD BY THE SHARE HOLDERS AS AT 30.06.2015

No. of Share Holders	Share Holdings From	To	Total Shares Held
1	100	13	426
101	500	384	189,984
501	1000	42	41,501
1001	5000	132	406,946
5001	10000	39	305,412
10001	15000	23	298,806
15001	20000	19	364,550
20001	25000	7	165,131
25001	30000	6	169,198
30001	45000	16	580,330
45001	65000	14	737,275
65001	95000	1	84,444
95001	100000	2	199,559
100001	105000	1	100,100
105001	140000	7	779,644
140001	155000	2	297,218
155001	200000	3	509,354
200001	300000	4	1,009,364
350001	400000	2	759,742
665001	670000	2	1,332,000
960001	965000	1	960,234
1605001	161000	1	1,606,678
1610001	204000	2	3,762,764
2040001	2045000	1	2,042,877
2195001	2200000	1	2,199,414
2260000	999999900	1	4,097,499
			23,000,000

Category wise Pattern of Shareholding

Shareholders

Category of Shareholders		Shareholders	Total Shares	%age
FINANCIAL INSTITIONS		1	4,097,499	17.82
INDIVIDUALS		716	18,735,501	81.46
JOINT STOCK COMPANIES		8	166,000	0.72
INVESTMENT COMPANIES		1	1,000	0
			23,000,000	**100**

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2015
ADDITIONAL INFORMATION AS REQUIRED BY THE
CODE OF CORPORATE GOVERNANCE

CATEGORIES OF SHAREHOLDERS		NUMBER OF SHAREHOLDERS	NUMBER OF SHARE HELD
Associated Companies, Undertakings & Rela		NIL	NIL
NIT & ICP		NIL	NIL
Director, Chief Executive Officer Their Spouse and Minor Children			
Folio No.	**Name**		
12	Mian Shahzad Aslam		2,199,414
18	Mian Farrukh Naseem		1,606,678
21	Mian Aamir Naseem		2,042,877
400	Mr. Nadeem Anjum		500
454	Mr. Maqbool Hussain Bhutta		500
455	Mr. Khurram Abbas Khurram		500
405	Syed Arif Hussain		500
2	Mr. Sajjad Aslam		960,234
27	Mrs. Seema Sajjad		363,186
15	Mr. Muhammad Raza Aslam		59,033
3	Irfan Aslam		176,627
5	Akhtar Begum		295,551
6	Shaheen Nasir Shafi		148,609
7	Muhammad Asim Sajjad		460,63
722,8	Mrs. Sadaf Pervez		5,006
9	Mr. Pervez Aslam		276,553
10	Samina Asif		148,609
718	Salman Muhammad Aslam		57,579
13	Imran Aslam		176,627
14	Ayesha Aslam		23,031

NAZIR COTTON MILLS LTD.
FORM OF PROXY

The Corporate Secretary,
NAZIR COTTON MILLS LIMITED,
61-K, Gulberg III, Lahore.

I/We ____

of____________________________________ being a member(s) of

NAZIR COTTON MILLS LIMITED, and holder of ______________ ordinary shares

as per share Registered Folio No. ____________________ Hereby appiont

Mr./Mrs./Miss ____

of ____

(being a member of the Company) as my/our proxy to attend, act and vote for me/us and on my/our behalf, at the 42nd Annual General Meeting of the Company to be held at the Registered office, 61-K, Gulberg III, Lahore. on Friday 30th October, 2015 at 10.00 a.m. and at every adjournment thereof.

As witness my hand this __________ day of __________________ 2015.

Signed by the said in the presence of ____________________________

____
Signature

Witness

____
Signature

Affix Revenue Stamp

Note : (1) Proxies in order to be effective, must be received at the Company's Registered Office not less than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

(2) Signature must agree with the specimen signature registered with Company.

(3) No Person shall act as Proxy unless he/she is a member of the Company.