Ruby Textile Mills Limited

2015
Annual Report

VISION/MISSION STATEMENT

To transform the company into a modern and dynamic Textile products manufacturing company and to provide quality products to customers and explore new markets to promote/expand sales of the Company through Good Governance and foster a sound and dynamic team, so as to achieve optimum profitability for the Company for sustainable and equitable growth and prosperity of the Company, its employees and shareholders.

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BOARD OF DIRECTORS	Chairman and Chief Executive: MR. NOOR ELAHI Directors: MRS. PARVEEN ELAHI MRS. NAHEED JAVED MR. NABEEL JAVED MR. JAVED USMAN MR. FAIZAN JAVED MR. MATIUDDIN SIDDIQUI (NIT NOMINEE)
COMPANY SECRETARY	MR. ASIF PERVAIZ KHAWAJA
AUDIT COMMITTEE	MR. JAVED USMAN -CHAIRMAN MR. NABEEL JAVED -MEMBER MR. FAIZAN JAVED -MEMBER
BANKERS	M/S. STANDARD CHARTERED BANK LTD. M/S. BANK AL-HABIB LIMITED M/S. HABIB METROPOLITAN BANK LTD. M/S. NATIONAL BANK OF PAKISTAN M/S. SONERI BANK LTD. M/S. SILK BANK LTD. M/S. FAYSAL BANK LTD. M/S. MUSLIM COMMERCIAL BANK LTD.
AUDITORS	M/S. MUSHTAQ & CO., Chartered Accountants, Room #.407-Commerce Centre, 4th Floor, Hasrat Mohani Road, Karachi-74200
LEGAL ADVISOR	M/S. MOHSIN & WAHEED LAW ASSOCIATES Office # S-3, 2nd Floor, West End Plaza, 72-The Mall Road, Lahore.
HEAD OFFICE	35-Industrial Area, Gulberg-III, Lahore-54660, Pakistan. Phone: (+92-42) 3571-4601, 3576-1243-4 Fax: (+92-42) 3571-1400, 3576-1222 Email: info@rubytextile.com.pk
REGISTERED OFFICE	Room #.203-Faiyaz Centre, 2nd Floor, 3-A, S.M.C.H.S., Shahrah-e-Faisal, Karachi-74400. Phone: (+92-21) 34396600, 34387700 Fax: (+92-21) 34398800 Email: aslamd9@yahoo.com
MILLS	Raiwind-Manga Road, Raiwind, District Kasur-55050, Pakistan. Phone: (+92-42) 3539-1031, 3539-2651-2 Fax: (+92-42) 3539-1032 Email: wasim@rubytextile.com.pk
SHARE REGISTRAR	M/S. CORPLINK (PVT) LTD., 1-K, (Commercial) Wings Arcade, Model Town, Lahore-54700, Pakistan. Phone: (+92-42) 3583-9182, 3588-7262 Fax: (+92-42) 3586-9037 Email: corplink786@yahoo.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 35th Annual General Meeting of the share holders of RUBY TEXTILE MILLS LIMITED will be held at Registered Office at 203-Faiyaz Centre, 3-A S.M.C.H.Society, Shahrah-e-Faisal Karachi on Saturday 31st October 2015 at 04.00 PM to transact the following business.

ORDINARY BUSINESS

1. To consider minutes of Annual General Meeting held on 30th October 2014
2. To receive, consider and adopt the Audited Accounts together with Director's and Auditor's report thereon for the period ended 30th June 2015
3. To appoint Auditors for the next financial year and fix their remuneration. The present Auditors M/s. Mushtaq & Company Chartered Accountants retire and being eligible, offer themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

LAHORE — ASIF P.KHAWAJA
5th October 2015 — COMPANY SECRETARY

1. The share transfer Books of the Company will remain closed from 24th October 2015 to 31st October 2015 (both days inclusive)
2. A member entitled to attend and vote may appoint another member of his/her proxy to attend the meeting and vote on his/her behalf. Proxy in order to be effected must be received at Registered Office of the Company at least 48 hours before the meeting
3. CDC share holder are requested to bring with them their original C.N.I.C or passport along with Participant's ID number and their account number at the time of Annual General Meeting in order to facilitate Identification and in case of proxy must enclose an attest copy of CNIC or Passport along with CDC account number. Representative of corporate members should bring the usual documents required for this purpose. Share holders are requested to immediate notify any change in their address to Company's Share Registrar M/s.Corplink (Private) Limited, Wings Arcade, 1-K Commercial Model Town, Lahore

DIRECTOR'S REPORT

The Directors of your company are pleased to present their 35thAnnual Report together with the Company's Audited Accounts for the year ended 30th June, 2015.

General Market Conditions and Company's Business

The financial year 2015 was very challenging period for the whole textile industry of the Pakistan. Again this year major problems for textile industry was crises of Electricity and Gas supply to textile sector.Our main source of electricity is through self generation by usage of Natural Gas.Through out the year textile industry in Punjab province suffered continuous load shedding in Gas supplies. We had to face curtailment in production of yarn during the year.

The global economic growth during the outgoing year has witnessed some continuing signs of improvement. The global economy is expected to grow at a pace of 3.5% in 2015 and to further accelerate at 3.8% in 2016. China and Pakistan have made agreements to establish China Pakistan Economic Corridor between the two countries. The corridor will serve as a driver for connectivity between South Asia and East Asia. The trade in the world is expected to increase and Pakistan will take benefits through multiple dimensions.

Future Outlook

Presently textile industry is passing through difficult circumstances in the overseas markets, mainly due to a global recession and comparatively high cost of production as of neighboring countries. Our overseas markets have been grabbed by other countries by offering lower prices. The company is suffering production losses due to scheduled / unscheduled load shedding of electricity and gas, further energy crises still not have been resolved by the Government. Gas is being provided to the industry in Punjab for six to eight hours in a day. These factors pushed our energy cost to higher side resulting in disparity between Industries located in other provinces.

Textile sector is awaiting the announcement of incentives from the Government of Pakistan which would support the industry to boost its sales. It is high time that Government should take necessary steps to provide relief without further loss of time.

Operating Results

The financial results are summarized here under

	2015 Rupees	2014 Rupees
Sales	508,026,159	927,881,198
Gross Profit/(Loss)	(165,600,160)	(145,791,867)
Administration Charges	(24,483,872)	(24,906,243)
Distribution Charges	(5,842,671)	(20,541,206)
Financial Charges	(15,798,706)	(24,186,653)
Profit/ (Loss) Before Tax	(210,853,177)	(213,925,586)
Provision for Taxation	21,025,481	71,264,671
Profit/ (Loss) after Taxation	(189,827,696)	(142,660,915)

Net Sales of the company decreased to Rs. 508.026 million from Rs. 927.881million showing decrease by 45.25 % from last year. .It's mainly due to less production of yarn during the year. Company had Gross loss of Rs. 165.600 million as compared to last year's Gross loss of Rs. 145.792 million. It's mainly due to lack of overseas demand of yarn and high costs of power and other manufacturing over heads during the year. Administrative expenses, distribution cost & finance cost have decreased by Rs. 0.422 Million

Rs.14.699 million and Rs. 8.388 million respectively from preceding financial year. Company suffered loss before tax Rs. 210.853 million during the year as compared to loss before tax amounting Rs. 213.925 million in last financial year. Loss after tax is Rs. 189.827 million for the financial year as compared to loss after tax Rs.142.661 million in last financial year.

Auditors Report

The auditors have qualified their report as under:

A). Finance cost has not been accounted for and outstanding bank liability written off.

During the year ended June 30, 2012, the company had paid Rs.390 million to Financial Institution against outstanding principal amount of long term and short term loans. While making payment of Rs.390 million, it was notified that the paid amount of Rs. 390 million should be adjusted against principal liability first. On the contrary, Financial Institution had not adjusted the payment of Rs.390 million to settle the principal liability of various loans and settled the amount against mark up payable and continue to charge the interest which included interest on interest amounted to Rs. 65,390,954.Based on the bank statements, the company continued to record the liability figures (principal and mark up) as per confirmation by the Financial Institution. The Financial Institution verbally assured the company that they shall adjust the payment against the principal dues as instructed by the company as per his requests dated August 10, 2011 and August 25, 2011. When no confirmation was received from Financial Institution, the management has decided during the year the accounts should be settled correctly and the prior year be adjusted. Management believes that there is no outstanding liability toward Financial Institution which has been settled completely and fully. Therefore, the company has written off long term and short term borrowings and mark up payable aggregating and approximating to Rs.188,678,418.This entry has been adjusted retrospectively in accordance with the requirements of international accounting standards (IAS) 8 "Accounting policies, changes in Accounting Estimates and Errors" and the resultantly adjustments have been made in relevant years.

B). Interest free loans from directors and associates not amortized.

Loans from directors and associates are interest free and repayment of these loans not confirm. Therefore, the company has not amortized these loans.

With reference to emphasis of matter paragraph by auditor in their report, the management is making its best efforts to make operation as efficient as possible.

Earning/(Loss) Per Share

Loss per share for the year amounted to Rs. (3.64) and Rs. (2.73) for the corresponding year.

Related Parties

The Board of Directors has approved the policy for transaction/contract between Company and its related parties on an arms length basis and relevant rates are to be determined as per the comparable un-controlled price method.

For and on behalf of the Board of Directors

LAHORE
October 09, 2015

(NOOR ELAHI)
CHAIRMAN/CHIEF EXECUTIVE

Corporate And Financial Reporting Framework
(Code of Corporate Governance)

The Financial Statements prepared by the management of the Company present fairly state of affairs of the Company, the result of its operations, cash flows and change in equity.

Proper Books of Accounts have been maintained.

Appropriate Accounting Policies have been consistently applied in preparation of financial statements and accounting estimates are based in reasonable and product judgement.

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

The system of Internal Control is sound in design and has been effectively implemented and monitored.

There are no significant doubts upon the Company's ability to continue as a going concern.

There has been no material departure from the best practice of Corporate Governance, as detailed in listing regulations.

Significant deviations from last year in operating results of the results of the Company and reasons thereof have been explained. The key operating and financial data for last 6 years is attached in summarized form.

There are not outstanding statutory payments on accounts of taxes, duties, levies and charges except as shown in notes to the accounts. The amounts appearing in the accounts are of routine nature and some of these have been paid in next year while others are adjustable against receivables in the subsequent period subject to approval by authorities.

There are no significant plans for corporate restructuring, business expansion and discontinuation of operation except for improvement in the normal business activities to increase the business.

The Company is operating an unfunded Gratuity Scheme funds of which are retained for business of the Company .

Four meetings of the Board of Directors of the company during the year under review were held and were attended as follows:

Mr. Noor Elahi	4
Mrs. Parveen Elahi	4
Mrs. Naheed Javed	4
Mr. Javed Usman	4
Mr. Matiuddin Siddiqui	2
Mr. Nabeel Javed	4
Mr. Faizan Javed	4

The leave of absence was granted to the members not attending the Board Meeting.

Audit Committee

The Board of Directors in compliance with the Code of Corporate Governance has established and Audit Committee. The name of its members is given in the Company's profile.

The term of reference of the Audit Committee is based on the scope as defined by the Securities and Exchange Commission of Pakistan (SECP) and the guidelines given by the Board of Directors from time to time to improve the system and procedures.

Auditors

The present auditors, M/S. Mushtaq & Co, Chartered Accountants retire and being eligible has offered themselves for re-appointment.

Pattern of Shareholding

Statement showing pattern of holding of shares as on 30th June, 2015 on prescribed format is annexed to this report.

Acknowledgments

We record our admiration of the services of our employees and workers of the Company who have contributed their best possible talents and believe that the same spirit of devotion will continue in future. We wish to thank our banks and shareholders for their continued support and confidence on the Company.

The key operating and financial data for the last six year is annexed.

For and on behalf of the Board of Director s

LAHORE
October 09, 2015

(NOOR ELAHI)
CHAIRMAN/CHIEF EXECUTIVE

FORM 34

Pattern of holding of the shares held by the shareholders as at 30th June, 2015

No. of Shareholders	------Shareholding------ From	To	Total Shares Held
56	1	100	2,815
708	101	500	342,685
62	501	1,000	58,704
81	1,001	5,000	206,990
17	5,001	10,000	135,900
4	10,001	15,000	49,700
3	15,001	20,000	57,000
1	20,001	25,000	23,500
1	35,001	40,000	37,000
1	55,001	60,000	55,829
1	85,001	90,000	88,300
1	95,001	100,000	100,000
1	135,001	140,000	139,179
1	265,001	270,000	270,000
1	295,001	300,000	300,000
1	480,001	485,000	482,164
1	3,870,001	3,875,000	3,873,500
1	6,495,001	6,500,000	6,500,000
1	8,655,001	8,660,000	8,655,900
1	13,170,001	13,175,000	13,173,834
1	17,660,001	17,665,000	17,661,400
945		TOTAL	**52,214,400**

5. **Categories of shareholders**	**Share Held**	**Percentage**
5.1 Directors, Chief Executive Officers, and their spouse and minor childern	43,606,813	83.5149%
5.2 Associated Companies, undertakings and related parties.	6,900,500	13.2157%
5.3 NIT and ICP	3,200	0.0061%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	270,512	0.5181%
5.5 Insurance Companies	0	0.0000%
5.6 Modarabas and Mutual Funds	482,164	0.9234%
5.7 Share holders holding 10% or more	50,104,313	95.9588%
5.8 General Public		
a. Local	886,723	1.6982%
b. Foreign	500	0.0010%
5.9 Others (to be specified)		
1- Joint Stock Companies	6,200	0.0119%
2- Pension Funds	55,829	0.1069%
3- others	1,959	0.0038%

Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2015

Sr. No.	Name	No. of Shares Hold	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	NAHEED NOOR ENTERPRISES LTD.	300,000	0.5746%
2	NAHEED NOOR (PVT) LTD.	100,500	0.1925%
3	SUNRISE BOTTLING CO. (PVT) LTD.	6,500,000	12.4487%
Mutual Funds (Name Wise Detail)		-	-
1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	482,164	0.9234%
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. NOOR ELAHI	17,800,579	34.0913%
2	MRS. PARVEEN ELAHI	8,756,400	16.7701%
3	MRS. NAHEED JAVED	17,047,334	32.6487%
4	MR. NABEEL JAVEED	1,000	0.0019%
5	MR. FAIZAN JAVED (CDC)	1,000	0.0019%
6	MR. JAVED USMAN	500	0.0010%
7	MR. MATIUDDIN SIDDIQUI (NIT NOMINEE)	--	0.0000%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		326,341	0.6250%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MR. NOOR ELAHI	17,800,579	34.0913%
2	MRS. PARVEEN ELAHI	8,756,400	16.7701%
3	MST. NAHEED JAVED	17,047,334	32.6487%
4	SUNRISE BOTTLING CO. (PVT) LTD.	6,500,000	12.4487%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

Sr. No.	NAME	SALE	SALE	PURCHASE

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE YEAR ENDED JUNE 30, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange (Guarantee) Ltd., for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1- The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category Names	Name
Independent Directors	MATIUDDIN SIDDIQUI (NIT NOMINEE)
Executive Directors	MR. NOOR ELAHI
Non-Executive Directors	MR. NABEEL JAVED
	MRS. PARVEEN ELAHI
	MR. JAVED USMAN
	MRS. NAHEED JAVED
	MR. FAIZAN JAVED

2- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3- All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4- No casual vacancy occurred in the board of directors of the company during the year.

5- The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6- The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7- All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

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 working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9- The board arranged one training program for its directors during the year.

10- There was new appointment of CFO and Company Secretary, however, their appointment including remuneration and terms and condition of employment are approved by the board of directors. During the year new head of Internal audit has been appointed he is duly qualified and meet the requirements for the appointment according to Code of Corporate Governance, and his remuneration and terms and condition of employment has been approved by the board of directors.

11- The directors' report for this year has been prepared in compliance with the requirements of the CCG 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 the board.

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

14- The company has complied with all the corporate and financial reporting requirements of the CCG.

15- The board has formed an Audit Committee. It comprises three (03) members, of whom all are non-executive directors and the chairman of the committee is a non-executive director. Presently company dosn't have independent director as required by the Code of Corporate Governance. The company is taking measures to constitute in accordance with the requirements of Code of Corporate Governance.

16- The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17- The board has formed an HR and remuneration committee. It comprises three (03) members, of whom two (02) are non-executive directors and the chairman of the committee is a non-executive director.

18- The board has set up an effective internal audit function for which staffs appointed who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19- The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20- 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 guidelines in this regard.

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(s).

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

23- We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Lahore
Date: October 09, 2015

Noor Elahi
Chairman/CEO

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

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REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Ruby Textile Mills Limited Limited for the year ended June 30, 2015 to comply with the requirements of Listing Regulation of the Karachi Stock Exchange Limited, and Lahore Stock Exchange Limited 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 and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the company's 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 of directors' statement on internal control covers all the risks and control or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

The Code requires the company to place before the audit committee and upon recommendation of the Audit committee, places before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of 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 as applicable to the company for the year ended June 30, 2015.

Further, we highlight below instances of non compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the statement of Compliance:

Paragraph Reference	Description
15	Audit committee does not have independent director as specified in clause (XXV) of Code.

LAHORE:

Dated: October 09, 2015

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Abdul Qadoos, FCA

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

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Fax: 35843360

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of Ruby Textile Mills Limited as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement, 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 purpose 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 the 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 verifications, we report that;

a) As explained in note 32.1 company has not accounted for finance cost for the year aggregating and approximately to Rs. 7.494 and Rs. 11.02 million on long term financing and short term borrowings. As fully explained in note 8.4 of the financial statements, company has written off outstanding bank liability retrospectively aggregating to Rs. 24.156 million in respect of commercial loan amounted to Rs. 24.156 million, short term borrowings amounted to Rs. 99.130 million accrued markup on long term and short term borrowings amounted to Rs. 65.390 million. The above balances were confirmed by the bank as receivable from the company in response to our balance confirmation request. Had the company accounted for the outstanding bank liability, loss for the year would have been higher by Rs. 18.515 million, accrued markup would have been higher by Rs. 65.390 million, loan liability would have been higher by Rs. 162.922 million and accumulated loss would have been higher by Rs. 188.677 million.

b) Company has not accounted for interest free long term financing from directors and associates at amortized cost as required by the International Accounting Standards (IAS) 39 " Financial Instruments- Recognition and measurement". Due to the non-availability of underlying repayment terms and conditions of interest free loans, we are unable to ascertain the effects on financial statements regarding amortized cost of interest free loans.

c) in our opinion, except for the matters referred in paragraph (a) and (b), proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

d) in our opinion;

   (i) except for the matters referred in paragraph (a) and (b) 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 accounts 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;

(e) in our opinion and to the best of our information and according to the explanations given to us, except for the matters referred in paragraph (a) and (b) the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give 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 the company's affairs as at June 30, 2015 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

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

(g) Without further qualifying our opinion, we draw attention to note 1.1 in the financial statements which indicates that the company incurred a net loss of Rupees 189.827 million during the year ended June 30, 2015. These conditions, along with other matters as explained in note 1.1 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. These financial statements, however, have been prepared on the going concern basis on the assumptions as detailed in aforesaid note.

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Abdul Qadoos, FCA

LAHORE:
Date:October 09, 2015`

BALANCE SHEET

EQUITY AND LIABILITIES	Note	2015 Rupees	2014 Rupees Restated	2013 Rupees Restated
SHARE CAPITAL AND RESERVES				
Authorized Capital				
70,000,000 (June 30,2014 : 70,000,000) Ordinary shares of Rs. 10 each		700,000,000	700,000,000	700,000,000
Issued, subscribed and paid up capital	5	522,144,000	522,144,000	522,144,000
Capital reserves	6	3,240,000	3,240,000	3,240,000
(Accumulated loss) / unappropriated profit		(287,716,230)	(115,021,963)	5,899,517
		237,667,770	410,362,037	531,283,517
Share application money		-	-	99,363,000
Surplus on revaluation of property, plant and equipment	7	463,317,944	465,914,192	478,758,991
NON CURRENT LIABILITIES				
Long term financing from banking companies	8	39,714,349	40,032,249	4,875,000
Long term financing from others	9	108,374,063	108,724,000	-
Long term financing from directors and associates	10	418,911,843	272,830,514	83,162,022
Deferred liabilities	11	14,085,200	53,668,866	130,264,612
CURRENT LIABILITIES				
Trade and other payables	12	273,599,168	284,691,210	297,392,649
Accrued mark up / interest	13	21,235,661	20,093,963	55,043,015
Short term borrowings	14	62,553,646	63,381,267	100,680,728
Current portion of non current liabilities				
Long term financing from banking companies	8	317,900	7,383,892	10,712,500
Long term financing from others	9	3,495,938	-	-
Provision for taxation	15	10,307,479	9,401,673	6,718,678
		371,509,790	384,952,006	470,547,569
CONTINGENCIES AND COMMITMENTS	16			
TOTAL EQUITY AND LIABILITIES		1,653,580,958	1,736,483,863	1,798,254,712

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE

AS AT JUNE 30, 2015

ASSETS	Note	2015 Rupees	2014 Rupees Restated	2013 Rupees Restated
NON CURRENT ASSETS				
Property, plant and equipment	17	1,037,950,919	1,086,328,323	1,124,937,239
Long term deposits	18	5,709,645	5,463,700	4,179,700
CURRENT ASSETS				
Stores, spare parts and loose tools	19	112,599,173	111,655,993	109,520,965
Stock in trade	20	406,109,152	437,477,014	490,633,075
Trade debts	21	26,480,634	21,236,565	18,647,668
Loans advances and prepayments	22	29,844,310	39,167,585	25,746,607
Other receivables	23	6,347,336	9,883,507	6,950,220
Tax refunds due from Government	24	26,164,033	23,392,060	16,855,048
Cash and bank balances	25	2,375,756	1,879,115	784,190
		609,920,394	644,691,840	669,137,773
TOTAL ASSETS		**1,653,580,958**	**1,736,483,863**	**1,798,254,712**

The annexed notes from 1 to 45 form an integral part of these financial statements.

DIRECTOR

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

	Note	2015 Rupees	2014 Rupees Restated
Sales- net	26	508,026,159	927,881,198
Cost of sales	27	(673,626,319)	(1,073,673,066)
Gross loss		(165,600,160)	(145,791,867)
Other income	28	872,231	1,502,883
Distribution cost	29	(5,842,671)	(20,541,206)
Administrative expenses	30	(24,483,872)	(24,906,243)
Other operating expenses	31	-	(2,499)
Finance cost	32	(15,798,706)	(24,186,653)
Loss before taxation		(210,853,177)	(213,925,586)
Taxation	33	21,025,481	71,264,671
Loss for the year		(189,827,696)	(142,660,915)
Loss per share - basic and diluted	34	(3.64)	(2.73)

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees Restate
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	35	(118,434,008)	(110,809,379)
Finance cost paid		(11,511,009)	(10,139,831)
Income tax paid		(3,355,585)	(8,404,241)
Staff retirement benefits - gratuity paid		(3,826,628)	(977,633)
Net cash used in operating activities		(137,127,230)	(130,331,084)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(12,452,790)
Proceeds from sale of property, plant and equipment		-	600,000
Long term deposits		(245,945)	(1,284,000)
Net cash used in investing activities		(245,945)	(13,136,790)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing from banking companies - net		(7,383,892)	(7,806,233)
Long term financing from directors and associates		146,081,329	189,668,492
Net cash generated from financing activities		138,697,437	181,862,259
Net increase in cash and cash equivalents		1,324,262	38,394,384
Cash and cash equivalents at the beginning of the year		(61,502,152)	(99,896,537)
Cash and cash equivalents at the end of the year		(60,177,890)	(61,502,152)
Cash and cash equivalents			
Cash and bank balances	25	2,375,756	1,879,115
Short term borrowings	14	(62,553,646)	(63,381,267)
		(60,177,890)	(61,502,152)

The annexed notes from 1 to 45 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 reserves	Accumulated loss	Total
	----------Rupees----------			
Balance as at July 01, 2013 - as previously reported	522,144,000	3,240,000	(145,824,458)	379,559,543
Effect of restrospective restatement of accounting error (note 8.4)	-	-	151,723,975	151,723,975
Balance as at July 01, 2013 - as restated	522,144,000	3,240,000	5,899,517	531,283,518
Total comprehensive loss for the year	-	-	(138,958,881)	(138,958,881)
Surplus realized on disposal of property, plant and equipment-net of tax	-	-	-	-
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred taxation	-	-	18,037,400	18,037,400
Balance as at June 30, 2014	522,144,000	3,240,000	(115,021,963)	410,362,037
Total comprehensive loss for the year	-	-	(190,089,427)	(190,089,427)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred taxation	-	-	17,395,160	17,395,160
Balance as at June 30, 2015	522,144,000	3,240,000	(287,716,230)	237,667,770

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

	Note	2015 Rupees	2014 Rupees (Restated)
Loss for the year		(189,827,696)	(142,660,915)
Other comprehensive income			
Item that will not be reclassified to profit and loss account:			
Remeasurement of staff retirement benefits		(338,345)	5,046,228
Deferred tax on remeasurement of staff retirement benefits		76,615	(1,344,194)
Total other comprehensive income - net of tax		(261,730)	3,702,034
Total comprehensive loss for the year		(190,089,427)	(138,958,881)

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

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

1 LEGAL STATUS AND NATURE OF BUSINESS

The company was incorporated in Pakistan on October 18, 1980 as a private limited company and was subsequently converted into public limited company. The registered office of the company is located at 3-A, SMC Housing Society, Shahra-e-Faisal, Karachi. The shares of the company are quoted on the Karachi and Lahore stock exchanges. The principal business of the company is manufacturing and sale of yarn. The manufacturing units are located at Manga Road, Raiwind in the province of Punjab.

1.1 Going concern assumption

Company has been incurring gross losses for the last three years because of under utilization of production capacity. During the year ended June 30, 2015 the company has incurred a net loss for the year Rs. 189.828 million. During the year one unit of the company was not operative for the whole year. Production of yarn is considerably less than as compared with the installed capacity. Due to heavy load shedding of gas, company is unable to produce electricity from its self generation plant. Available load of electricity from LESCO is not enough to run the entire machinery of the mills. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements, however, have been prepared under the going concern assumptions based on the following mitigating factors:

(a) Company has applied to the LESCO for enhancement of sanction load of electricity so that management could be able to run the mill upto maximum available capacity in the absence of Gas from SNGPL.

(b) During the year directors have injected further funds amounting to Rs. 146,081,329.

(c) The Sponsoring Directors have given a written commitment stating that they will provide fund out of Private Sources as required by the Company.

(d) The management has prepared five years future plan showing profitability.

(e) The management has also undertaken adequate steps towards the reduction of fixed cost and expenses which are at various stages of implementation. Such steps include, but not limited to, rightsizing of the man power, resource conservation, close monitoring of other fixed cost etc. The management is certain to generate sufficient savings as consequences of adopting all such measures.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the company's functional currency.

2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2015 and the Company does not expect to have any material / significant changes in its accounting policy except for disclosures, where applicable:

¤ Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments have no impact on Company's financial statements as the Company has the policy of depreciating / amortizing its property, plant and equipment and intangible assets based on the assessed useful lives.

¤ IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 is not likely to have any impact on the financial statements of the Company .

¤ IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. IFRS 11 is not likely to have any impact on the financial statements of the Company.

¤ IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not like to have an impact on Company's financial statements.

¤ IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not like to have an impact on Company's financial statements.

¤ Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

¤ Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). These amendments have no impact on the financial statements of the company.

¤ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

2.3.2 Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

¤ IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. These amendments are not likely to have any implication on the Company's Financial Statements.

¤ IFRS 7 'Financial Instruments- Disclosures'. These amendments are not likely to have any implication on the Company's Financial Statements.

¤ IAS 19 'Employee Benefits'. These amendments are not likely to have any implication on the Company's Financial Statements.

¤ IAS 34 'Interim Financial Reporting'. These amendments are not likely to have any implication on the Company's Financial Statements.

2.3.3 There are a number of other minor amendments and interpretations to other approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except to the extent that certain items of property, plant and equipment have been stated at revalued amount, staff retirement benefits are recognized at present value and revaluation of certain financial instruments are stated at fair value.

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows.

3.1 Provision for taxation

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.2 Staff retirement benefits - gratuity

Certain actuarial assumptions have been adopted as disclosed in relevant note to the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future year might affect recognized gains and losses in those years.

3.3 Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

3.4 Property, plant and equipment

The company reviews recoverable amount, useful life, residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

3.5 Stocks in trade and stores, spares and loose tools

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding affect on the amortization charge and impairment.

3.6 Other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows.

3.6.1 Provision for doubtful debts

3.6.2 Computation of deferred taxation

3.6.3 Disclosure of contingencies

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted 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.

4.1 Staff retirement benefits

Defined benefit plan

The company operates an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried on June 30, 2015 using the Projected Unit Credit Method.

Expense comprising of current service cost and interest cost is recorded in profit and loss account, whereas any remeasurements due to actuarial assumptions are charged to other comprehensive income as and when they arise.

4.2 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in equity or below equity, in which case it is recognized in equity or below equity respectively.

4.2.1 Current

Provision for current taxation is based on taxability of certain income streams of the company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

4.2.2 Deferred

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date

4.3 Trade and other payable

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

4.4 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made of the amount of obligation.

4.5 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

4.6 Property, plant and equipment - owned

Recognition

Property, plant and equipment except for freehold land are stated at cost / revaluation less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount. Cost of tangible assets consists of historical cost pertaining to erection / construction period and other directly attributable cost of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method using the rates specified in note 17.1. An amount equal to incremental depreciation (net of deferred tax) charged during the year on revalued amounts of property, plant and equipment has been transferred from surplus on revaluation of property, plant and equipment to accumulated profit / (loss) through statement of changes in equity.

Depreciation on additions is charged from the month in which the asset become available for uses while no depreciation is charged in the month of disposal.

Derecognizing

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

4.7 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for use.

4.8 Accounting for leases and assets subject to finance lease

4.8.1 Finance lease

Recognition

Leases where the company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. The related rental obligations, net off finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non current depending upon the timing of payments.

Financial charges

Lease payments are allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

4.8.2 Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

4.9 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.10 Stock in trade

These are valued at lower of cost and net realizable value except stock in transit which are valued at cost comprising invoice values plus other charges incurred up to the balance sheet date. Cost is determined as under.

Raw material	Weighted average cost
Packing material	Moving average cost
Work in process and finished goods	Raw material cost plus appropriate manufacturing overheads
Waste	Net realizable value

Net realizable value signifies the estimated selling prices in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sales.

4.11 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. The amount of provision is charged to income. Bad debts are written off as incurred. Other receivables are stated at amortized cost. Known impaired receivables are written off, while receivables considered doubtful are provided for.

4.12 Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalent comprise cash in hand, with banks on current and saving accounts and short term borrowings.

4.13 Foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange prevailing at the balance sheet date, except those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Non monetary items are translated into Pak Rupee on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

4.14 Revenue recognition

Sales are recorded on dispatch of goods to the customers.

Return on deposits with banks is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Dividend is recognized as income when the right to receive dividend is established.

4.15 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and derecognized when the company loses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.16 Off setting of financial assets and liabilities

A financial asset and financial liability is offset and net amount is reported in the balance sheet if the company has legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

4.17 Impairment

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

4.18 Related party transactions

All transactions with related parties are carried out by the company at arms' length price using the method prescribed under the Companies Ordinance, 1984 with the exception of loan taken from related parties which is interest / mark up free.

4.19 Dividend

The dividend is recognized as a liability in the period in which it is approved by the shareholders.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2015	2014		2015	2014
Number of shares			………...Rupees…………	
52,214,400	52,214,400	Ordinary shares of Rs.10 each allotted for consideration fully paid in cash	522,144,000	522,144,000
52,214,400	52,214,400		522,144,000	522,144,000

5.1 Ordinary shares of the company held by the associated companies at the year end are as follows.

Associated companies	2015	2014
	Number of shares	
Naheed Noor Enterprises Limited	300,000	300,000
Naheed Noor (Pvt.) Limited	100,500	100,500
Sunrise Bottling Company (Pvt.) Limited	6,500,000	6,500,000
	6,900,500	6,900,500

5.2 Reconciliation of number of ordinary shares of Rs. 10 each fully paid in cash

	2015	2014
	Number of shares	
At the beginning of the year	52,214,400	52,214,400
Issued during the year	-	-
At the end of the year	52,214,400	52,214,400

5.3 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry 'one vote' per share without restriction.

6 CAPITAL RESERVES

6.1 The balance on this account represents reserves created on acquisition of special national fund bonds.

7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
		………...Rupees…………	
Surplus on revaluation at the beginning of the year		637,269,986	664,599,380
Addition during the year		-	-
Transfer to unappropriated profit in respect of :			
Incremental depreciation		17,395,160	18,037,400
Related deferred tax liability		8,567,765	9,291,994
		25,962,925	27,329,394
Surplus on revaluation at the end of the year		611,307,062	637,269,986
Related deferred tax liabilities on:			
Revaluation at the beginning of the year		171,355,795	185,840,389
Effect of change in tax rate		(14,798,912)	(5,192,600)
Incremental depreciation on revalued assets		(8,567,765)	(9,291,994)
		147,989,118	171,355,795
		463,317,944	465,914,192

7.1 This represents surplus over book values resulting from revaluation of property, plant and equipment carried out on June 30, 2013 (previously these were revalued on September 30, 2001, September 30, 2004 and June 30, 2008), adjusted by surplus realized on disposal of revalued assets, incremental depreciation arising out of revaluation and deferred taxation.

7.2 Depreciation attributable to incremental value arising due to revaluation of property, plant and equipment is adjusted against the surplus arising due to revaluation of property, plant and equipment and charged to accumulated profit / (loss) through statement of changes in equity.

8 LONG TERM FINANCING FROM BANKING COMPANIES

	Note	2015	2014
		………...Rupees…………	(Restated)
Secured - from banking companies			
Bank Al Habib Limited			
Term finance	8.1	-	7,039,500
Term finance	8.2	397,375	741,767
Habib Metropolitan Bank Limited			
Commercial loan - frozen markup	8.3 & 8.4	39,634,874	39,634,874
		40,032,249	47,416,141
Current portion		(317,900)	(5,192,900)
Over due portion		-	(2,190,992)
		(317,900)	(7,383,892)
		39,714,349	40,032,249

8.1 The loan was obtained for retirement of import documents of machinery and company had its term finance facility rescheduled during the year ended on June 30, 2010. The loan is repayable in 48 equal monthly installments of Rs. 812,500 commenced from January 2011 with one year grace period. The loan is secured against registered hypothecation charge over stocks for Rs. 100 million (first pari passu charge up to Rs. 50 million), parri passu charge over book debts of Rs. 50 million, first mortgage charge over industrial land measuring 56 kanals situated at Manga Raiwind road Lahore, ranking registered hypothecation charge over plant and machinery for Rs. 160 million, lien over export LCs and documents of equivalent amount and counter guarantee. The loan is subject to markup at the rate of three months KIBOR plus one percent (June 30, 2014 : three months KIBOR plus one percent) per annum. The loan is completely paid off as at March 30, 2015.

8.2 The loan was obtained for purchase of vehicle during the year ended June 30, 2013. The loan is repayable in 36 equal monthly instalments of Rs. 26,492 commenced from September 2013. The loan is subject to markup at the rate of 6 months KIBOR plus 3.5% per annum. The loan is secured by way of charge (registered with SECP for Rs 1 million) over the vehicle and vehicle is registered jointly in the name of the company and the bank.

8.3 Commercial loan was obtained for restructuring and rescheduling of existing outstanding term loans. The term finance is secured against legal mortgage of Rs. 5.5 million and equitable mortgage on fixed assets of the company including land (measuring 74 Kanals and 13 marlas), building and plant and machinery (valuing Rs. 646.53 millions), charge over stocks and receivable for 90 million, lien over export documents, L/C and personal guarantees of sponsoring directors. The loan is repayable in 10 years with 2 years grace period commenced from September 2011. It carries mark up rate 7.5% per annum for first year after first year three months KIBOR plus 2% with floor of 11%.

During the year ended June 30, 2012, the company has paid off Rs. 326.209 million (Installments due up to December 2017) against long term financing from Habib Metro politan bank to reduce high borrowing cost.

8.4 During the year ended June 30, 2012, management had paid Rs. 390,000,000 to a Financial Institution against outstanding principal amount of long term and short term loans.

During the year ended June 30, 2012 management had requested to the Financial Institution vide letter dated: August 10, 2011 and August 25, 2011 as under:

While making payment of Rs. 390 million vide letter dated: August 10, 2011 and August 25, 2011, it was notified that the paid amount Rs. 390 million should be adjusted against principal liability first. On the contrary, Financial Institution had not adjusted the payment of Rs. 390,000,000 to settle the principal liability of various loans and settled the amount against markup payable and continue to charge the interest which included interest on interest amounted to Rs. 65,390,954. Based on the Bank Statements, the company continued to record the liability figures (principal and markup) as per confirmation by the Financial Institution.

The Financial Institution verbally assured the company that they shall adjust the payment against the principal dues as instructed by the company as per the company requests date: August 10, 2011 and August 25, 2011. When no confirmation was received from the Financial Institution, the management has decided during the year that the accounts should be settled correctly and the prior year be adjusted.

Management believes that there is no outstanding liability toward Financial Institution which has been settled completely and fully.

Therefore, the company has written off long term loans, short term borrowings and markup payable aggregating and approximating to Rs. 188,678,418. This entry has been adjusted retrospectively in accordance with the requirement of International Accounting Standards (IAE-8) "Accounting Policies, Changes in Accounting Estimates and Errors" and the resulting adjustments have been made in relevant years. Consequently liability against long term loan, short term loan and accrued markup as at June 30, 2014 has decreased by Rs. 188,678,417. Shareholders equity as at June 30, 2013 and June 30, 2014 has increased by Rs. 151,723,975 and Rs. 170,163,362 respectively and loss for the year ended June 30, 2014 and June 30, 2015 has reduced by Rs. 18,439,387 and Rs. 18,515,056 respectively.

		Note	2015	2014
9	**LONG TERM FINANCING FROM OTHERS**			
	Unsecured - from Queenberg Venture Limited		………...Rupees…………	
	Transferred from share application money	9.1	99,363,000	99,363,000
	Exchange loss on foreign loan		12,507,000	9,361,000
			111,870,000	108,724,000
	Current portion		(3,495,938)	-
			108,374,063	108,724,000

9.1 During the year ended June 30, 2012, the company has received an amount of Rs. 99,363,000 from Queenberg Venture Limited for issue of shares in future subject to the compliance of all legal requirements. However, shares have not been issued against share deposit money and during the year 2012 this amount is converted into Foreign Currency Loan (At foreign currency amount originally received for issue of shares) as disclosed.

9.2 The Share deposit money referred above was received from Queen berg Venture Limited (a company incorporated under British Virgin Island Business companies Act, 2004, Singapore) as advance payment towards "Share Application Money" on 8th February 2012 for participation in the share equity of the company at agreed number of shares at the time of deposit of money. Shares had not issued by the company against the share deposit money, investor decided to convert their investment (at originally disbursed foreign currency amount i.e. US. $ 1,100,000) into repatriable foreign currency loans on basis in term of paragraph 17 (ii) of Chapter XIX of foreign Exchange Manual 2002 of State Bank of Pakistan and through negotiations, party agreed to convert their "Equity Participation Fund" into Long term financing for a period of 10 years. The loan is repayable in 32 equal quarterly installments of $ 34,375 which commencing from June 2016 including grace period of two years. The loan is subject to markup at 1.8494% (applicable 6 month LIBOR plus 1.5% at the time of signing agreement) to be payable six monthly.

		Note	2015	2014
10	**LONG TERM FINANCING FROM DIRECTORS AND ASSOCIATES**			
	Unsecured - from related parties			
	From directors		369,086,071	223,764,742
	From associated companies		49,825,772	49,065,772
		10.1	418,911,843	272,830,514

10.1 These are unsecured, interest free loans and not repayable in next twelve months.

		Note	2015	2014
11	**DEFERRED LIABILITIES**			
	Staff retirement benefits - gratuity	11.1	14,085,200	16,862,053
	Deferred taxation	11.2	-	36,806,813
			14,085,200	53,668,866
11.1	**Staff retirement benefits - gratuity**			
11.1.1	**Movement in the net liability recognized in the balance sheet**			
	Opening net liability		16,862,053	15,661,726
	Expense recognized in profit and loss account	11.1.5	6,676,778	7,224,188
	Remeasurements recognized		338,345	(5,046,228)
			23,877,176	17,839,686
	Benefits paid		(3,826,628)	(977,633)
	Liability transferred to current liabilities		(5,965,348)	-
	Closing net liability		14,085,200	16,862,053

11.1.2 Movement in present value of defined benefit obligation

	2015	2014
	…………..Rupees…………	
Present value of defined benefit obligation - opening	16,862,053	15,661,726
Current service cost	5,954,457	5,947,171
Interest cost	722,321	1,277,017
Remeasurements (gain) / loss	338,345	(5,046,228)
Benefits paid	(3,826,628)	(977,633)
Transferred to trade and other payables	(5,965,348)	-
Present value of defined benefit obligation - closing	14,085,200	16,862,053

11.1.3 Historical information

	2015	2014	2013	2012	2011
	---Rupees---				
Present value of defined benefit obligation	14,085,200	16,862,053	15,661,726	12,488,261	9,215,459

11.1.4 Liability recognized in Balance Sheet

	2015	2014
	…………..Rupees…………	
Present value of obligation	14,085,200	16,862,053
	14,085,200	16,862,053

11.1.5 Expense recognized

	2015	2014
In Profit and Loss Account		
Current service cost	5,954,457	5,947,171
Interest cost	722,321	1,277,017
	6,676,778	7,224,188
In Other Comprehensive Income		
Remeasurements in the year	338,345	(5,046,228)
	338,345	(5,046,228)

11.1.6 Principle actuarial assumptions

	2015	2014
Discount factor used	9.75%	13.25%
Expected rate of salary increase	10.00%	12.25%

11.1.7 General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made on the basis of actuarial valuation carried on using Projected Unit Credit Method.

11.1.8 Sensitivity analysis of actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

	Increase in assumption	Decrease in assumption
Discount rate	376,430	(470,855)
Expected rate of increase in future salaries	(465,012)	378,702

11.1.9 Expected gratuity expense for the year ending June 30, 2016 works out to Rs. 7,190,446.

11.2 Deferred taxation

The net liability for deferred taxation comprises of temporary differences.

	Note	2015	2014
Taxable temporary difference		………...Rupees…………	
Accelerated tax depreciation allowance		173,669,234	211,266,235
		173,669,234	211,266,235
Deductible temporary differences			
Provision for doubtful debts		(316,276)	(372,056)
Staff retirement benefits - gratuity		(3,189,522)	(4,491,752)
Tax losses / tax credit		(196,511,593)	(169,595,614)
		(200,017,391)	(174,459,422)
		(26,348,157)	36,806,813

11.2.1 During the year net deferred tax assets for the carry forward of unused tax losses amounting to Rs. 26, 348,157 (2014: deferred tax liability Rs. 36,806,813 has not been recognized because it is not probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

12 TRADE AND OTHER PAYABLES

	2015	2014
Creditors	146,046,183	170,003,328
Accrued liabilities	49,706,237	47,630,046
Advance from customers	34,629,727	32,766,229
Liability against staff retirement benefits - gratuity	5,965,348	-
Unclaimed dividend	402,570	402,570
Other liabilities	36,849,103	33,889,037
	273,599,168	284,691,210

	2015	2014
13 ACCRUED MARK UP / INTEREST	………...Rupees…………	
Mark up / interest accrued on secured loans		(Restated)
Long term financing	1,051,090	1,009,605
Short term borrowings	20,184,570	19,084,358
	21,235,661	20,093,963

13.1 As fully explained in note 8.4, during the year company has written off acrrued markup amounted to Rs. 46,875,898.

14 SHORT TERM BORROWINGS

	Note	2015	2014
Secured - from banking companies			
Running finance	14.1	35,316,042	34,993,420
Cash finance	14.1	24,588,410	25,820,657
Book overdrafts	14.2	2,649,194	2,567,190
		62,553,646	63,381,267

14.1 Short term running finances are available from commercial banks under mark up arrangements amounting Rs. 430 million (2014 : Rs. 430 million). These are secured against pledge / hypothecation of raw material and cotton yarn, lien on export bills sent for collection against confirmed LCs, current assets, receivables and personal guarantees of chief executive and sponsoring directors. These carries mark up ranging from 8.31% to 20% per annum (2014 : 10.66% to 15.27% per annum). Facilities against outstanding amount Rs. 2.150 million has been expired without further renewal in prior year. Remainig facilities will expire on various dates by September 2015.

14.2 This represents cheques issued by the company in excess of balance at banks which remained unpresented till June 30, 2015.

14.3 As fully explained in note 8.4, during the year company has written off short term borrowings amounted to Rs. 99,130,938.

			2015	2014
15	**PROVISION FOR TAXATION**	Note	………...Rupees…………	
	Opening balance		9,401,673	6,718,677
	Provision for the year	33	905,805	2,682,996
	Adjusted during the year		-	-
			10,307,479	9,401,673

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Letter of guarantee issued by bank on behalf of company amounting to Rs. 22.683 million (2014 : Rs. 24.38 million).

16.1.2 Bills discounted with resource amounted to Rs. 21.43 million (June 30, 2014: Rs. 9.51 million)

16.2 Commitments

16.2.1 There are no commitments as at year end.

17 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	17.1	1,037,950,919	1,085,108,323
Capital work in progress	17.2	-	1,220,000
		1,037,950,919	1,086,328,323

17.1 Property, plant and equipment

	Owned assets										
	Freehold land	Building on freehold land	Plant and machinery	Electric installation	Fire fighting equipment	Tube well	Office equipment	Furniture and fixture	Vehicles	Weigh bridge	Total
	----Rupees----										
Cost											
Balance as at July 01, 2013	124,117,500	203,486,058	789,155,650	16,141,875	834,897	1,026,623	5,175,200	865,607	8,306,112	1,602,508	1,150,712,030
Additions during the year	8,160,000	-	690,000	-	-	-	578,290	-	1,804,500	-	11,232,790
Disposals	-	-	-	-	-	-	-	-	(992,500)	-	(992,500)
Revaluation surplus / (deficit)	-	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2014	132,277,500	203,486,058	789,845,650	16,141,875	834,897	1,026,623	5,753,490	865,607	9,118,112	1,602,508	1,160,952,320
Balance as at July 01, 2014	132,277,500	203,486,058	789,845,650	16,141,875	834,897	1,026,623	5,753,490	865,607	9,118,112	1,602,508	1,160,952,320
Additions during the year	-	-	-	-	-	-	-	1,220,000	-	-	1,220,000
Disposals	-	-		-	-	-	-	-	-	-	-
Balance as at June 30, 2015	132,277,500	203,486,058	789,845,650	16,141,875	834,897	1,026,623	5,753,490	2,085,607	9,118,112	1,602,508	1,162,172,320
Depreciation											
Balance as at July 01, 2013	-	-	-	13,043,101	572,214	678,713	2,788,968	673,085	6,679,762	1,338,948	25,774,791
Charge for the year	-	10,174,303	39,469,283	309,877	26,268	34,791	256,339	19,252	570,542	26,356	50,887,012
Depreciation on disposal	-	-	-	-	-	-	-	-	(817,806)	-	(817,806)
Adjustment	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2014	-	10,174,303	39,469,283	13,352,978	598,483	713,504	3,045,308	692,337	6,432,498	1,365,304	75,843,997
Balance as at July 01, 2014	-	10,174,303	39,469,283	13,352,978	598,483	713,504	3,045,308	692,337	6,432,498	1,365,304	75,843,997
Charge for the year	-	9,665,588	37,518,818	278,890	23,641	31,312	270,818	27,494	537,123	23,720	48,377,404
Depreciation on disposal	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2015	-	19,839,891	76,988,101	13,631,868	622,124	744,816	3,316,126	719,831	6,969,621	1,389,024	124,221,401
Written down value as at June 30, 2014	132,277,500	193,311,755	750,376,368	2,788,897	236,414	313,119	2,708,182	173,270	2,685,614	237,204	1,085,108,323
Written down value as at June 30, 2015	132,277,500	183,646,167	712,857,549	2,510,007	212,773	281,807	2,437,364	1,365,776	2,148,491	213,484	1,037,950,919
Rate of depreciation	0%	5%	5%	10%	10%	10%	10%	10%	20%	10%	

		Note	2015	2014
17.1.1	**Depreciation has been allocated as follows.**		………...Rupees…………	
	Cost of sales	27.1	47,541,970	50,040,878
	Administrative expenses	30	835,435	846,134
			48,377,404	50,887,012

17.1.2 Revaluation of property, plant and equipment

Had there been no revaluation the original cost and accumulated depreciation of revalued assets would have been as follows as on June 30, 2015.

Particulars	Cost	Accumulated depreciation	Net book value
Freehold land	14,266,500	-	14,266,500
Factory building	190,249,857	69,570,717	120,679,140
Plant and machinery	717,934,618	324,295,330	393,639,288
Total (2015)	922,450,975	393,866,047	528,584,928
Total (2014)	927,413,155	367,173,021	560,240,134

Freehold land, building, plant and machinery were revalued as on June 30, 2013 (previously these were valued on June 30, 2008 and September 30, 2004) by independent valuers "M/S. Harvester services (Pvt.) Limited, Valuers and Engineers, Lahore". This valuation resulted in surplus on revaluation of property, plant and equipment amounting to Rs. 191,249,358 which was credited to surplus on revaluation of property, plant and equipment to comply with the requirements of section 235 of Companies Ordinance, 1984. The valuation was based on fair value determined on present depreciated value method.

		Note	2015	2014
17.2	**Capital work in progress**		………...Rupees…………	
	Civil works (office renovation)		-	1,220,000
			-	1,220,000
18	**LONG TERM DEPOSITS**			
	Deposit against bank guarantees		5,034,000	5,284,000
	Security deposits		675,645	179,700
			5,709,645	5,463,700
19	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		61,928,858	61,410,109
	Spare parts		50,669,066	50,244,634
	Loose tools		1,250	1,250
			112,599,173	111,655,993
20	**STOCK IN TRADE**			
	Raw material		369,136,403	376,536,777
	Work in process		12,540,338	32,234,015
	Finished goods and waste		24,432,410	28,706,222
			406,109,152	437,477,014

20.1 The carrying value of pledged stock is Rs. 29,466,900 (June 30, 2014: Rs. 30,683,453).

20.2 Raw material amounting to Rs. Nil (June 30, 2014 : Rs. 363,499,077), Finished goods amounting to Rs. 28,332,797 (June 30, 2014: Rs. 28,483,181) stated at their net realizable value aggregating Rs. Nil (June 30, 2014 : Rs. 331,753,582) and Rs. 19,294,358 (June 30, 2014 : Rs. 23,773,082) respectively. The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. 9,038,439 (June 30, 2014 : Rs. 36,455,594). Finished stock includes waste stock amounting to Rs. 11,231,51 (June 30, 2014: Rs. 4,933,140) carried at net realizable value.

		Note	2015	2014
			………...Rupees…………	
21	**TRADE DEBTS**			
	Secured - considered good			
	Export debtors		4,285,470	-
	Unsecured			
	Considered good			
	Local yarn debtors		9,964,925	8,023,339
	Local waste debtors		12,230,239	13,213,226
			22,195,164	21,236,565
			26,480,634	21,236,565
22	**LOANS ADVANCES AND PREPAYMENTS**			
	Considered good			
	Advances to :			
	Suppliers		28,007,430	37,804,083
	Purchaser		337,309	564,040
	Employees against salaries and wages		1,499,571	725,050
	Prepaid expenses		-	74,412
			29,844,310	39,167,585
23	**OTHER RECEIVABLES**			
	Considered good			
	Receivable from associated companies	23.1	6,347,336	8,211,205
	Cotton claim receivable		-	1,672,302
			6,347,336	9,883,507
	Considered doubtful			
	Karachi Metropolitan Corporation		1,396,700	1,396,700
	Provision for doubtful receivables		(1,396,700)	(1,396,700)
			-	-
			6,347,336	9,883,507

23.1 This includes the balance from associated companies amounting to Rs. 6,347,336 (June 30, 2014 :Rs. 8,211,205).

			2015	2014
24	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax receivable		988,756	1,572,367
	Advance income tax		25,175,277	21,819,693
			26,164,033	23,392,060

		Note	2015	2014
			………...Rupees…………	
25	**CASH AND BANK BALANCES**			
	Cash in hand		581,600	928,833
	Cash with banks in:			
	Local currency current account		1,794,156	950,282
			2,375,756	1,879,115
26	**SALES- NET**			
	Yarn			
	Local sales		403,709,013	649,781,461
	Export sales		94,866,008	263,621,332
			498,575,020	913,402,793
	Waste		17,715,252	27,730,987
			516,290,272	941,133,780
	Sales tax		(8,264,113)	(13,252,582)
			508,026,159	927,881,198
27	**COST OF SALES**			
	Cost of goods manufactured	27.1	669,352,507	1,064,329,470
	Finished goods and waste			
	Opening stock		28,706,222	38,049,818
	Closing stock		(24,432,410)	(28,706,222)
			4,273,812	9,343,596
			673,626,319	1,073,673,066
27.1	**Cost of goods manufactured**			
	Raw material consumed	27.1.1	434,931,531	766,705,374
	Stores, spare parts and loose tools consumed		14,889,395	14,726,310
	Packing materials consumed		7,149,380	8,219,069
	Salaries, wages and other benefits	27.1.2	65,565,671	92,651,147
	Fuel and power		69,337,208	117,613,786
	Vehicle running and maintenance		381,149	1,090,964
	Repair and maintenance		4,802,403	5,337,097
	Telephone, postage and telegram		205,600	287,332
	Traveling and conveyance		326,570	284,937
	Printing and stationery		43,751	16,041
	Entertainment		262,976	458,233
	Insurance		2,631,017	2,826,034
	Depreciation	17.1.1	47,541,970	50,040,878
	Others		1,590,210	1,020,592
			649,658,831	1,061,277,794
	Work in process			
	Opening stock		32,234,015	35,285,691
	Closing stock		(12,540,338)	(32,234,015)
			19,693,677	3,051,676
			669,352,507	1,064,329,470

		Note	2015	2014
			………...Rupees…………	
27.1.1	**Raw material consumed**			
	Opening stock		376,536,777	417,297,566
	Purchases		420,320,775	718,173,481
	Purchase expenses		7,210,382	7,771,104
			427,531,157	725,944,585
			804,067,934	1,143,242,151
	Closing stock		(369,136,403)	(376,536,777)
			434,931,531	766,705,374

27.1.2 This includes Rs. 5,201,433 (June 30, 2014 : Rs. 5,611,284) on account of staff retirement benefits - gratuity.

		Note	2015	2014
28	**OTHER INCOME**			
	From financial assets			
	Profit on bank deposits	28.1	-	274,944
	From non financial assets			
	Gain on sale of property, plant and equipment		-	425,306
	Weigh bridge income and other income		750,000	685,000
	Scrap sales		66,431	117,633
	Other Income		55,800	-
			872,231	1,227,939
			872,231	1,502,883

28.1 Profit on bank deposits ranges nil (June 30, 2014: 5% to 7%).

		Note	2015	2014
29	**DISTRIBUTION COST**			
	Commission on :			
	Export sales		968,937	5,732,533
	Local sales		398,022	837,786
			1,366,958	6,570,319
	Freight and carriage on :			
	Export sales		2,531,348	7,384,589
	Local sales		216,580	69,590
			2,747,928	7,454,179
	Other expenses on :			
	Export sales		1,600,815	5,523,400
	Local sales		126,970	993,308
			1,727,785	6,516,708
			5,842,671	20,541,206

		Note	2015	2014
30	**ADMINISTRATIVE EXPENSES**		………...Rupees…………	
	Salaries, allowances and other benefits	30.1	16,903,602	14,151,941
	Fees and subscription		795,434	1,034,380
	Traveling and conveyance		159,364	455,319
	Vehicle running		1,273,916	1,716,343
	Telephone, postage and telegram		713,378	623,242
	Printing and stationery		288,917	379,121
	Director Remuneration		-	1,200,000
	Repair and maintenance		131,387	427,720
	Electricity, gas and water		103,474	109,039
	Insurance		482,345	562,268
	Rent, rates and taxes		72,116	86,304
	Entertainment		78,765	192,412
	Legal and professional charges		687,233	352,146
	Auditors' remuneration	30.2	775,000	745,000
	Depreciation	17.1.1	835,435	846,134
	Advertisement		46,580	92,195
	Others		1,136,926	1,932,680
			24,483,872	24,906,243

30.1 This includes Rs. 1,475,345 (2014 : Rs. 1,6,12,904) on account of staff retirement benefits - gratuity.

30.2 Auditors' remuneration

	2015	2014
Statutory audit fee	625,000	600,000
Half yearly review and other certifications	100,000	100,000
Review of code of corporate governance	50,000	45,000
	775,000	745,000

31 OTHER OPERATING EXPENSES

	2015	2014
Exchange loss on translation of foreign currency	-	2,499
	-	2,499

		2015	2014
32	**FINANCE COST**	………...Rupees…………	
			(Restated)
	Interest / mark up on:		
	Long term financing	2,425,163	2,091,915
	Short term borrowings	8,888,804	11,538,312
	Bank charges and commission	566,198	1,148,946
	Guarantee commission fee	772,541	46,480
	Exchange loss on foreign currency loan	3,146,000	9,361,000
		15,798,706	24,186,653

32.1 As fully explained in note 8.4, during the year company has not accounted for finance cost amounted to Rs. 18,515,056 (June 30,2014: 18,439,387).

		2015	2014
33	**TAXATION**	………...Rupees…………	
	Current		
	Current year	905,805	2,682,726
	Prior year	-	270
		905,805	2,682,996
	Deferred		
	Current year	(18,585,212)	(70,576,994)
	Prior year - effect of change in tax rate	(3,346,074)	(3,370,673)
		(21,025,481)	(71,264,671)

33.1 Minimum tax has not been provided in view of the provision of Section 113. The assessment of the company will be finalized in respect of export proceeds under presumptive tax regime under section 169. Other than export income, assessment will be finalized under the provisions of Income Tax Ordinance, 2001. During the year company has declared gross loss before set off of depreciation and other inadmissible expenses under the Income Tax Ordinance, 2001. Therefore, entire provision for current taxation is calculated under section 169 of the Income Tax Ordinance 2001.

33.2 The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements, as the total income of the company (accounting loss) falls under presumptive tax regime of the Income Tax Ordinance, 2001.

			2015	2014
34	**LOSS PER SHARE - BASIC AND DILUTED**			
34.1	**Loss per share**		………...Rupees…………	
				(Restated)
	Loss for the year	Rupees	(189,827,696)	(142,660,915)
	Weighted average number of ordinary shares outstanding during the year	Numbers	52,214,400	52,214,400
	Loss per share	Rupees	(3.64)	(2.73)

34.2 There is no dilutive effect on the basic loss per share.

		2015	2014
35	**CASH USED IN OPERATIONS**	………...Rupees…………	
			Restated
	Loss before taxation	(210,853,177)	(213,925,586)
	Adjustments for :		
	Depreciation	48,377,404	50,887,012
	Provision for staff retirement benefits - gratuity	6,676,778	7,224,188
	Finance cost	15,798,706	24,186,653
	Gain on disposal of property, plant and equipment	-	(425,306)
		70,852,888	81,872,547
	Loss before working capital changes	(140,000,289)	(132,053,039)

	2015	2014
Effect on cash flow due to working capital changes	………...Rupees…………	
(Increase) / decrease in current assets		
Stores, spares and loose tools	(943,180)	(2,135,028)
Stock in trade	31,367,862	53,156,061
Trade debts	(5,244,068)	(2,588,897)
Loans and advances	9,323,274	(13,420,978)
Other receivables	4,119,782	(1,066,059)
	38,623,671	33,945,099
Increase / (decrease) in current liabilities		
Trade and other payables	(17,057,390)	(12,701,439)
	(118,434,008)	(110,809,379)

36 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises associated companies, directors and key management personnel. Amounts due to related parties are shown in the relevant notes to the financial statements.

Transactions with related parties	2015	2014
	Rupees	
Long term financing from directors - Receipts	145,632,000	187,383,492
- Payments	311,671	6,600,000
Long term financing from associated companies - Receipts	760,000	8,885,000
Other receivable - considered good - Receipts	1,885,869	291,730
- Payments	22,000	1,997,012
Purchase of land	-	8,000,000

There are no transactions with key management personnel.

The company has related party relationship with its associated undertakings, its directors and executive officers. Transactions with related parties essentially entail sale and purchase of goods and / or services from the aforementioned concerns. All transactions are carried out on commercial basis.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all members of their management team, including the chief executive officer and directors to be its key management personnel. There are no transactions with key management personnel.

There are no transactions with key management personnel other than under their terms of employments / entitlements. Balance outstanding from related parties are unsecured and repayable on demand or as contracted. Amounts due to related parties are shown in the relevant notes to the financial statements.

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

37.1 Credit risk

37.2 Liquidity risk

37.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

37.1 Credit risk

37.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 42.733 million (2014 : Rs. 39.187 million), financial assets which are subject to credit risk aggregate to Rs. 41.839 million (2014 : Rs. 38.259 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	2015	2014
	………...Rupees…………	
Long term deposits	5,709,645	5,463,700
Trade debts	26,480,634	21,236,565
Loans and advances	1,499,571	725,050
Other receivables	6,347,336	9,883,507
Cash and bank balances	2,375,756	1,879,115
	42,412,942	39,187,938

37.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows.

Foreign	4,285,470	-
Domestic	22,195,164	21,236,565
	26,480,634	21,236,565

37.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows.

Yarn	14,250,395	8,023,339
Waste	12,230,239	13,213,226
	26,480,634	21,236,565

37.1.4 The aging of trade debtors at the balance sheet is as follows.

	Gross debtors	
	2015	2014
	………...Rupees…………	
Not past due	4,285,470	-
Past due 0 - 30 days	17,756,131	13,803,768
Past due 31 - 90 days	3,107,323	4,034,947
More than one year	1,331,710	3,397,850
	26,480,634	21,236,565

Based on the past experience, sales volume, consideration of financial position, past track records and recoveries and economic conditions, the company believes that there is no need for provision of balance outstanding more than one year.

37.2 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, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2015					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financings from banking companies	40,032,249	427,998	179,140	168,496	80,362	-
Long term financings from directors	418,911,843	418,911,843	-	-	-	418,911,843
Long term financings from others	111,870,000	122,990,488	2,068,985	4,530,430	62,012,490	54,378,583
Trade and other payables	273,599,168	273,599,168	273,599,168	-	-	-
Accrued mark up / interest	21,235,661	21,235,661	21,235,661	-	-	-
Short term borrowings	62,553,646	65,196,789	65,196,789	-	-	-
	816,332,566	902,361,947	362,279,743	4,698,926	62,092,852	473,290,426

	2014					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financings from banking companies	71,572,667	111,851,023	8,586,997	191,208	103,072,818	-
Long term financings from directors	272,830,514	272,830,514	-	-	-	272,830,514
Long term financings from	108,724,000	120,537,257	1,005,400	1,005,400	50,986,812	67,539,645
Trade and other payables	284,691,210	284,691,210	284,691,210	-	-	-
Accrued mark up / interest	66,969,861	66,969,861	66,969,861	-	-	-
Short term borrowings	162,512,205	173,549,672	173,549,672	-	-	-
	967,300,457	1,030,429,537	534,803,140	1,196,608	154,059,630	340,370,159

37.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

37.3 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 a 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 is exposed to currency risk and interest rate risk only.

37.3.1 Currency risk

Exposure to currency risk

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar and Euro. The currencies in which these transactions primarily are denominated is US Dollar and Euro.

	US Dollar	Euro	Others	Rupees
Financial assets				
Trade debts 2015	42,221	-	-	4,285,470
Trade debts 2014	-	-	-	-
Financial liabilities				
Foreign currency loan 2015	1,100,000	-	-	111,870,000
Foreign currency loan 2014	1,100,000	-	-	108,724,000

The following significant exchange rates applied during the year.

	Average rates		Reporting date rates	
Financial assets	2015	2014	2015	2014
US Dollar to Rupee	100.07	98.62	101.5	98.64

	Average rates		Reporting date rates	
Financial liabilities	2015	2014	2015	2014
US Dollar to Rupee	100.27	98.82	101.70	98.84

Sensitivity analysis

5% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity and profit and loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 5% weakening of Pak Rupee against the above currencies at period end would have had the equal but opposite effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

	2015	2014
	..........Rupees...........	
US Dollar	5,379,226	(5,436,200)
Euro	-	-

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the company.

37.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows.

	2015	2014
Fixed rate instruments	..........Rupees...........	
Financial assets	-	-
Financial liabilities	111,870,000	108,724,000
Variable rate instruments		
Financial assets	-	-
Financial liabilities	99,936,701	108,230,218

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2015.

	Profit and loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2015	(113,140)	113,140	-	-
Cash flow sensitivity - variable rate instruments 2014	(136,302)	136,302	-	-

37.4 Fair value of financial assets and liabilities

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

37.5 Off balance sheet items	2015	2014
	...........in millions...........	
Bank guarantees	22.68	24.38
Letters of credit	-	-

37.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

38 CAPITAL RISK MANAGEMENT

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

		2015	2014
Borrowings	Rupees	567,000,254	421,586,763
Total equity	Rupees	768,951,287	941,645,554
Total capital employed	Rupees	1,335,951,542	1,363,232,317
Gearing ratio	Percentage	42.44	30.93

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The directors have waived their remuneration and meeting fees for the year. The chief executive is entitled to free use of company maintained car. Following is the detail of managerial remuneration paid to executive with their numbers.

	2015	2014	2015	2014
	Directors		Executives	
Remuneration and other benefits	-	1,200,000	3,133,399	3,140,844
	-	1,200,000	3,133,399	3,140,844
Number of persons	-	1	4	4

40 CORRESPONDING FIGURES

Figures have been rearranged / reclassified whenever necessary for the purpose of better presentation and comparison. However, no significant reclassifications were made in these financial statements.

	2015	2014
41 NUMBER OF EMPLOYEES		
Employees as at year end	282	327
Average employee during the year	305	385
42 CAPACITY AND PRODUCTION		
Spindles installed (numbers)	33,072	33,072
Spindles worked (numbers)	14,570	17,840
Installed capacity converted in to 20/s (Kgs.)	10,266,624	10,266,624
Actual production of yarn converted in to 20/s (Kgs.)	1,639,765	3,173,653
Number of shifts worked per day	2	3

42.1 It is difficult to determine precisely described production capacity and the resultant production converted into single count in the textile industry, since it fluctuates widely depending on various factors such as type of yarn produced and raw material used etc. It would also vary according to the trend of production adopted in a particular period.There was shortage of gas supply during winter season which resulted in reduced production during the year 2015. One unit of the Company remained closed thorough out the year.

43 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on October 09, 2015 by the board of directors of the company.

44 GENERAL

Figures have been rounded off to the nearest of Rupee.

45 EVENTS AFTER THE BALANCE SHEET DATE

There are no subsequent events occurring after balance sheet date.

CHIEF EXECUTIVE DIRECTOR

KEY OPERATION AND FINANCIAL DATA
FOR THE LAST SIX YEARS
Rs. (000's)

PARTICULARS	2015	2014	2013	2012	2011	2010
BALANCE SHEET SUMMARY						
Piad up Capital	522,144	522,144	522,144	522,144	392,000	392,000
Reserve & Accumulated Losses	(284,476)	(111,782)	9,140	(410,689)	(341,001)	(259,041)
Share Application Money			99,363	99,363	-	-
Surplus on Revaluation of fixed Assets	463,318	465,914	478,759	375,064	386,530	402,080
Long Term Liabilities	567,000	421,587	88,037	509,131	578,334	606,345
Deerred Liabilites	14,085	53,669	130,265	12,488	8,293	36,591
Current Liailies	371,510	384,952	470,547	608,969	682,734	366,221
	1,653,581	**1,736,484**	**1,798,255**	**1,716,470**	**1,706,890**	**1,544,196**
REPRESENTED BY						
Fixed Assets	1,037,951	1,086,328	1,124,937	974,053	1,014,032	1,059,407
Long Term Deposit	5,710	5,464	4,180	8,614	8,394	7,794
Current Assets	609,920	644,692	669,138	733,803	684,464	476,995
	1,653,581	**1,736,484**	**1,798,255**	**1,716,470**	**1,706,890**	**1,544,196**
PROFIT AND LOSS - SUMMARY						
Sales	508,026	927,881	1,113,206	855,372	1,625,000	1,379,194
Cost of Sales	(673,626)	(1,073,673)	(1,178,708)	(944,462)	(1,577,812)	(1,232,460)
Goss Profit	**(165,600)**	**(145,792)**	**(65,502)**	**(89,090)**	**47,188**	**146,734**
Other Operating Expenses	(30,327)	(45,450)	(51,365)	(31,230)	(47,251)	(43,975)
Financial Charges	(15,799)	(24,187)	(43,791)	(62,646)	(110,339)	(69,889)
Other Income	872	1,503	5,596	1,061	990	1,432
Loan Waived off	-	-	450,000			
Profit / loss Before Taxation	**(210,853)**	**(213,926)**	**294,938**	**(181,906)**	**(109,412)**	**34,303**
Provion for Taxation	21,025	71,265	(41,176)	5,637	11,901	(24,908)
Profit / loss After Taxation	**(189,828)**	**(142,661)**	**253,762**	**(176,268)**	**(97,511)**	**9,394**
Earning per share	(3.64)	(2.73)	4.86	(1.46)	(2.49)	0.24
Dividend	-	-	-	-	-	-

FORM OF PROXY

The Company Secretary,
RUBY TEXTILE MILLS LIMITED,
203-Faiyaz Centre, 2nd Floor,
3-A, S.M.C. Housing Society
Shahrah-e-Faisal,
Karachi-74400.

PLEASE QUOTE:

Folio No.	No. of Shares held

I/We of ____

being a member of Ruby Textile Mills Limited hereby appoint ______________________

of ____

____

____

who is also member if Company vide Registered Folio No..............as my / our proxy to attend, act and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held at 203-Faiyaz Centre, 2nd Floor, 3-A, S.M.C. Housing Society, Shahrah-e-Faisal, Karachi-74400 on Saturday 31st October 2015 at 04.00 p.m.

In witness whereof I have set my hand this ____________________ day of ____________ 2015.

Date: ____________________

Place: ____________________

____
Member's Signature:

Notes:

1. This proxy form must be deposited duly completed in the Company's Registered Office at least 48 hours before the meeting.
2. A proxy must be member of the Company.
3. Member's Signature should agree with the specimen registered with the Company.

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