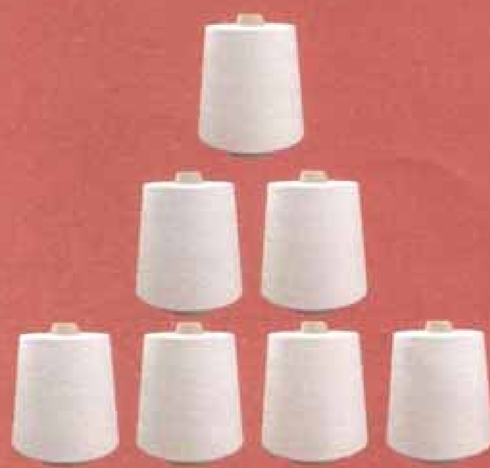
ANNUAL REPORT

2016



SALMAN NOMAN ENTERPRISES LTD.

CONTENTS

COMPANY'S INFORMATION

BOARD OF DIRECTORS	MRS. SHAHMIM AKHTAR	CHAIRPERSON
	MR. NAUMAN ALMAS	CHIEF EXECUTIVE
	MR. WASEEM K. HAQ	DIRECTOR
	MR. MUHAMMAD AZHAR AMIN	DIRECTOR
	MRS. FAREEHA PERVAIZ	DIRECTOR
	MRS. SHUMAILA AZEEM	DIRECTOR
	MR. NAVEED AHMED	DIRECTOR
AUDIT COMMITTEE	MR. MUHAMMAD AZHAR AMIN	CHAIRPERSON
	MRS. FAREEHA PERVAIZ	MEMBER
	MRS. SHUMAILA AZEEM	MEMBER
HUMAN RESOURCE AND REMUNERATION COMMITTEE	MR. WASEEM K. HAQ	CHAIRPERSON
	MR. NAUMAN ALMAS	MEMBER
	MRS. FAREEHA PERVAIZ	MEMBER
COMPANY SECRETARY	MR. MUHAMMAD SAEED	
AUDITORS	MUSHTAQ & COMPANY CHARTERED ACCOUNTANTS	
REGISTERED OFFICE	3 – K.M. BALLOKI ROAD BHAI PHERU, DISTT. KASUR	
REGISTRAR SHARE SERVICE	CORPLINK (PVT) LIMITED. WINGS ARCADE, 1-K, COMMERCIAL, MODEL TOWN LAHORE.	
HEAD OFFICE	76-B, NEW MUSLIM TOWN LAHORE-54600 WEB SITE: www.sntextile.com E-MAIL:snel36@hotmail.com nauman@sntextile.com	
MILLS	3-KM, BALLOKI ROAD BHAI PHERU DISTT. KASUR.	

NOTICE OF MEETING

Notice is hereby given that 31st Annual General Meeting of Members of the Company will be held on Monday 31st October, 2016 at 02:00 P.M. at Salman Noman Enterprises Limited, 3-K.M. Balloki Road, Bhai Pheru (Distt: Kasur) to transact the following business:-

1. Recitation from HOLY QURAAN.
2. To confirm the minutes of the Last Annual General Meeting.
3. To receive and adopt the audited accounts of the Company for the year ended June 30, 2016 together with the Directors' and Auditors Report thereon.
4. To appoint auditors and fix their remuneration for the year 2016-2017. M/s. Mushtaq & Company Chartered Accountants, being eligible, offer themselves for re-appointment.
5. To consider any other business with the permission of the Chief.

By Order of the Board

(MUHAMMAD SAEED)
Company Secretary

Lahore:
Dated: October 10, 2016

NOTE:

1. The Share Transfer Books of the Company will remain closed from October 25th, 2016 to October 31st 2016 (both days inclusive).
2. A member entitled to attend and vote at this Meeting may appoint proxy. Proxies, in order to be effective must be received by the Company not less than 48 hours before the meeting.
3. Shareholders who have deposited their shares into Central Depository Company are advised to bring their National Identity Card alongwith their CDC account number at the meeting venue.
4. Shareholders are requested to notify the change in address, if any, immediately

Vision:

To strive for excellence through commitment, integrity, honesty and team work.

Mission:

The mission of company is to operate state of the art spinning machinery capable of producing high quality carded cotton and blended yarn for knitting and weaving.

The company will conduct its operations prudently assuring customer satisfaction and will provide profits and growth to its shareholders through:

- Providing quality products and services to our customers mainly engaged in the manufacturing of textile products.
- Manufacturing of cotton and blended yarn as per the customers' requirements and market demand.
- Exploring the global market with special emphasis on Europe, USA and Far East.
- Keeping pace with the rapidly changing technology by continuously balancing, modernization and replacement (MBR) of plant and machinery.
- Enhancing the profitability by improved efficiency and cost controls.
- Recruiting, developing, motivating and retaining the personnel having exceptional ability and dedication by providing them good working conditions, performance based compensation, attractive benefit program and opportunity for growth.
- Protecting the environment and contributing towards the economic strength of the country and function as a good corporate citizen.

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the board of directors, I take pleasure to present Annual Report along with the Audited Accounts of the company pertaining to the financial year ending on June 30, 2016

FINANCIAL HIGHLIGHTS

The Company showed a loss after tax Rs.183,476,655 million for the year where as it was Rs.125,470,768 for the last year. The Financial results are summarized hereunder:-

	2016 Rupees	2015 Rupees
SALES	1,129,820,767	1,266,758,386
GROSS LOSS	(172,080,736)	(120,681,320)
OPERATING LOSS	(197,142,770)	(143,320,539)
FINANCIAL EXPENSES	(48,143,971)	(44,377,868)
TAXATION	61,810,085	62,227,639
NET LOSS AFTER TAX	(183,476,655)	(125,470,768)
LOSS PER SHARE	(41.07)	(28.09)

The year under review was the worse year because the rates of polyester and cotton and other material declined and yarn prices declined double as compared to raw material. The wages of Labor were increased about 8.33% from Rs. 12000 to 13000. The Government also had taken few steps which were disaster for spinning industry in textile sector as they allowed duty free import of yarn from India and imposed anti-dumping duty on import of raw material from China. The main reason of loss was due to curtailment of working capital lines by financial institutions, fall in sale price of yarn, electricity and gas crisis, major consumption rate variance; low quality cotton resulted in lower yield and other fixed production overheads. The rates of yarn fall like nose dip wherever the cost of yarn increased as compared to previous year. Several units of spinning were closed during the year due to heavy losses but the management of your company tried to find out different counts which were viable and have good market.

This has been another difficult year due to economic challenges facing the country, prevailing law and order conditions, ever increasing competition in the spinning sectors and increasing demand of quality yarn coupled with other problems of shortage of working capital.

Despite these circumstances the management has taken various steps to reduce cost of electricity and improve the quality and productivity.

COST CONTROL

The management has instituted the cost control and efficiency approach. Cost control measures and efficiency has been a continuing pursuit of the management. However the costs have risen due to overall inflationary trend in almost all areas of overheads and shortage of energy like Gas and Electricity also increased cost of Production..

Earnings per ordinary shares amount to Rs. (41.07) in current year as compared to Rs. (28.09) in last year.

ADDITION TO FIXED ASSETS

During the year under review, the company has made addition of Rs.6.496 million in plant and machinery to enhance the profitability and to improve the quality of yarn as well.

FUTURE OUTLOOK

Moving forward, outlook for textile industry is likely to remain challenging. However, the management of the company is continuously making efforts in order to improve the profitability of the company. The reduction in yarn market seems to continuous in year 2016-17 also and if import of yarn from India not to be monitored seriously the spinning sector of Pakistan will be affected badly. Now the company is planning to produce high quality of Cotton yarn with the better machinery setup.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Board of Directors has taken necessary steps to comply with the provisions of code of corporate governance as incorporated in the listing regulations of Pakistan stock exchange. Statement of the compliance with the code of corporate governance is annexed.

Statement on Corporate & Financial Reporting Framework

The Company complies with the Code in the following manner.

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

b. Proper books of account of the Company have been maintained.

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

d. International Accounting Standards as applicable in Pakistan have been followed in the preparation of financial statements and any departure there from has been adequately disclosed and explained.

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

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

g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h. Keeping in view the increased requirement of working capital due to high rates of raw material and finances required for re-payment of loans, it is considered necessary to conserve cash resources. The Directors, therefore, have decided not to recommend cash dividend. We have prepared and circulated a statement of ethics and business strategy among directors and employees.

i. The company operates an un-funded gratuity scheme for its employees and provision has been made in the accounts accordingly.

j. The board of directors has adopted a mission statement and a statement of overall corporate strategy.

k. During the year under review five meetings of the Board of Directors were held and attendance positions is hereunder:

Name of Director	Number of Meetings attended
Mr. Nauman Almas	4
Mrs. Shamim Akthar	3
Mrs. Fareeha Pervaiz	4
Mrs. Shumaila Azeem	4
Mr. Waseem K. Haq	3
Mr. Shoaib A Khan	2
Mr. Muhammad Azhar Amin	4
Mr. Naveed Ahmed	0

Audit committee

The Board of Directors in compliance of the code of corporate governance has established Audit Committee. It comprises three members, of whom one are independent non-executive director and two non-executive directors. The names of its members are given in the Company profile.

The terms 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.

Within the framework of terms of reference determined by the Board of Directors, the Audit Committee, among other things, will appoint the external auditors and review of periodic accounts.

HR and Remuneration Committee

The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors including the chairman of the committee. The name of members are given in the company profile.

Auditors

The present auditors Messrs Mushtaq & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

Pattern of shareholding

The pattern of shareholding as required by Section 236 of the Companies Ordinance 1984 and under Code of Corporate Governance is enclosed.

Going Concern

Without qualifying their opinion, Company's auditors, in their report, have drawn your attention to note 2.2 to the financial statements, which states that the Company's current liabilities exceeded its current assets by Rs. 436.886 million, and its accumulated losses stood at Rs. 363.512 million. These conditions 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 have been prepared on going concern basis on the grounds that the company will be able to achieve satisfactory levels of profitability in the future based on plan drawn up by the management for this purpose and bringing its liabilities to serviceable levels and availability of the adequate working capital from its lenders and sponsors.

To substantiate its going concern assumption:

i Directors and sponsors of the company, have invested as short term non-interest bearing loans net amounting to Rs. 8.000 million (June 2015: Nil) during the period. During the preceding period the directors of the company has invested Rs.64.561 million as long term interest bearing loans thus, making the total loan amounting to Rs. 138.684 million. Also they would continue such support in future.

ii The management has prepared a five years future plan showing profitability. Management believes that, company will be able to achieve satisfactory levels of profitability in the future base on the plans drawn up by the management for this purpose.

iii 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 men power, resource conservation, close monitoring of other fixed cost etc. The management is certain to generate sufficient savings as consequences of adapting all such measures.

iv The management also applied to the financial institutions for settlement and restructuring of overdue of the company. Management is confident that financial institution will respond positively to the request.

Further refer to paragraph (a) in the Auditor's Report Al Baraka Bank has not responded to the balance confirmation request because the Bank has filed a suit against the Company for recovery of Rs. 38.740 million.

Key operating and financial data

Key operating and financial data for the preceding six years is annexed.

Dividend

As the accounts shows considerable losses for the year therefore no dividend is recommended by the Board of Directors in their meeting for the year ended June 30, 2016.

Statutory payments

There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June 30, 2016 except for those disclosed in the financial statements.

Corporate restructuring and business expansion

Company has currently no plans for corporate restructuring, business expansion and discontinuance of operations.

Acknowledgement

The Directors of the Company wish to thanks its bankers for their continued support and wish to place on record their appreciation towards the employees for their dedicated services and hard work without which all this would have not been possible.

For & on behalf of the Board

NAUMAN ALMAS
Chief Executive

Lahore,
Dated: October 10, 2016

KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS:

Description	2016	2015	2014	2013	2012	2011
	Rupees					
Earning and Distribution						
Sale-net	1,129,820,767	1,266,758,386	1,447,051,095	1,284,222,860	1,533,227,575	1,847,895,714
Profit / (loss) before Tax	(245,286,740)	(187,698,407)	(52,071,074)	(9,476,480)	(122,720,629)	43,793,869
Tax	61,810,085	62,227,639	4,546,793	(4,510,272)	892,211	26,909,689
Net Earning / (loss)	(183,476,655)	(125,470,768)	(47,524,281)	(13,986,752)	(123,612,840)	16,848,180
Dividend	-	-	-	-	-	-
Retained (used) in Business	(183,476,655)	(125,470,768)	(47,524,281)	(13,986,752)	(123,612,840)	16,884,180
Net Earning / (loss) per share	(41.07)	(28.09)	(10.64)	(3.13)	(27.67)	4.04
Dividend declared per share	-	-	-	-	-	7% Bonus Share
Break up value per share	7.36	48.60	63.13	72.80	60.32	94.15
Financial Position						
Share Capital	44,670,360	44,670,360	44,670,360	44,670,360	44,670,360	41,748,000
Accumulated Profit / (loss)	(363,511,942)	(192,963,611)	(79,509,328)	(44,307,513)	(44,282,913)	71,776,237
Surplus on revaluation of fixed assets	351,704,020	365,385,664	316,841,519	324,826,853	269,044,003	279,520,053
	32,862,438	217,092,413	282,002,551	325,189,700	269,431,450	393,044,290
Long term loans & deferred liabilities	333,352,886	431,365,267	455,989,904	477,122,412	514,738,120	463,960,968
Total Capital Employed	366,215,325	648,457,680	737,992,455	802,312,112	784,169,570	857,005,258
Represented						
Fixed Assets	796,071,755	827,231,473	788,647,359	799,665,750	738,323,526	767,847,544
Long term Deposit	7,029,480	7,029,480	7,119,480	7,185,489	14,803,306	14,308,306
Net Current Assets / (Current Liabilities)	(436,885,911)	(185,803,273)	(57,774,384)	(4,539,127)	31,042,738	74,849,408

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Pakistan Stock Exchange Limited 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
Independent Directors	Mr.Muhammad Azhar Amin, Mr.Waseem K Haq, Mr. Naveed Ahmed
Executive Directors	Mr.Noman Almas, Mrs.Shamim Akhtar
Non-Executive Directors	Mrs.Fareeha Pervaiz, Mrs. Shumaila Azeem,

The independent directors meets the criteria of independence under clause 5.19.1.(b) of the CCG.

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 broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurring on the board of directors.

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 atleast once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board has arranged directors training program for Mr. Noman Almas and he got certification as Certified Director (as required by the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan) in November, 2014 under director training program held by the University of Lahore.

10. The board has approved new appointment of Mr. Rashid Hussain as CFO and Mr. Muhammad Saeed as Company Secretary, including their remuneration and terms and conditions of employment. Head of Internal Auditors remains unchanged.

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

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

15. The board has formed an Audit Committee. It comprises **three** members, of whom **two** are non-executive directors and the chairman of the committee is an independent director.

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 Code of Corporate Governance. 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 members, of whom two are non-executive directors and the chairman of the committee is an independent director.

18. The board has set up an effective internal audit function, who are considered 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.

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied except the Head of Internal Auditor, towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

For and On Behalf of Board of Directors.

Lahore:
Dated: October 10, 2016

(NOMAN ALMAS)
Chief Executive

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 Salman Noman Enterprises Limited for the year ended June 30, 2016 to comply with the Code contained in regulation 5.19 of the Rule book of Pakistan Stock Exchange Limited.

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's statement on internal control covers all the risks and controls 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 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 this 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, 2016.

LAHORE:
Dated: October 10, 2016

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid, ACA

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Salman Noman Enterprises Limited** as at June 30, 2016 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) We have not received the response to our balance confirmation request from Al-Baraka Bank Pakistan Limited for liability against finance lease amounting to Rs. 34.869 million.

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

(c) in our opinion;

  (i) except for the matters referred in paragraph (a) , 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;

(d) 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), 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, 2016 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

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

(f) Without further qualifying our opinion, we draw attention to note 2.2 in the financial statements which indicates that the company incurred a net loss of Rupees 183.477 million during the year ended June 30, 2016 and, as of that date, the company's current liabilities exceeds its current assets by Rupees 436.886 million. These conditions, along with other matters as explained in note 2.2 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.

LAHORE:
Dated: October 10, 2016

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Zahid Hussain Zahid, ACA

BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 10,000,000 (June 30, 2015: 10,000,000) ordinary shares of Rs.10 each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	5	44,670,360	44,670,360
Accumulated loss		(363,511,942)	(192,963,611)
		(318,841,582)	(148,293,251)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	6	351,704,020	365,385,664
NON CURRENT LIABILITIES			
Long term financing from banking companies	7	82,009,746	96,361,746
Long term financing from directors and others	8	138,683,905	138,683,905
Liabilities against assets subject to finance lease	9	29,509,827	49,783,206
Deferred liabilities	10	33,491,095	96,878,097
Long term loans from others	11	49,658,313	49,658,313
CURRENT LIABILITIES			
Trade and other payables	12	420,653,974	253,044,925
Accrued mark up / interest	13	50,876,351	21,602,346
Short term borrowings	14	212,455,654	179,758,004
Current portion of non current liabilities	15	121,597,769	90,350,651
Provision for taxation		1,968,307	1,968,307
		807,552,056	546,724,234
CONTINGENCIES AND COMMITMENTS	16		
		1,173,767,380	**1,195,181,914**

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE

BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	17	796,071,755	827,231,473
Long term deposits	18	7,029,480	7,029,480
CURRENT ASSETS			
Stores, spare parts and loose tools	19	58,254,409	60,688,450
Stock in trade	20	226,822,518	209,701,247
Trade debts - unsecured (considered good)		24,190,499	39,385,644
Loans and advances	21	21,063,357	16,569,210
Trade deposits and short term prepayments	22	453,766	-
Other receivables	23	183,900	13,500,000
Tax refunds due from Government	24	27,703,249	19,284,556
Cash and bank balances	25	11,994,447	1,791,855
		370,666,145	360,920,961
		1,173,767,380	**1,195,181,914**

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Sales - net	26	1,129,820,767	1,266,758,386
Cost of sales	27	(1,301,901,085)	(1,387,439,706)
Gross (loss) / profit		(172,080,318)	(120,681,320)
Other operating income	28	467,835	346,856
Distribution cost	29	(590,189)	(840,175)
Administrative expenses	30	(23,564,291)	(22,110,913)
Other operating expenses	31	(1,375,806)	(34,987)
Finance cost	32	(48,143,971)	(44,377,868)
Loss before taxation		(245,286,740)	(187,698,407)
Taxation	33	61,810,085	62,227,639
Loss for the year after taxation		**(183,476,655)**	**(125,470,768)**
Loss per share - basic and diluted	35	**(41.07)**	**(28.09)**

The annexed notes from 1 to 41 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Loss for the year after taxation		(183,476,655)	(125,470,768)
Other comprehensive income for the year			
Item that will not be reclassified to profit and loss account:			
Remeasurement on staff retirement benefits		(1,076,170)	(974,513)
Impact of deferred tax		322,851	292,354
Total other comprehensive (loss) - net of tax		(753,319)	(682,159)
Total comprehensive loss for the year		**(184,229,975)**	**(126,152,927)**

The annexed notes from 1 to 41 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(245,286,740)	(187,698,407)
Adjustments for:		
Depreciation	37,553,013	37,776,158
Provision for staff retirement benefits - gratuity	7,055,429	6,677,872
Exchange loss on revaluation of supplier credit	1,104,823	-
Profit on bank deposits	(21,030)	(77,643)
Finance cost	48,143,971	44,377,868
Loss/(Gain) on disposal of property, plant and equipment	(446,805)	-
(Loss) / Profit before working capital changes	(153,002,162)	(98,944,152)
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	2,434,041	3,259,260
Stock in trade	(17,121,271)	67,089,338
Trade debts	15,195,144	22,853,742
Loans and advances	(4,494,147)	(7,261,444)
Trade deposits and short term prepayments	(453,766)	251,952
Other receivables	13,316,100	(12,902,887)
Tax refund due from Government	140,790	(77,021)
Increase / (decrease) in current liabilities	9,016,890	73,212,939
Trade and other payables	160,951,007	99,908,744
Cash generated from operations	16,965,735	74,177,531
Payments for:		
Finance cost	(18,869,966)	(35,315,444)
Staff retirement benefits - gratuity	(9,385,665)	(5,702,424)
Income taxes	(1,901,441)	(3,625,755)
	(30,157,072)	(44,643,623)
Net cash generated from operating activities	(13,191,337)	29,533,908
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	550,000	-
Fixed capital expenditures	(6,496,490)	(2,456,293)
Long term deposits	-	90,000
Profit on bank deposits	21,030	77,643
Net cash used in investing activities	(5,925,460)	(2,288,650)
C) CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in:		
Long term loan obtained from directors - net	-	64,561,392
Short term borrowings	32,697,650	(70,747,712)
Payments for:		
Long term financing	-	(16,297,177)
Liabilities against assets subject to finance lease	(3,378,261)	(4,796,001)
Dividend paid	-	(4,825)
Net cash (used in) / generated from financing activities	29,319,389	(27,284,323)
Net decrease in cash and cash equivalents (A+B+C)	10,202,592	(39,064)
Cash and cash equivalents at the beginning of the year	1,791,855	1,830,919
Cash and cash equivalents at the end of the year	11,994,447	1,791,855

The annexed notes from 1 to 4[illegible] form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid up capital	Unappropriated profits/(loss)	Total
	-----Rupees-----		
Balance as at June 30, 2014	**44,670,360**	**(79,509,328)**	**(34,838,968)**
Total comprehensive loss for the year	-	(126,152,927)	(126,152,927)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	12,698,644	12,698,644
Balance as at June 30, 2015	**44,670,360**	**(192,963,611)**	**(148,293,251)**
Total comprehensive loss for the year	-	(184,229,975)	(184,229,975)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	13,681,644	13,681,644
Balance as at June 30, 2016	**44,670,360**	**(363,511,942)**	**(318,841,582)**

The annexed notes from 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1 STATUS AND ACTIVITIES

The company was incorporated in Pakistan on November 05, 1985 as a Public Limited Company under the Companies Ordinance, 1984. The registered office and mills of the company are situated at 03 kilometer Bhai Pheru, Tehsil Chunian, District Kasur. The company is listed on Paksitan stock exchange limited. The principal business of the company is manufacturing and sale of yarn.

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 as are notified under the Companies Ordinance, 1984, 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 Going concern assumption

During the year, the Company incurred loss amounting to Rs. 183.477 million (June 30, 2015: Rs. 125.471 million) and has reported accumulated losses amounting to Rs. 363.512 million (June 30, 2015: Rs. 192.964 million) at the year end. In addition, the Company's current liabilities exceeded its current assets by Rs. 436.886 million (June 30, 2015: Rs. 185.803 million) at the year end. This results in severe liquidity crisis and inability of the company to comply with loan agreements and inability to pay long term financing from financial institutions amounting to Rs. 86.972 million, short term borrowing amounting to Rs. 26.600 million and accrued markup Rs. 34.654 million. The main reason of loss was due to curtailment of working capital lines by financial institutions, fall in sale price of yarn, electricity and gas crisis, major consumption rate variance, low quality cotton resulted in lower yield and other fixed production overheads. These conditions along with adverse key financial ratios indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

These financial statements have been prepared on going concern assumption on the basis of following mitigating factors:

i The management has prepared five years future plan showing profitability. Management believes that, company will be able to achieve satisfactory levels of profitability in the future based on the plans drawn up by the management for this purpose;

ii Directors and sponsors of the company, have invested as short term non-interest bearing loans net amounting to Rs. 8.00 million during the period. They would also continue such support in future.

iii 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 men power, resource conservation, close monitoring of other fixed cost etc. The management is certain to generate sufficient savings as consequences of adapting all such measures; and

iv The management has also applied to the financial institutions for settlement and restructuring of overdue of the company. Management is confident that financial institution will respond positively to the request.

The management anticipates that above steps will not only bring the Company out of the existing financial crisis but also contribute significantly towards the improvement of the company financial position in the foreseeable future.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency and figures are rounded to the nearest rupee.

2.4 Standards, Interpretations and amendments to published approved accounting standards

2.4.1 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 the accounting period beginning on or after 1 July 2015 and Company does not expect to have any material / significant changes in its accounting policy except for disclosures, where applicable:

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) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard does not have material impact on Company's financial statements except for some disclosures.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.4.2 New accounting standards, amendments to existing approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Company

- IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018). IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.

- IFRS 15, 'Revenuefrom contracts with customers' is applicable to accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognize transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

- Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable to annual periods beginning on or after January 1, 2016, The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including: Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Notes- confirmation that the notes do not need to be presented in a particular order. Other comprehensive income(OCI) arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/ accounting policies are not required for these amendments. These amendments likely to only affects the disclosures in the Company's financial statements.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, plant and equipment (effective for periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-basedamortization for intangible assets and explicitly state that revenue-baesmethods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-basedamortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are highly correlated, or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 12, 'Income taxes' are applicable for annual periods beginning on or after January 1, 2017. The amendment clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have a material impact on the Company's financial statements.

- Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial statements.

- 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 on accrual basis, except for recognition of staff retirement benefits which are based on actuarial values (net present value), certain items of property, plant and equipment which are stated at revalued amounts and certain financial assets 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 involvinghigher 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.

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

3.5.1 Provision for doubtful debts

3.5.2 Estimation of net realizable value

3.5.3 Computation of deferred taxation

3.5.4 Disclosure of contingencies

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 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, in which case it is recognized in equity.

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.

Deferred

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

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.

4.2 Trade and other payables

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

4.3 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, and it is probable that an out flow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.4 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 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.

4.5 Revenue recognition

Revenueis recognized on dispatch of goods or on performance of services. Return on deposits is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

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 cost / revaluation less any identified impairment loss. 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 statement 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 so as to write-off historical cost of an asset over its estimated useful life at the rates as disclosed in note 17.

Depreciation on additions is charged from the month in which the asset is acquired or capitalized while no depreciation is charged in the month of disposal.

Derecognition

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the assets) is included in the income statement in the year the assets is derecognized.

4.7 Accounting for leases and assets subject to finance lease

4.7.1 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 of 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.

4.7.2 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.

4.8 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.

4.10 Long term deposits

These are stated at cost which represents the fair value of consideration given.

4.11 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.

4.12 Stock in trade

These are valued at lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

Raw material	Weighted average cost except those in transit which are stated at cost comprising invoice value plus other charges incurred thereon.
Finished good and work in process	Raw material cost plus appropriate manufacturing overheads.
Waste	Net realizable value

Average manufacturing cost in relation to work in process and finished goods, consists of direct material, labor and a proportion of manufacturing overheads based on normal capacity.

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.

4.13 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 statement. 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.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, cash in transit and balances with banks.

4.15 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.

4.16 Foreign currencies

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 statement currently.

4.17 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.

4.18 Offsetting of financial assets and liabilities

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

4.19 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 free.

4.20 Dividend

Dividend distributed to the share holders is recognized as a liability in the period in which it is approved by the shareholders.

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016	2015		Note	2016	2015
Number of shares				Rupees	Rupees
4,467,036	4,467,036	Ordinary shares of Rs. 10 each allotted for consideration fully paid in cash		44,670,360	44,670,360
		Ordinary shares of Rs. 10 each issued as fully paid bonus shares		-	-
4,467,036	4,467,036			44,670,360	44,670,360

5.1 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 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2016 Rupees	2015 Rupees
Surplus on revaluation of property, plant and equipment at the beginning of the year		482,656,898	427,706,119
Add: Surplus arised during the year		-	73,903,979
Transfer to unappropriated profit in respect of:			
Incremental depreciation on revalued assets		13,681,644	12,698,644
Related deferred tax liability		5,863,562	6,254,556
		19,545,206	18,953,200
Surplus on revaluation of property, plant and equipment as at the end of year		463,111,692	482,656,898
Related deferred tax liabilities on:			
Revaluation at the beginning of the year		117,271,234	110,864,600
Surplus arised during the year		-	22,171,194
Prior year effect		-	(9,510,004)
Incremental depreciation on revalued assets		(5,863,562)	(6,254,556)
		111,407,672	117,271,234
		351,704,020	365,385,664

7 LONG TERM FINANCING FROM BANKING COMPANIES

	Note	2016 Rupees	2015 Rupees
Secured - from banking companies			
Term finance - I	7.1	50,151,606	60,903,606
Demand finance - I	7.2	-	-
Term finance - II - Frozen markup	7.3	31,858,140	35,458,140
Demand finance - II - frozen markup	7.4	-	-
		82,009,746	96,361,746

	Note	Term finance 1	Demand Finance-I	Frozen Markup SNBL TF II	Frozen Markup NBP DF-II	2016 Rupees	2015 Rupees
	Note	7.1	7.2	7.3	7.4		
Opening balance		85,095,606	22,126,199	37,258,140	5,032,000	149,511,945	165,809,122
Transferred / restructured during the year		-	-	-	-	-	-
		85,095,606	22,126,199	37,258,140	5,032,000	149,511,945	165,809,122
Repaid during the year		-	-	-	-	-	(16,297,177)
Current Maturity		85,095,606	22,126,199	37,258,140	5,032,000	149,511,945	149,511,945
Overdue installment		(24,192,000)	(22,126,199)	(1,800,000)	(5,032,000)	(53,150,199)	(24,302,428)
Current portion		(10,752,000)	-	(3,600,000)	-	(14,352,000)	(28,847,771)
Current portion	15	(34,944,000)	(22,126,199)	(5,400,000)	(5,032,000)	(67,502,199)	(53,150,199)
		50,151,606	-	31,858,140	-	82,009,746	96,361,746

7.1 This represents term finance obtained from Soneri Bank Limited to pay off import bills of the company related to BMRE. The company has made down payment of Rs. 2.00 million and remaining outstanding amount will be repayable in 12 equal monthly installments of Rs. 1.5 million (started from March 31, 2013 and ending on February 28, 2014) and 96 equal monthly installments of Rs. 0.896 million (starting from March 31, 2014 and ending on February 28, 2022) along with markup due from the month of March 2014. The loan is secured against joint pari passu charges of Rs. 485,666,667 (Soneri Bank Limited's share of Rs. 164,000,000) on all the present and future fixed assets (both movable and immovable) of the company, Equitable mortgage with legal mortgage on House no. 41, Block L, Gulberg III, Lahore in the name of Mr. Noman Almas Valuing Rs. 55,000,000 and personal guarantee of sponsoring directors. The loan is subject to mark up at one month KIBOR plus 2.00 percent (June 30, 2015 : one months KIBOR plus 2.00 percent) per annum payable monthly from March 31, 2014. Markup payable from July 01, 2011 to February 28, 2014 is payable as mentioned in note 7.3

7.2 This demand finance represents the overdue amount of import/inland letter of credit (usance) of 90 days is obtained from National Bank of Pakistan. As per the terms of agreement, the loan is repayable in 12 equal quarterly installments of Rs. 4.426 millions each (started from June 30, 2013 and ending on March 31, 2016). It carries markup at three month Kibor plus 2.50% (June 30, 2015 : three month Kibor plus 2.50%) per annum payable quarterly with prompt payable rebate as mentioned in agreement. The facility is secured against first joint pari passu charge of Rs. 135 millions on fixed assets of the company and personal guarantee of the sponsoring directors of the company.

7.3 As fully explained in note 7.1 overdue markup up to June 30, 2013 amounting to Rs. 30.046 million on term finance -I facility has been freezed and converted into term finance-II (frozen markup account). As per the terms of agreement as fully explained in note 7.1 above, markup accrued up to February 2014 has been deferred and transferred to frozen markup account and is payable in 74 monthly installments of Rs. 0.3 million (starting from January 2016 and ending on June 2017) and Rs. 0.5 million (starting from July 2017 and finally adjusted by February 2022).

7.4 As fully explained in note 7.2 above, markup and charges amounted to Rs. 10.066 million on overdue amount of inland letter of credits (usance) from National Bank of Pakistan has been freezed and converted into demand finance - II (frozen markup account). As per the terms of agreement. Demand finance II (Frozen markup) is payable in ten equal quarterly installments of Rs. 1.006 millions each (started from December 31, 2013 and ending on March 31, 2016). The facility is secured against ranking charge on fixed assets of Rs. 33 millions subsequent to joint pari passu charge on fixed assets of the company within six months from the date of creation of demand finance and personal guarantee of the sponsoring directors of the company.

8 LONG TERM FINANCING FROM DIRECTORS AND OTHERS

	2016 Rupees	2015 Rupees
Opening balance	138,683,905	74,122,513
Obtained during the year	-	68,111,392
	138,683,905	142,233,905
Paid during the year	-	(3,550,000)
Unsecured - related parties	138,683,905	138,683,905

As at June 30, 2015, the management of the company has entered into agreement with directors and decided repayment terms of unsecured loan (previously repayment terms of the loan were not determinable). According to the agreement, the tenure of loans is fifteen years with grace period of five year. These loans are unsecured and carrying markup of one month kibor plus 0.5 percent (June 30, 2015: one month Kibor plus 0.5 percent) payable annually from July 1, 2015. The outstanding amount will be repayable in 10 equal annual installments of Rs.13,868,391 each (starting from June 30, 2021 and ending on June 30, 2030). These includes amount of Rs.138,683,905/- (June 30, 2015 : Rs. 138,683,905/-) as subordinated to the loans from banking companies.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2016			2015		
	Minimum lease payments	Financial charges for future period	Present value of minimum lease payments	Minimum lease payments	Financial charges for future period	Present value of minimum lease payments
Up to one year	62,747,580	8,652,010	54,095,570	44,115,438	6,914,986	37,200,452
Later than one year but not later than five years	32,621,211	3,111,384	29,509,827	55,748,116	5,964,910	49,783,206
	95,368,791	11,763,394	83,605,397	99,863,554	12,879,896	86,983,658

	Note	ABBPL	ABBPL Frozen Markup	FNBM	FNBM Frozen M.up	HMBL	HMBL Frozen Markup	2016 Rupees	2015 Rupees
		9.1	9.2	9.3	9.4	9.5	9.6		
Opening balance		27,129,823	7,739,644	34,846,054	6,619,879	8,478,258	2,170,000	86,983,658	91,779,659
Obtained during the year		-	-	-	-	-	-	-	-
		27,129,823	7,739,644	34,846,054	6,619,879	8,478,258	2,170,000	86,983,658	91,779,659
Paid during the year		-	-	(677,659)	(200,602)	(2,500,000)	-	(3,378,261)	(4,796,001)
Security deposit		-	-	-	-	-	-	-	-
		27,129,823	7,739,644	34,168,395	6,419,277	5,978,258	2,170,000	83,605,397	86,983,658
Current Maturity									
Over due installment		(18,782,172)	(5,358,204)	(6,726,698)	(1,705,117)	(1,250,000)	-	(33,822,191)	(17,330,744)
Current portion		(8,347,651)	(2,381,440)	(5,462,676)	(1,203,612)	(2,878,000)	-	(20,273,379)	(19,869,706)
Current portion	15	(27,129,823)	(7,739,644)	(12,189,374)	(2,908,729)	(4,128,000)	-	(54,095,570)	(37,200,452)
		-	-	21,979,021	3,510,548	1,850,258	2,170,000	29,509,827	49,783,206

9.1 These represent finance lease which have been obtained from Al Baraka Bank (Pakistan) Limited (previously Emirates Global Investment Bank) under the lease arrangement for plant and machinery for balancing, modernization, restructuring and expansion of the project. These facilities were partly used to finance the imported machinery through usance L/C of 450 days which was issued by the National Bank of Pakistan. As per repayment terms company has made down payment of Rs. 3.0 million, security deposits amounted to Rs. 6.897 million has been adjusted against lease liability and balancing outstanding principal liability is payable in 48 equal monthly installment starting from July, 2013. It carries markup at 6 months KIBOR (flat) applicable after repayment of 24th installment of principal (June 30, 2015: 6 month KIBOR (flat) after repayment of 24th installment of principal). These are secured against joint pari passu charges of Rs. 485,666,667 (Al Baraka Bank's share of Rs. 21,000,000) on all the present and future fixed assets (both movable and immovable) of the company, exclusive ownership of the asset under Ijarah, assignment of insurance policy of assets under Ijarah in favor of ABBPL, 10% key money of Ijarah value and personal guarantee of the sponsoring directors.

9.2 As fully explained in note 9.1 about agreement, markup accrued on lease liability from Al Baraka Bank (Pakistan) Limited amounted to Rs. 8.335 million has been freezed and converted into forzen markup account. The repayment of frozen markup will be made in 42 equal monthly installment of Rs. 198,452/- per month starting from January 2014.

9.3 These represent finance lease which have been obtained from First National Bank Modaraba for two sets of Gen-set (gas generator) JGS 420 GS-N.L for balancing, modernization, restructuring and expansion of the project. These facilities were partly used to finance the imported machinery through usance L/C at sight which was issued by the National Bank of Pakistan . During the year, existing tenure has been extended by three years and one month to be matured on May 10, 2020 instead of April 10, 2017. As explained in note 9.4, rental amounting to Rs.2,274,220/- due during moratorium period from June 2013 till November 2013 as well as unpaid freezed rentals of Rs. 5,549,274/- during the Ist rescheduling dated 04-05-2012 will be accumulated and will be paid in seventy eight (78) equal monthly installments of Rs. 100,301/- with regular rental due from December 2013 till May, 2020. It carry markup at six months KIBOR plus 3 percent (June 30, 2015: six months kibor plus 3%). These are secured against title over leased asset, 20% security deposit of the facility amount, ranking modified charges of Rs. 66,474,666 reduced from Rs. 65,141,333 over the moveable and immovable assets and all present and future fixed assets of the company and personal guarantee of the sponsoring directors.

9.4 As fully explained in note 9.3 about rescheduled agreement, markup accrued on lease liability from First National Bank Modaraba amounted to Rs. 7.823 million has been freezed and converted into forzen markup account. The repayment of frozen markup will be made in seventy eight (78) equal monthly installments of Rs. 100,301/- with regular rental due from December 2013 till May 2020.

9.5 These represent finance lease which have been obtained from Habib Metropolitan Bank Limited for plant and machinery for balancing, modernization, restructuring and expansion of the project. These facilities are partly used to finance the imported machinery through usance L/C of 720 days which was issued by the Habib Metropolitan Bank Limited. As per the terms of agreement the lease liability is repayable in 48 equal monthly installments commencing from July, 2013. It carries mark up at three months ask KIBOR plus 1% (June 30, 2015 : three months ask KIBOR plus 1%) payable quarterly. The markup calculated as per previous rate amounting to Rs. 2.170 million shall be deferred. These are secured against the ownership of lease machinery, ranking hypothecation charge over stock and receivable of Rs. 16 million duly insured in bank favor, ranking hypothecation charge for Rs. 18.5 million over specific machinery consisting two sets Haras high speed drawing frame with all the standard accessories has already registered with SECP with 25% margin and personal guarantees of directors,

9.6 As fully explained in note 9.5 about rescheduled agreement, markup accrued on lease liability from Habib Metropolitan Bank Limited amounted to Rs. 2.170 million has been freezed and converted into frozen markup account. The repayment of frozen markup will be made after the adjustment of entire rescheduled facility in one year period.

10 DEFERRED LIABILITIES

	Note	2016 Rupees	2015 Rupees
Staff retirement benefits - gratuity	10.1	21,548,412	22,802,478
Deferred taxation	10.2	11,942,683	74,075,619
		33,491,095	96,878,097

10.1 Staff retirement benefits - gratuity

10.1.1 Movement in net liability recognized in the balance sheet

	2016 Rupees	2015 Rupees
Opening balance	22,802,478	20,852,517
Charge to profit and loss account	7,055,429	6,677,872
Benefits paid during the period	(9,385,665)	(5,702,424)
Remeasurements (gains) / losses	1,076,170	974,513
Closing balance of balance sheet liability	21,548,412	22,802,478

10.1.2 The movement in the present value of defined benefit obligation

	2016 Rupees	2015 Rupees
Present value of defined benefit obligation	22,802,478	20,852,517
Current service cost	5,848,163	5,105,723
Interest cost	1,207,265	1,572,149
Remeasurements (gains)/ losses	1,076,170	974,513
Benefits paid	(9,385,665)	(5,702,424)
	21,548,412	22,802,478

10.1.3 Historical information

	2016	2015	2014	2013	2012
	Rupees				
Present value of defined benefit obligation	21,548,412	22,802,478	20,852,517	20,852,517	18,637,438
Experience adjustments	(1,076,170)	(974,513)	973,893	(2,858,688)	1,955,485

10.1.4 Liability recognized in the balance sheet

	2016 Rupees	2015 Rupees
Present value of obligation	21,548,412	22,802,478
	21,548,412	22,802,478

10.1.5 Expense recognized

	Note	2016 Rupees	2015 Rupees
In profit and loss			
Service cost		5,848,163	5,105,723
Interest cost		1,207,265	1,572,149
		7,055,429	6,677,872
In other comprehensive income			
Remeasurement recognized - (gains) / loss		1,076,170	974,513
		1,076,170	974,513

10.1.6 Expenses recognized for the year has been allocated as under:

	2016	2015
Cost of goods manufactured	6,030,079	4,293,669
Administrative expenses	1,962,037	2,384,203
	7,992,116	6,677,872

10.1.7 General description

The scheme provide for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial technique of Projected Unit Credit Method.

10.1.8 Principal actuarial assumptions :

	Note	2016	2015
Following are few important actuarial assumption used in the valuation.		%	%
Discount rate		8.33	9.75
Expected rate of increase in salary		10.00	8.00

10.1.9 Sensitivity analysis of actuarial assumption

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	876,345	(1,010,051)
Expected rate of increase in salary	(984,131)	871,353

10.1.10 Expected gratuity expenses for the year ending June 30, 2017 works out Rs. 8,380,211

10.2 Deferred taxation	2016 Rupees	2015 Rupees
Opening balance	74,075,619	124,120,153
Add: Provided / (reversed) during the year on surplus - net	-	12,661,190
Effect of rate change	-	(11,283,650)
Provided during the year	(61,810,085)	(51,129,720)
Deferred tax charged to OCI due to remeasurements	(322,851)	(292,354)
	11,942,683	74,075,619

10.2.1 The liability of deferred taxation comprises of temporary differences

	2016 Rupees	2015 Rupees
Deferred tax liabilities on taxable temporary differences		
Accelerated depreciation on owned assets	23,443,598	22,306,613
Liabilities against assets subject to finance lease - net	31,820,163	33,801,514
Surplus on revaluation of property, plant and equipment	111,407,672	117,271,234
Deferred tax charged to OCI due to remeasurements	(322,851)	(292,354)
	166,348,582	173,087,007
Deferred tax asset on deductible temporary differences		
Staff retirement benefits - gratuity	6,141,673	6,548,390
Brought forward tax losses	148,264,227	92,462,999
	154,405,900	99,011,389
	11,942,682	74,075,618

11 LONG TERM LOANS FROM OTHERS

	2016	2015
Long term loans from others - Unsecured	49,658,313	49,658,313

These are unsecured loans from parties carrying markup at three months kibor (June 30, 2015 : three months kibor) per annum. The parties have agreed that they have not intention to demand such loans within next twelve months, therefore not shown under normal trade creditors.

12 TRADE AND OTHER PAYABLES

	Note	2016 Rupees	2015 Rupees
Creditors		153,565,808	77,235,469
Accrued liabilities	12.1	81,210,237	57,838,148
Advances from customers		85,155,018	53,394,760
Workers' welfare fund		104,374	104,374
Workers' profit participation fund	12.2	9,195,655	8,217,009
Unclaimed dividend		179,651	179,651
Withholding tax payable		24,622,959	18,943,563
Bills payable - foreign LC's payable		66,620,272	37,131,951
		420,653,974	253,044,925

12.1 Accrued liabilities also includes fuel price adjustment surcharge of Rs. 259,792/- (June 30, 2015: Rs. 259,792/-).

12.2 Workers' profit participation fund	Note	2016 Rupees	2015 Rupees
Opening balance		8,217,009	7,338,581
Interest on funds utilized in the company's business	12.3	978,646	878,428
		9,195,655	8,217,009
Allocation for the period		-	-
		9,195,655	8,217,009
Payments during the period		-	-
		9,195,655	8,217,009

12.3 Interest on workers' profit participation fund has been provided at the rate 11.91% (June, 2015 : 11.97%) per annum up to June 30, 2016.

13 ACCRUED MARK UP / INTEREST

	Note	2016 Rupees	2015 Rupees
Accrued markup / Interest on :			
Long term financing		34,654,014	12,320,328
Short term borrowings		9,657,431	6,297,444
Liabilities against assets subject to finance lease		6,564,906	2,984,574
		50,876,351	21,602,346

14 SHORT TERM BORROWINGS

	Note	2016 Rupees	2015 Rupees
Secured - from banking companies			
Cash finance - NBP	14.2	105,294,610	100,060,404
Cash finance - BAFL	14.3	14,916,894	14,844,203
Cash finance - BIPL	14.4	12,257,254	12,258,000
Murahbah finance - FNBM	14.5	26,600,000	26,600,000
Running finance - BAHL	14.6	42,495,937	24,548,114
Book overdraft - unsecured	14.7	2,890,959	1,447,284
Un secured - from directors and associates			
From Directors - interest free		8,000,000	-
		212,455,654	179,758,004

14.1 The aggregate unavailed short term financing facilities amounted to Rs. 13.504 million (June 30, 2015 : Rs. 112.981 million).

14.2 This loan has been obtained from National Bank of Pakistan to meet working capital needs of the company. It is secured against pledge of cotton bales, polyester, viscose, man mad fiber bales and yarn with 10% margin on cotton / polyester / viscose/ man made fiber bales and 25% margin on yarn, joint pari passu hypothecation charge of Rs. 75 million on all current assets, joint pari passu charges of Rs. 485,666,667 (National Bank of Pakistan's share of Rs. 135,000,000) on all the present and future fixed assets (both movable and immovable) of the company and personal guarantee of sponsoring directors. It is subject to mark up at three months average ask KIBOR plus 2.5% (June 30, 2015 : three months average ask KIBOR plus 2.5%) per annum payable quarterly. The limit has expired on December 31,2015.

14.3 This loan has been obtained from Bank Alfalah Limited to finance working capital requirements. The loan is secured against joint pari passu hypothecation charge of Rs. 50 million on all current assets, joint pari passu charges of Rs. 485,666,667 (Bank Alfalah Limited's share of Rs. 50,000,000) on all the present and future fixed assets (both movable and immovable) of the company, lien on export documents/accepted drafts and personal guarantee of all the sponsoring directors of the company. The loan is subject to mark up at three months ask KIBOR plus 3% (June 30, 2015 : three months KIBOR plus 3%) payable quarterly. The limit has expired on November 30, 2015.

14.4 This murabaha facility has been obtained from Bank Islami Pakistan Limited to facilitate purchase of raw material. This facility has been secured against joint pari passu charges of Rs. 485,666,667 (Bank Islami Pakistan Limited's share of Rs. 67,000,000) on all the present and future fixed assets (both movable and immovable) of the company with 25% margin and personal guarantee of all the sponsoring directors. This loan is subject to mark up at three months ask KIBOR plus 4% with a floor of 13.90% (June 30, 2015 : three months ask KIBOR plus 4% with a floor of 13.90%) per annum.The limit has expired on November 30,2015.

14.5 This murabaha facility has been obtained from First National Bank Modaraba to facilitate purchase of raw material. In previous year, the facility were converted into non revolving facilities of murabaha amounted to Rs. 18.50 millions and Rs. 10.50 millions. The principal of Rs. 100,000 with regular profit of each morabah will be payable on monthly basis and the balance prinicipal at maturity will be paid in lump sum. This facility has been secured against joint pari passu charge of Rs. 485,666,667 (First National Bank Modaraba's share of Rs. 18,667,000) on all the present and future fixed assets (both movable and immovable) of the company, ranking charge of Rs. 20.67(M) on all present and future fixed assets of the company and personal guarantee of all the sponsoring directors. This loan is subject to mark up at six months ask KIBOR plus 3.5% (June 30, 2015 : Six months Kibor plus 3.5%) per annum. The limit has been expired on December 05, 2015 and February 14, 2015 respectively. The overdue is Rs. 17.300 million (June 30. 2015: Rs.17.300 million) and Rs. 9.300 millions (June 30, 2015: Rs.9.300 millions) respectively.

14.6 This loan has been obtained from Bank Al Habib Limited to meet working capital needs of the company. It is secured against promissory note of Rs. 84,039,000 and lien over Al Habib special saver certificates valuing Rs. 80.00 million in the name of Mian Muhammad Ahmed with 12.50% margin. It is subject to mark up at three months average ask KIBOR plus 2% (June 30, 2015 ; three months Kibor plus 2%) per annum payable quarterly. The limit will expire on February 28,2017.

14.7 This represents cheque issued in excess of bank balance. Since there was no bank facility this has been grouped under Book Overdraft.

15 CURRENT PORTION OF NON CURRENT LIABILITIES	Note	2016 Rupees	2015 Rupees
Long term financing	7	67,502,199	53,150,199
Liabilities against assets subject to finance lease	9	54,095,570	37,200,452
		121,597,769	90,350,651

15.1 It includes overdue installment of Rs. 53,150,199/- (June 30, 2015: Rs. 24,302,428/-) and Rs. 33,822,191/- (June 30, 2015: Rs.17,330,744/-) in respect of long term financing and lease finance respectively. Subsequently, payment of Rs. Nil- and Rs. 250,000/- in respect of long term financing and lease finance respectively has been made.

16 CONTINGENCIES AND COMMITMENTS	Note	2016 Rupees	2015 Rupees
16.1 Contingencies			
16.1.1 Bank guarantee issued in the ordinary course of business		18,100,000	18,100,000

16.1.2 Al-Baraka Bank (Pakistan) Limited has filed Suit No. 588/1, Dated: 16-09-2015 against the company under section 9 of the FINANCIAL INSTITUTIONS(RECOVERY OF FINANCIES) ORDINANCE, 2001 for recovery of Rs. 38,740,919/- which includes cost price, taxes etc. till realization of whole amount before the Banking Court, Lahore. The company has acknowledged its liability as per loan agreement but the amount of principal and mark up is not reconciled with the financial institutions in accordance with the above mentioned suit. The matter is still pending in the court. Management expects that matter shall be resolved through restructuring agreement of outstanding liability.

16.1.3 Soneri Bank Limited has filed Suit No. 65/2015, Dated: 29-10-2015 against the company under section 16 of the FINANCIAL INSTITUTIONS(RECOVERY OF FINANCIES) ORDINANCE, 2001 for recovery of Rs. 138,425,964/- which includes cost and cost of funds before the Honorable High Court. The company has acknowledged its liability as per loan agreement but the amount of principal and mark up is not reconciled with the financial institutions in accordance with the above mentioned suit. The matter is still pending in the court. The company is contesting its case before honorable court.

16.2 Commitments		
Letters of credit for other than capital expenditure	66,892,769	31,105,143

17 PROPERTY, PLANT AND EQUIPMENT

	Note	2016 Rupees	2015 Rupees
Operating assets	17.1	796,071,755	827,231,473
Capital Work in progress		-	-
		796,071,755	827,231,473

17.1 Operating assets

Description	Owned									Leased	Total
	Freehold land	Building on freehold land		Plant and machinery	Electric installations	Office equipments	Furniture and fixtures	Electric appliances	Vehicles	Plant and machinery	
		Mills	Labour colony								
Cost											
Balance as at July 01,2014	94,815,000	222,938,219	27,663,787	623,192,857	17,657,010	2,236,204	971,339	3,754,217	3,771,173	255,893,938	1,252,893,743
Addition during the year	-	-	-	2,286,593	-	-	64,200	105,500	-	-	2,456,293
Addition due to surplus revaluation	-	8,268,677	17,899,774	77,413,258	-	-	-	-	-	25,199,572	128,781,281
Disposal	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30,2015	94,815,000	231,206,896	45,563,561	702,892,708	17,657,010	2,236,204	1,035,539	3,859,717	3,771,173	281,093,510	1,384,131,317
Balance as at July 01,2015	94,815,000	231,206,896	45,563,561	702,892,708	17,657,010	2,236,204	1,035,539	3,859,717	3,771,173	281,093,510	1,384,131,317
Addition during the year	-	-	-	6,384,990	-	35,000	-	76,500	-	-	6,496,490
Addition due to surplus revaluation	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	(928,550)	-	(928,550)
Balance as at June 30,2016	94,815,000	231,206,896	45,563,561	709,277,698	17,657,010	2,271,204	1,035,539	3,936,217	2,842,623	281,093,510	1,389,699,257
Accumulated Depreciation											
Balance as at July 01,2014	-	103,754,978	15,042,321	266,427,096	8,457,347	1,038,581	604,267	2,425,147	1,987,527	64,509,120	464,246,384
Charge for the year	-	6,084,870	863,307	19,150,327	919,968	119,760	41,326	134,670	356,724	10,105,206	37,776,158
Adjustment due to surplus revaluation	-	3,958,736	9,937,256	34,157,496	-	-	-	-	-	6,823,814	54,877,302
Adjustment/ Transfer	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30,2015	-	113,798,584	25,842,884	319,734,919	9,377,315	1,158,341	645,593	2,559,817	2,344,251	81,438,140	556,899,844
Balance as at July 01,2015	-	113,798,584	25,842,884	319,734,919	9,377,315	1,158,341	645,593	2,559,817	2,344,251	81,438,140	556,899,844
Charge for the year	-	5,870,412	986,028	19,327,724	827,964	109,536	39,000	137,335	272,250	9,982,764	37,553,013
Adjustment due to surplus revaluation	-	-	-	-	-	-	-	-	-	-	-
Adjustment/ Transfer	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	(825,355)	-	(825,355)
Balance as at June 30,2016	-	119,668,996	26,828,912	339,062,643	10,205,279	1,267,877	684,593	2,697,152	1,791,146	91,420,904	593,627,502
Written down value as at June 30,2015	94,815,000	117,408,312	19,720,677	383,157,789	8,279,695	1,077,863	389,946	1,299,900	1,426,922	199,655,370	827,231,473
Written down value as at June 30,2016	94,815,000	111,537,900	18,734,649	370,215,055	7,451,731	1,003,327	350,946	1,239,065	1,051,477	189,672,606	796,071,755
Rate of depreciation	-	5%	5%	5%	10%	10%	10%	10%	20%	5%	

17.2 Depreciation for the period has been allocated as under:

	Note	2016 Rupees	2015 Rupees
Cost of goods sold	27.1	37,132,227	37,258,348
Administrative expenses	30	420,786	517,810
		37,553,013	37,776,158

17.3 Company had its freehold land, buildings on freehold land and plant and machinery revalued. Revaluation of freehold land, building on freehold land and plant and machinery was carried out as at December 12, 2014 by independent valuer M/s International Design Group, architects, engineers, planners, evaluators, assessors and technical consultants. Freehold land was revalued at market value and building on freehold land and plant and machinery were valued at depreciated replacement cost. Previously freehold land, building on freehold land and plant and machinery were revalued at March 01, 2013 by independent valuer M/S International Design Group.

17.4 Had there been no revaluation, related figures of land, building and plant and machinery at June 30, 2016 would have been as follows:

		Cost	Accumulated depreciation	Written down value
Land		3,062,215	-	3,062,215
Building		78,232,439	40,329,760	37,902,679
Plant and machinery		376,526,372	179,278,406	197,247,966
June 30, 2016	Rupees	457,821,026	219,608,166	238,212,860
June 30, 2015	Rupees	451,436,036	207,389,098	244,046,938

17.5 **Disposal of property, plant and equipment**

Particulars	Name of Buyer	Mode of disposal	Cost	Accumulated depreciation	Written down value	Sales proceed	loss/(Gain)
Vehicle	Fayyaz Kareem, Lahore	Negotiation	928,550	825,355	103,195	550,000	(446,805)
			928,550	825,355	103,195	550,000	(446,805)

18 LONG TERM DEPOSITS

	Note	2016 Rupees	2015 Rupees
Security deposits			
Electricity		1,360,620	1,360,620
Sui gas		905,000	905,000
Leasing companies		4,342,800	4,342,800
Others		421,060	421,060
		7,029,480	7,029,480

19 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2016 Rupees	2015 Rupees
Stores		18,267,288	19,765,452
Spare parts		39,919,643	40,801,648
Loose tools		67,478	121,351
		58,254,409	60,688,450

20 STOCK IN TRADE

	Note	2016 Rupees	2015 Rupees
Raw material	20.2	168,078,482	180,567,336
Work in process		8,296,576	16,012,217
Finished goods	20.1 & 20.2	50,447,460	13,121,694
		226,822,518	209,701,247

20.1 Finished goods amounting to Rs. 55,137,230 are stated at their net releasable value aggregating to Rs. 49,995,648. The amount charged to profit and loss account in respect of stocks written down to their net realizable value is Rs. 5,141,582 (June, 2015: Rs.2,421,437/-). Finished goods also includes Rs. 451,812/- (June 30, 2015 : Rs. 401,995/-) in respect of waste stock being valued at net realizable value.

20.2 The value of pledged stock in raw material and finished goods is Rs. 80,484,596/- (June 30, 2015 : Rs. 89,090,915/-).

21 LOANS AND ADVANCES

	Note	2016 Rupees	2015 Rupees
Considered good			
Advances to / against:			
Employees	21.1	3,633,953	2,944,891
Suppliers		17,429,404	12,674,764
Letters of credit fee and expenses		-	949,554
		21,063,357	16,569,210

21.1 These advance to employees are given against their salaries, wages and gratuity.

22 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2016 Rupees	2015 Rupees
Prepaid commission - bank guarantee		453,766	-
		453,766	-

23 OTHER RECEIVABLES

	Note	2016 Rupees	2015 Rupees
Insurance claim receivable	23.1	183,900	13,500,000
		183,900	13,500,000

23.1 It represents insurance claim against cotton and building, entire amount has been received subsequently.

24 TAX REFUNDS DUE FROM GOVERNMENT

	Note	2016 Rupees	2015 Rupees
Advance income tax		21,034,111	12,474,629
Sales tax receivable		6,669,138	6,809,927
		27,703,249	19,284,556

25 CASH AND BANK BALANCES

	Note	2016 Rupees	2015 Rupees
Cash in hand		2,534,611	1,159,834
Cash with banks :			
In current accounts		9,459,836	632,021
		11,994,447	1,791,855

26 SALES - NET

	Note	2016 Rupees	2015 Rupees
Local			
Yarn		1,159,892,872	1,279,881,285
Waste		11,629,449	6,080,413
Raw material		481,909	10,637,681
		1,172,004,230	1,296,599,379
Less: Commission on local sales		(3,450,527)	(2,658,401)
Sales tax		(38,732,936)	(27,182,592)
		1,129,820,767	1,266,758,386

27 COST OF SALES

	Note	2016 Rupees	2015 Rupees
Cost of goods manufactured	27.1	1,339,226,851	1,380,044,467
Finished goods			
Opening stock		13,121,694	20,516,933
Closing stock		(50,447,460)	(13,121,694)
		(37,325,766)	7,395,239
		1,301,901,085	1,387,439,706

27.1 Cost of goods manufactured

	Note	2016 Rupees	2015 Rupees
Raw material consumed	27.1.1	859,102,843	911,465,563
Cost of raw material sold	27.1.1	911,015	10,599,204
Packing material consumed		22,998,877	27,351,299
Stores and spares consumed		50,609,395	44,056,586
Salaries, wages and other benefits	27.1.2	139,110,579	121,337,890
Fuel and power		201,604,156	206,136,533
Insurance		4,633,271	4,653,905
Depreciation	17.2	37,132,227	37,258,348
Repairs and maintenance		6,945,193	6,166,925
Other manufacturing overheads		8,463,655	9,036,498
		1,331,511,210	1,378,062,750
Work in process			
Opening stock		16,012,217	17,993,934
Closing stock		(8,296,576)	(16,012,217)
		7,715,641	1,981,717
		1,339,226,851	1,380,044,467

27.1.1 Raw material consumed

	2016 Rupees	2015 Rupees
Opening stock	180,567,336	238,279,718
Add: Purchases - net	848,255,929	877,120,385
	1,028,823,265	1,115,400,103
Less: Closing stock	168,078,482	180,567,336
	860,744,783	934,832,767
Less: Cost of raw material sold	911,015	10,599,204
Insurance claim against cotton received	730,925	12,768,000
	859,102,843	911,465,563

27.1.2 Salaries, wages and other benefits include Rs. 5,033,041/- (June 30, 2015: Rs. 4,293,669/-) in respect of staff retirement benefits -gratuity.

28 OTHER OPERATING INCOME

	Note	2016 Rupees	2015 Rupees
From financial assets			
Profit on bank deposits	28.1	21,030	77,643
From other than financial assets			
Gain on disposal of fixed assets		446,805	-
Exchange gain on translation of foreign LC's payable		-	269,213
		467,835	346,856

28.1 It represents interest earned on deposit of saving account which was created with Habib Bank Limited.

29 DISTRIBUTION COST

	2016 Rupees	2015 Rupees
Freight	139,169	502,940
Loading charges	451,020	337,235
	590,189	840,175

30 ADMINISTRATIVE EXPENSES

	Note	2016 Rupees	2015 Rupees
Directors' remuneration		2,700,000	2,400,000
Director's benefits		758,269	703,621
Staff salaries and other benefits	30.1	10,200,256	10,893,447
Rent, rates and taxes		9,793	359,600
Printing and stationery		246,869	222,919
Electricity, gas and water		466,590	457,358
Vehicles running and maintenance		1,902,177	1,761,208
Postage and telephone		607,791	534,181
Fee and subscription		336,683	164,744
Traveling and conveyance		847,374	934,573
Legal and professional		2,580,224	256,965
Repairs and maintenance		287,140	432,477
Auditors' remuneration	30.2	667,775	657,502
Insurance		176,646	149,253
Entertainment		574,781	702,736
Depreciation	17.2	420,786	517,810
Advertisement		52,000	63,417
Other expenses		729,137	899,102
		23,564,291	22,110,913

30.1 Staff salaries and other benefits include Rs. 2,022,388/- (June 30, 2015 : Rs. 2,384,203/-) in respect of staff retirement benefits - gratuity.

	Note	2016 Rupees	2015 Rupees
30.2 Auditors' remuneration			
Statutory annual audit		550,000	550,000
Half yearly review		73,500	70,000
Other reviews and certifications		44,275	37,502
		667,775	657,502

31 OTHER OPERATING EXPENSES

	Note	2016 Rupees	2015 Rupees
Donation	31.1	270,983	34,987
Exchange loss on translation of foreign LC's payable		1,104,823	-
		1,375,806	34,987

31.1 No director or his spouse has any interest in the donee funds.

32 FINANCE COST

	Note	2016 Rupees	2015 Rupees
Mark up / interest on			
Short term borrowings		16,943,673	24,056,247
Long term financing		22,333,686	13,703,016
Liabilities against assets subject to finance lease		5,055,415	4,892,802
Workers' profit participation fund	12.3	978,646	878,428
Bank charges, commission and excise duty		832,551	847,375
		46,143,971	44,377,868

33 TAXATION

	2016 Rupees	2015 Rupees
Current		
Prior year	-	185,731
Deferred		
Current year	(61,810,085)	(51,129,720)
Prior year - effect of change in tax rate	-	(11,283,650)
	(61,810,085)	(62,227,639)

33.1 The assessment of the company will be finalized under section 113 of the Income Tax Ordinance, 2001. The income tax assessment of the company has been finalized up to the tax year 2015.

33.2 The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income of the company attracts minimum tax under section 113 of the 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 provision of the minimum tax under section 113 of the Income tax Ordinance, 2001 has not been made in these financial statements.

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
	Rupees					
Remuneration	1,000,000	800,000	800,000	800,000	2,568,540	3,295,280
House rent	450,000	360,000	360,000	360,000	1,155,843	1,482,876
Utilities	50,000	40,000	40,000	40,000	128,427	164,764
	1,500,000	1,200,000	1,200,000	1,200,000	3,852,810	4,942,920
Number of persons	1	1	1	1	6	6

34.1 No meeting fee has been paid to directors except nominee director during the period.

34.2 Chief executive and directors are also provided with free use of company maintained cars and medical facility. The monetary value of the benefits amount to Rs. 1,138,574/- (June 30, 2015 : Rs. 970,139/.)

35 LOSS PER SHARE - BASIC AND DILUTED

The calculation of the basic and diluted loss per share is based on the following data.

		2016	2015
Loss for the year after taxation	Rupees	(183,476,655)	(125,470,768)
Number of shares			
Weighted average number of ordinary shares outstanding during the year	Numbers	4,467,036	4,467,036
Loss per share - basic and diluted	Rupees	(41.07)	(28.09)

35.1 There is no dilutive effect on the basic loss per share of the company.

36 TRANSACTIONS WITH RELATED PARTIES

The related parties comprises of associated companies, directors and key management personnel. Amounts due to related parties and transactions with related parties (key management personnel) are disclosed in the relevant notes.

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 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. All transactions are carried out on commercial basis. Transaction with related parties are disclosed below.

36.1 Transaction of related parties

	Nature of relationship	Transaction	2016 Rupees	2015 Rupees
Directors	Related party	Receipts of long term financing from directors	8,000,000	68,111,392
		Repayment of long term financing	-	(3,550,000)

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. Out of total financial assets of Rs. 47.486 million (June 30, 2015: 64.652 million), financial assets which are subject to credit risk aggregate to Rs. 35.492 million (June 30, 2015: 62.860 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.

	2016 Rupees	2015 Rupees
Long term deposits	7,029,480	7,029,480
Trade debts	24,190,499	39,385,644
Loans and advances	3,633,953	2,944,891
Trade deposits and short term prepayments	453,766	-
Other receivables	183,900	13,500,000
Cash and bank balances	11,994,447	1,791,855
	47,486,045	64,651,870

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

Domestic	24,190,499	39,385,644

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

	2016 Rupees	2015 Rupees
Yarn	12,561,050	33,305,231
Waste	11,629,449	6,080,413
	24,190,499	39,385,644

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

Past due 0 - 30 days	17,721,057	23,652,694
Past due 31 - 90 days	961,913	8,974,245
Past due 91 days - 1 year	3,265,245	4,255,084
More than 1 year	2,242,285	2,503,622
	24,190,499	39,385,644

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 un acceptable losses or risking damages to the company's reputation. The following are the contractual maturities of the financial liabilities including interest payments and excluding the impact of netting agreements..

	2016					
	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non-derivative Financial liabilities						
Long term financing	149,511,945	180,490,288	79,284,460	9,374,114	89,973,574	1,858,140
Long term financing from directors	138,683,905	138,683,905	-	-	-	138,683,905
Finance lease	83,605,397	95,368,793	48,044,575	14,023,757	33,300,461	-
Long term loans from others	49,658,313				49,658,313	
Trade and other payables	411,353,945	411,353,945	411,353,945	-	-	-
Accrued mark up / interest	50,876,351	50,876,351	50,876,351	-	-	-
Short term borrowings	212,455,654	208,963,919	208,963,919	-	-	-
	1,096,145,510	1,085,737,201	798,523,250	23,397,871	172,932,348	140,542,045

	2015					
	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non-derivative Financial liabilities						
Long term financing	149,511,945	181,505,461	54,124,977	15,563,610	96,579,214	15,237,660
Long term financing from directors	138,683,905	138,683,905	-	-	-	138,683,905
Finance lease	86,983,658	99,863,554	32,089,953	12,025,542	55,748,059	-
Long term loans from others	49,658,313	-	-	-	49,658,313	-
Trade and other payables	244,723,542	244,723,542	244,723,542	-	-	-
Accrued mark up / interest	21,602,346	21,602,347	21,602,347	-	-	-
Short term borrowings	179,758,004	184,134,645	184,134,645	-	-	-
	870,921,714	870,513,454	536,675,464	27,589,152	201,985,586	153,921,565

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at year end. 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, Japanese Yen and Euro. The currency in which these transactions primarily are denominated is US Dollar and Euro. The company is not exposed to any foreign currency risk as at June 30, 2016.

Sensitivity analysis

5% strengthening of Pak Rupee against the following currency at June 30, would not increased / (decreased) equity and profit and loss.

37.3.2 Interest rate risk management

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.

	Rupees	Rupees
Variable rate instruments		
Financial liabilities	442,682,037	414,806,323

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, 2016.

	Profit and loss		Equity	
	100 bp increase	100 bp (decrease)	100 bp increase	100 bp (decrease)
	Rupees			
Cash flow sensitivity - variable rate instruments 2016	(4,426,820)	4,426,820	-	-
Cash flow sensitivity - variable rate instruments 2015	(4,148,063)	4,148,063	-	-

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.

	2016 Rupees	2015 Rupees
37.5 Off balance sheet items		
Bank guarantees issued in ordinary course of business	18,100,000	18,100,000
Letters of credit other than capital expenditures	66,892,769	31,105,143

37.6 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 return 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 borrowing divided by total capital employed. Borrowing represents long term portion of long term financing, liabilities against assets subject to finance lease, long term murabaha and long term loans from others. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

	2016 Rupees	2015 Rupees
Total borrowings	299,861,791	334,487,170
Net debt	299,861,791	334,487,170
Total equity	(318,841,582)	(148,293,251)
Total capital	(18,979,791)	186,193,919
Gearing ratio	-1579.90%	179.64%

38 CAPACITY INSTALLED AND ACTUAL PRODUCTION

	2016	2015
Number of spindles installed	28,248	28,248
Number of spindles worked	26,927	20,200
Number of shifts per day	3	3
Installed capacity after conversion into 20/s counts (Kgs.)	9,946,319	9,946,319
Actual production of yarn after conversion into 20/s counts (Kgs.)	9,278,662	7,315,214

It is difficult to precisely describe production capacity and the resultant production converted into single counts 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 pattern of production adopted in a particular year. Actual production is more than the installed capacity due to the conversion of fine count to 20/s count.

	2016	2015
39 NUMBER OF EMPLOYEES		
Number of employees worked as at year end	376	380
Average employee worked during the year	374	373

40 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 10,2016 by the board of directors of the company.

41 CORRESPONDING FIGURES

Figures have been rearranged/reclassified whenever necessary for the comparison.

CHIEF EXECUTIVE | DIRECTOR

FORM 34
COMBINE PATTERN OF CDC AND PHYSICAL SHAREHOLDING
AS AT JUNE 30, 2016

No. of Shareholders	From	To	Total Shares Held
79	1	100	2,463
220	101	500	51,931
288	501	1,000	169,923
100	1,001	5,000	261,133
26	5,001	10,000	194,299
6	10,001	15,000	77,296
4	15,001	20,000	74,500
7	20,001	25,000	159,858
3	25,001	30,000	83,840
3	30,001	35,000	99,335
2	40,001	45,000	86,940
1	50,001	55,000	52,000
3	85,001	90,000	269,670
1	90,001	95,000	91,565
1	95,001	100,000	100,000
1	140,001	145,000	143,818
1	145,001	150,000	148,302
1	285,001	290,000	289,918
1	290,001	295,000	291,399
1	805,001	810,000	806,673
1	1,010,001	1,015,000	1,012,173
750			**4,467,036**

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor childern	2,354,810	52.7153%
Associated Companies, undertakings and related parties.	0	0.0000%
NIT and ICP	5,653	0.1265%
Banks Development Financial Institutions, Non	185	0.0041%
Banking Financial Institutions.	-	-
Insurance Companies	-	-
Modarabas and Mutual Funds	291,399	6.5233%
Share holders holding 10% or more	1,818,846	40.7171%
General Public		
Local	1,781,230	39.8750%
Foreign	500	0.0112%
Others (to be specified)		
Joint Stock Companies	2,135	0.0478%
Pension Funds	30,069	0.6731%
Others	1,055	0.0236%

DETAIL OF SHARE HOLDING
As on 30th June, 2016
CATEGORIES OF SHAREHOLDERS

		HOLDING	%AGE
1	**DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN**		
	MRS. SHAMIM AKHTAR	806,673	18.0584%
	MRS. FAREEHA PERVAIZ	289,918	6.4902%
	MISS SUMAILA AZEEM	148,302	3.3199%
	MR. NOMAN ALMAS	1,012,173	22.6587%
	MR. WASEEM K. HAQ (CDC)	6,179	0.1383%
	MR. MUHAMMAD AZHAR AMIN (CDC)	91,565	2.0498%
	MR. SHOAIB A. KHAN (NIT Nominee)	0	0.0000%
		2,354,810	52.7153%
2	**ASSOCIATED COMPANIES**		
			0.0000%
		0	0.0000%
3	**NIT and ICP**		
	INVESTMENT CORP. OF PAKISTAN	4,900	0.1097%
	IDBL (ICP UNIT) (CDC)	753	0.0169%
		5,653	0.1265%
4	**FINANCIAL INSTITUTION**		
	NATIONAL BANK OF PAKISTAN. (CDC)	185	0.0041%
		185	0.0041%
5	**MUTUAL FUNDS**		
	CDC TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	291,399	6.5233%
		291,399	6.5233%
6	**PENSION FUNDS**		
	TRUSTEE NATIONAL BANK OF OAKISTAN EMPLOYEES PENSION FUND (CDC)	30,069	0.6731%
		30,069	0.6731%
7	**JOINT STOCK COMPANIES**		
	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000%
	TIME SECURITIES (PVT.) LTD (CDC)	449	0.0101%
	Y.S SECUTITIES & SERVICES (PVT) LTD. (CDC)	1,685	0.0377%
		2,135	0.0478%
8	**OTHERS**		
	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEE BENEVOLENT FUND TRUST (CDC)	1,055	0.0236%
		1,055	0.0236%
9	**SHARES HELD BY THE GENERAL PUBLIC**		
	Local	1,781,230	39.8750%
	Foreign	500	0.0112%
		1,781,730	39.8862%
	TOTAL:	**4,467,036**	**100.0000%**
10	**SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL**		
	MR. NOMAN ALMAS	1,012,173	22.6587%
	MRS. SHAMIM AKHTAR	806,673	18.0584%
		1,818,846	**40.7171%**
11	**SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL**		
	MR. NOMAN ALMAS	1,012,173	22.6587%
	MRS. SHAMIM AKHTAR	806,673	18.0584%
	MRS. FAREEHA PERVAIZ	289,918	6.4902%
	CDC TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	291,399	6.5233%
		2,400,163	**53.7305%**

FORM OF PROXY

I/We____

Of ____

Being a member of SALMAN NOMAN ENTERPRISES LTD and holder of ___________ Ordinary shares as per Register Folio / CDC Participant No.______________________________ hereby appoint Mr./Mrs./Miss______________________of_________________________or failing him/her Mr./Mrs./Miss_______________of___________________ who is also a member of the SALMAN NOMAN ENTERPRISES LTD vide Registered Folio / CDC Participant I.D No. _________________ as my proxy to vote for me and on my behalf at the 31st Annual General meeting of the Company to be held on Monday the October 31,2016 at 02:00 p.m and any adjournment thereof.

Signed this _________________day of October, 2016

Revenue stamp(s) of Rupees five

(Signature should agree with the specimen Signature register with the Company)

Witness: 1		**Witness:2**	
Signature:	____________________	Signature:	____________________
Name:	____________________	Name:	____________________
Address:	____________________	Address:	____________________
	____________________		____________________
CNIC or:	____________________	CNIC or:	____________________
Passport#:	____________________	Passport#:	____________________

Note:

- A member entitled to vote at this meeting may appoint a proxy, proxies in order to be effective must be received at Registered Office of the company duly stamped, signed and witnessed not later than 48 hours before the time of the meeting