Annual Report 2015

Ibrahim Fibres Limited

Delivering Value to our Valued Customers

igcpk.com

Ibrahim

Contents

Company Information

Board of Directors	Sheikh Mukhtar Ahmed *Chairman* Mohammad Naeem Mukhtar *Chief Executive Officer* Muhammad Waseem Mukhtar Jawaid Ashraf Abdul Hameed Bhutta Mohammad Waqar Ikram ul Haq Mian
Chief Financial Officer	Mohammad Naeem Asghar
Company Secretary	Muhammad Labeeb Subhani
Audit Committee	Ikram ul Haq Mian *Chairman* Abdul Hameed Bhutta *Member* Jawaid Ashraf *Member* Muhammad Labeeb Subhani *Secretary*
Human Resource & Remuneration Committee	Abdul Hameed Bhutta *Chairman* Jawaid Ashraf *Member* Mohammad Waqar *Member*
Auditors	Deloitte Yousuf Adil Chartered Accountants.

Bankers	Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited BankIslami Pakistan Limited Barclays Bank PLC Citibank, N.A. Deutsche Bank AG Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan Standard Chartered Bank (Pakistan) Limited United Bank Limited
Registered Office	Ibrahim Centre, 1 – Ahmed Block, New Garden Town, Lahore – 54600, Pakistan.
Head Office	Ibrahim Centre, 15 – Club Road, Faisalabad – 38000, Pakistan.
Registrar's & Shares Registration Office	M/s Technology Trade (Pvt) Ltd. Dagia House, 241 – C, Block – 2, P.E.C.H.S., Off: Shahrah-e-Quaideen, Karachi, Pakistan.
Projects Location	38 – 40 Kilometres, Faisalabad – Sheikhupura Road, Faisalabad, Pakistan.

Financial Highlights

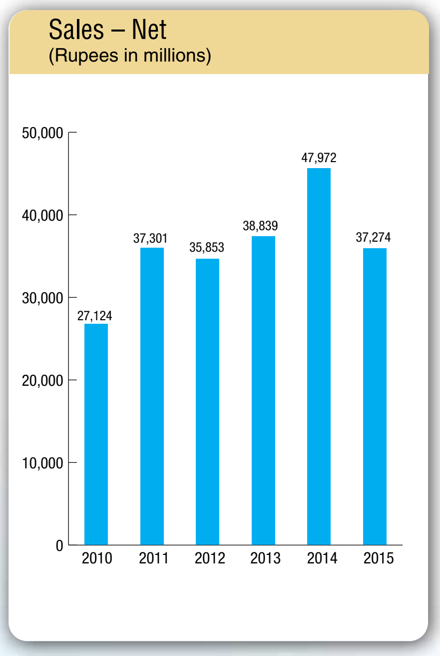
	For the Year Ended June 30,					
	2015	2014	2013	2012	2011	2010
Operating performance						(Rupees in million)
Sales – net	37,274	47,972	38,839	35,853	37,301	27,124
Inter – project consumption	3,297	4,051	3,974	3,877	3,658	2,748
	40,571	52,023	42,813	39,730	40,959	29,872
Gross profit	838	1,329	2,725	2,622	3,123	2,749
Operating profit	128	533	1,958	1,920	2,449	2,126
Profit before taxation	1,360	1,100	4,375	4,452	4,875	3,894
Profit after taxation	803	874	5,534	4,114	4,152	3,360

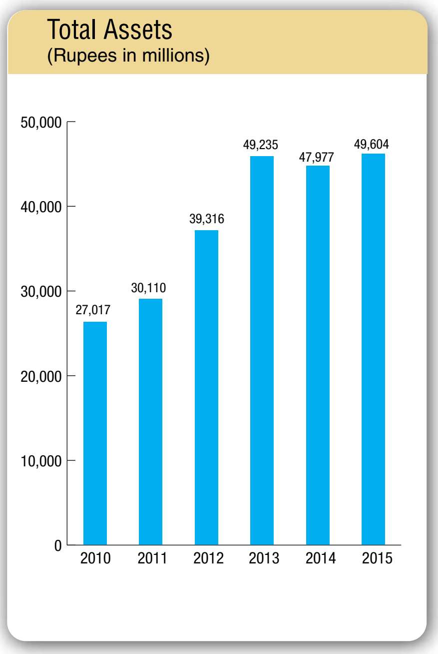
	As at June 30,					
	2015	2014	2013	2012	2011	2010
Financial position						(Rupees in million)
Property, plant and equipment – net (excluding capital work in progress)	23,514	24,606	27,175	7,054	7,109	7,190
Intangible assets	47	54	60	10	11	9
Capital work in progress	638	385	58	13,385	1,720	–
Fixed assets	24,199	25,045	27,293	20,449	8,840	7,199
Total assets	49,604	47,977	49,235	39,316	30,110	27,017
Current assets						
Stores, spare parts and stocks in trade	8,421	8,200	9,970	5,686	3,509	3,078
Other current assets	4,197	3,523	2,569	1,563	3,813	2,319
Cash and cash equivalents	164	86	205	52	155	73
	12,782	11,809	12,744	7,301	7,477	5,470
Current liabilities						
Short term borrowings	7,386	2,683	5,509	2,319	704	1,569
Current portion of long term financing / murabaha	450	3,250	2,313	1,229	1,783	1,836
Other current liabilities	1,945	1,758	1,677	2,108	3,800	1,832
	9,781	7,691	9,499	5,656	6,287	5,237
Net working capital	3,001	4,118	3,245	1,645	1,190	232
Long term financing	9,925	11,897	12,250	9,262	2,542	4,325
Share capital and reserves	27,346	26,524	26,038	21,883	18,776	15,238

		For the Year Ended June 30,					
		2015	2014	2013	2012	2011	2010
Profitability analysis							
Gross profit to sales	(%)	2.2	2.8	7.0	7.3	8.4	10.1
Profit before tax to sales	(%)	3.6	2.3	11.3	12.4	13.1	14.4
Profit after tax to sales	(%)	2.2	1.8	14.2	11.5	11.1	12.4
Return on capital employed	(%)	0.3	1.3	4.9	5.7	10.3	9.8
Return on equity	(%)	2.9	3.3	21.3	18.8	22.1	22.1
Earnings per share	(Rupees)	2.6	2.8	17.8	13.2	13.4	10.8
Dividend							
Interim cash dividend	(%)	–	–	15	–	–	–
Final cash dividend – Proposed	(%)	–	–	20	30	30	20

		As at June 30,					
		2015	2014	2013	2012	2011	2010
Financial analysis							
Current ratio	(times)	1.3	1.5	1.3	1.3	1.2	1.0
Debt to equity	(times)	0.4	0.6	0.6	0.5	0.2	0.4
Leverage ratio	(times)	0.8	0.8	0.9	0.8	0.6	0.8
Debt service coverage	(times)	1.2	1.0	2.5	1.9	1.7	1.4
Breakup value per share	(Rupees)	88.1	85.4	83.9	70.5	60.5	49.1
Inventory turnover ratio	(times)	5.8	6.4	5.6	9.4	13.6	9.3
Debtors turnover ratio	(times)	125.2	137.4	156.0	188.9	253.3	179.8
Fixed assets turnover ratio	(times)	1.5	1.8	1.6	2.4	4.7	3.6

Financial Highlights





Vision and Mission Statement

Our Vision

To be a sustainable, growth oriented Company and achieve scale to remain competitive in the global economy.

Our Mission

To build the Company on sound financial footings with better productivity, excellence in quality and improved efficiency at lower operating costs by utilizing state of the art technologies.

To accomplish excellent results through increased earnings which can benefit all the stakeholders.

To be a responsible employer and to take care of the employees in their career planning and reward them according to their abilities and performance.

To fulfill general obligations towards the society, being a good corporate citizen.

Chairman's Review

> *I am pleased to present the review on the performance and financial statements of your Company for the year ended June 30, 2015.*

Industry Overview

During the year under review, crude oil prices plunged down by more than 40% due to oversupply in the international market which adversely affected the whole petrochemical chain including PSF Industry. Prices of PTA and MEG started weakening from start of the year in the wake of declining crude oil prices. PSF prices followed the same trend and resulted in steady inventory losses, adversely affecting the profitability of PSF especially during third quarter of the year. However, last quarter witnessed slight increase in the prices of crude oil and availability of electricity and gas to local industry and posted slight improvement in the demand of PSF.

Moreover, dumping of PSF by Chinese companies continued and touched record level during the year under review resulting in further pressure on pricing and capacity utilization of local PSF manufacturers including your Company.

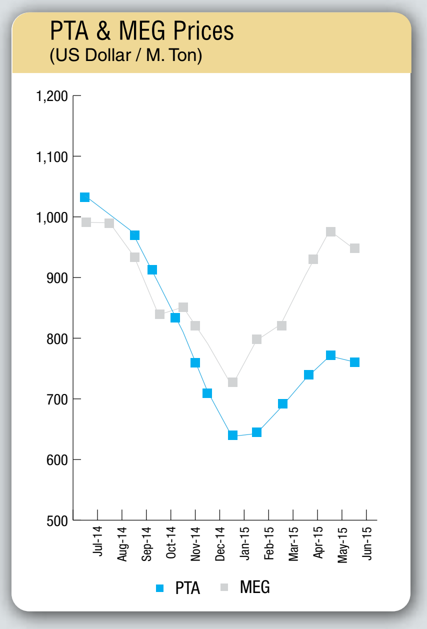
Marketing Activities

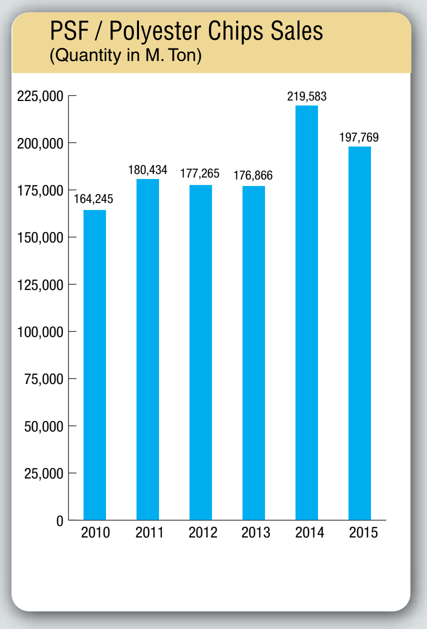
The polyester plant of your Company achieved sales volume of 197,769 tons of PSF / Polyester chips during the year under review as against sales of 219,583 tons of PSF / Polyester chips during the previous year.

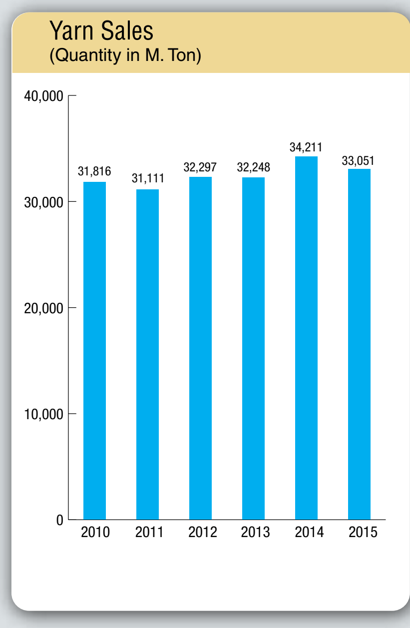
The textile plants of your Company achieved sales of 33,051 tons of different counts of blended yarns during the year, as against sales of 34,211 tons of yarns during previous year.

Production Operations

The polyester plant of your Company produced 228,116 tons of PSF / Polyester chips as against 232,173 tons during the previous year. Out of the above production, 22,792 tons of PSF were consumed by the textile plants of your Company during the year for production of blended yarns as against 23,653 tons consumed during previous year.







At the textile plants of your Company, 136,570 spindles remained operational during the year and manufactured 31,915 tons of different counts of blended yarns as against 137,090 spindles manufacturing 33,684 tons of yarns during previous year.

Financial Performance

Your Company achieved net sales of Rs. 37,274 million during the year under review as compared to Rs. 47,972 million during the previous year. The gross profit earned during the year was Rs. 838 million as against Rs. 1,329 million earned during previous year. Reduction in revenue and gross margins was primarily caused by declining PSF prices due to decrease in feedstock prices which triggered inventory losses during the year under review.

Your Company earned profit before tax amounting to Rs.1,360 million during the year as compared to Rs.1,100 million during the previous year, after taking into account the proportionate share in profits of Allied Bank Limited, an associated company, amounting to Rs. 2,833 million for the year under review as against Rs. 2,552 million for previous year. Profit after tax for the year comes to Rs. 803 million as compared to Rs. 874 million during previous year.

Installation of Coal Fired Power Generation Plant

Your Company has taken the initiative to add coal in its existing energy base of heavy fuel oil and natural gas. In this regard, the Company has signed an agreement with Christof Project GmbH, Austria for engineering, supply and supervision of installation / commissioning of coal fired power generation plant comprising of CFB boiler having steam production capacity of 80 tons / hour and power generation capacity of 20.4 MW. After having achieved financial close, letter of credit for this project has been established and the civil works for this project will start during last quarter of the current calendar year.

Implementation of this project will reduce reliance on expensive fuels and will contribute significantly in business competitiveness by reducing the energy cost of the business.

Balancing, Modernisation and Replacement

Textile Plant – II

During the year under review, your Company has accomplished the replacement of complete back process of its Textile Plant II – Unit II with the latest machinery which consisted of complete blow room machines, carding machines, drawing machines, lap formers, combing machines and roving machines which were provided by two of the World's leading textile machinery manufacturers i.e. Truetzschler and Schlafhorst, Germany. It started its operations during last quarter of the year under review.

Polyester Plant – I

The Project for the balancing, modernisation and replacement of digital control system (DCS) for spinning and draw lines of Polyester Plant – I is currently in the process of implementation. The machinery and related technology for this project has been imported from supplier of existing polyester plants, now known as Technip Zimmer GmbH Germany. Shipments of machinery have already arrived at plant site and erection work has been substantially completed.

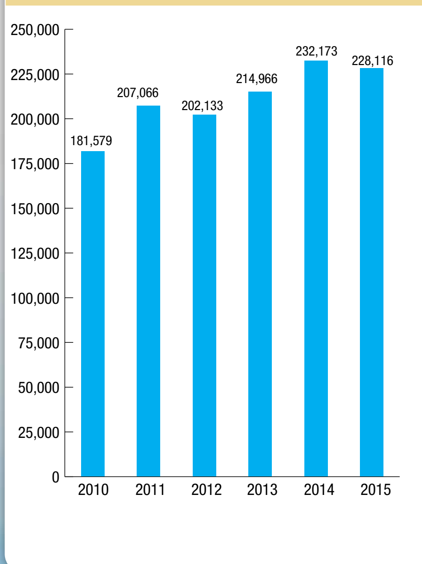
Management of your Company has further enhanced scope of this BMR project to replace DCS for Polymer section and cutting & bailing zone of Polyester Plant – I as well. Accordingly, agreements have been signed with Technip Zimmer GmbH Germany and Autefa Solutions Germany GmbH respectively. In this regard, letters of credit have also been established and shipments are expected to arrive during second half of the current calendar year.

Implementation of these BMRs will result in further improvement in quality, efficiency and productivity of the manufacturing plants of your Company.

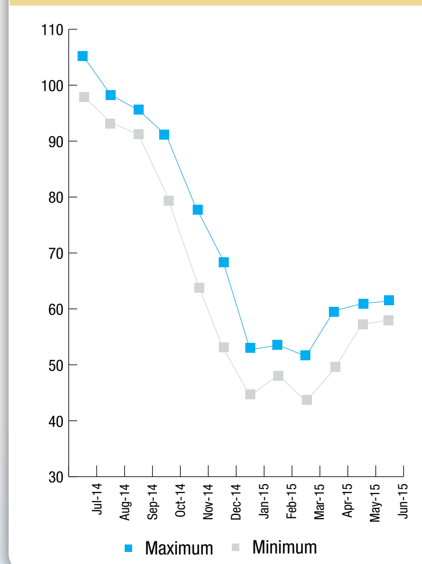
Professionalism and Human Resources

Management of your Company is striving hard to enhance quality of human resources by inducting motivated professionals, taking care of learning needs of its employees and maintaining a highly enabling work environment for them. In addition to numerous internal learning programs held

PSF / Polyester Chips Production
(Quantity in M. Ton)



Crude Oil (WTI) Prices
(US Dollar / Barrell)



during the year under review, 73 employees participated in external learning programs relating to business intelligence, corporate governance, leadership & innovation, marketing strategy, project management, manufacturing excellence, training needs assessment, purchase management, negotiation skills, stress management, effective time management and taxation organised by well-reputed institutions.

Future Outlook

Cotton prices are expected to remain depressed in the local market dragging prices of cotton blended yarn downwards at one end and tilting blend ratio in favour of cotton on the other end. However, capacity utilization in downstream industry is expected to improve due to better supply of electricity and gas, triggering demand for PSF.

Furthermore, large scale continued dumping of PSF by Chinese PSF manufacturers is the biggest threat to local industry and this issue is still not addressed by our National Tariff Commission (NTC). NTC needs to take all possible measures to protect local industry from unobstructed aggression of Chinese manufacturers.

However, the management of your Company is making all the efforts to increase market share through effective marketing strategies and to achieve better results through prudent cost controls and efficient inventory management.

Acknowledgement

I am thankful to the members of the Board of Directors of the Company, shareholders, bankers, financial institutions, our valued customers and suppliers for their support and assistance. I also thank the executives and other employees of the Company for their dedication and hard work and look forward to getting the same cooperation in future.

Sheikh Mukhtar Ahmed
Chairman

Lahore
September 18, 2015

Notice of Meeting

Notice is hereby given that the 29th Annual General Meeting of the shareholders of the Company will be held on October 28, 2015 at 11:00 A.M. at Avari Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

Ordinary Business

1. To confirm the minutes of the preceding meeting of the shareholders of the Company.

2. To consider and approve the Annual Audited Accounts of the Company for the year ended June 30, 2015 together with Directors' and Auditors' Reports thereon.

3. To appoint Auditors for the year 2015 – 2016 and fix their remuneration. The present auditors M/s Deloitte Yousuf Adil, Chartered Accountants (Formerly named as M/s M. Yousuf Adil Saleem & Co., Chartered Accountants) have retired and offered themselves for re-appointment as External Auditors of the Company for the year 2015 – 2016.

4. To transact any other business with the permission of the chair.

By order of the Board

Muhammad Labeeb Subhani
Company Secretary

Lahore
September 18, 2015

Notes

i. The share transfer books of the Company shall remain closed from October 21, 2015 to October 28, 2015 (both days inclusive) to determine the names of members entitled to attend the meeting. Transfers received in order at M/s Technology Trade (Pvt) Ltd., Dagia House, 241 – C, Block – 2, P.E.C.H.S., Off: Shahrah-e-Quaideen, Karachi, the Registrar's and Shares Registration Office of the Company, at the close of business on October 20, 2015 will be treated in time.

ii. A member entitled to attend and vote at the Meeting may appoint another member as his / her proxy to attend and vote for him / her. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting.

iii. Members are requested to notify immediately changes, if any, in their registered address.

iv. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

For Attending the Meeting:

i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulation, shall authenticate his / her identity by showing his / her original Computerised National Identity Card (CNIC) or original passport at the time of attending the Meeting.

ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

For Appointing Proxies:

i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his / her original CNIC or original passport at the time of the Meeting.

v. In case of corporate entity, the Board of Directors' resolution / power of attorney with secimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

Directors' Report to the Shareholders

The Directors of your Company are pleased to present before you the audited Financial Statements for the year ended June 30, 2015 alongwith Auditors' report thereon.

Financial Results

The financial results for the year under review with corresponding figures of previous year are presented for having a quick look on the performance of the Company.

	2015 Rupees	2014 Rupees
Gross profit	837,647,241	1,329,322,907
Selling and distribution expenses	(258,678,637)	(237,319,436)
Administrative expenses	(618,178,994)	(607,307,529)
Other operating expenses	–	(1,786,537)
Finance cost	(1,601,282,900)	(1,983,697,110)
	(2,478,140,531)	(2,830,110,612)
	(1,640,493,290)	(1,500,787,705)
Other income	167,377,693	48,487,303
	(1,473,115,597)	(1,452,300,402)
Share of profit of associate	2,833,138,000	2,552,181,000
Profit before taxation	1,360,022,403	1,099,880,598
Provision for taxation	(557,234,317)	(225,638,302)
Profit for the year	802,788,086	874,242,296
Remeasurement of staff retirement gratuity – net of tax	18,970,564	(57,254,950)
Un-appropriated profit brought forward	17,915,200,848	18,719,227,492
Profit available for appropriation	18,736,959,498	19,536,214,838
Less:		
Final cash dividend – Nil (2014: 20%)	–	621,013,990
Transfer to general reserve during the year	–	1,000,000,000
	–	1,621,013,990
Un-appropriated profit carried forward	18,736,959,498	17,915,200,848
Earnings per share – Basic and Diluted	2.59	2.82

Dividend – Proposed

The Board has not recommended payment of dividend for the year ended June 30, 2015 due to further investments into balancing and modernisation of existing manufacturing plants and new power generation plant of your Company.

Chairman's Review

The Directors of your Company fully endorse the Chairman's review on the performance of the Company for the year ended June 30, 2015.

Auditors

The external auditors M/s Deloitte Yousuf Adil, Chartered Accountants, retire and offer themselves for their reappointment. The Audit Committee recommends the reappointment of M/s Deloitte Yousuf Adil, Chartered Accountants, as external auditors for the financial year ending June 30, 2016.

Pattern of Shareholding

Pattern of shareholding as on June 30, 2015 is annexed.

Number of Board Meetings Held

Seven meetings of the Board of Directors were held during the year ended June 30, 2015 and the attendance of the Directors is as follows:

		Attendance
Sheikh Mukhtar Ahmed	Chairman	7
Mohammad Naeem Mukhtar	Chief Executive Officer	5
Muhammad Waseem Mukhtar	Director	7
Abdul Hameed Bhutta	Director	7
Mohammad Waqar	Director	7
Jawaid Ashraf	Director	7
Mohammad Abbas	Director	6

Mohammad Abbas resigned during the financial year and the casual vacancy has been filled by Ikram ul Haq Mian.

The members of the Board appreciated the services rendered to the Company by the out-going Director during the tenure of his office.

Audit Committee

The Audit Committee of the Company is in place and comprises of the following members as required under the Code of Corporate Governance.

Ikram ul Haq Mian (Independent Director)	Chairman
Mohammad Waqar (Non – Executive Director)	Member
Abdul Hameed Bhutta (Non – Executive Director)	Member

Four Meetings of Audit Committee were held during the year ended June 30, 2015 as required by the Code of Corporate Governance for review of quarterly and annual financial statements and other related matters. The meetings were also attended by the CFO, Head of Internal Audit and External Auditors as and when required.

Corporate And Financial Reporting Framework

The Directors of the Company are pleased to confirm that the Company has made compliance of the provisions of the Code of Corporate Governance set out in the listing regulation No. 35 of stock exchanges of Karachi, Lahore and Islamabad, issued by the Securities and Exchange Commission of Pakistan and there is no material departure from the best practices as detailed in the listing regulations. Our statements on corporate and financial reporting are as follows:

1. The financial statements, prepared by the management of the Company present a fair state of affairs of the Company, results of its operations, cash flows and changes in equity;
2. Proper books of accounts of the Company have been maintained as required under the Companies Ordinance, 1984;

Directors' Report to the Shareholders

3. Appropriate accounting policies have been applied consistently in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement;
4. International Accounting / Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there is no departure therefrom;
5. The system of internal control is sound and has been effectively implemented and monitored;
6. There is no significant doubt upon the Company's ability to continue as a going concern;
7. Financial highlights for the last 6 years are annexed.

Corporate Social Responsibility

Your Company understands its corporate responsibility towards society and fulfills its obligation by providing financial support to under privileged members of the society and its deserving employees as well as doing philanthropy work. The Company is also contributing considerable amounts to the National Exchequer, applying solutions for energy conservation and environment protection, providing the highest quality products and after-sales technical services to its valued customers.

Your Company regularly donates substantial amounts to renowned hospitals, trusts and to various institutions constituted for dealing with natural calamities as part of its philanthropic activities.

Your Company is providing healthy, safe and learning work environment to its employees and sends them on training courses, seminars, workshops and conferences both within country and abroad. It lends regular support to the special persons by offering them jobs in various departments of the organisation. It also offers apprenticeship to fresh graduates, post graduates and engineers, on a regular basis, to elevate their professional and technical skills.

Your Company has also installed an environmentally friendly gas based power plant with a view to reduce power cost. Moreover, it produces steam as a by-product which is adequate to meet the entire steam requirements of Polyester plant of the Company thereby resulting in energy conservation.

During the year, your Company has contributed a huge amount to the National Exchequer by way of payment of various duties, levies and taxes.

Acknowledgement

The Directors of your Company would like to place on record their deep appreciation for the support of the customers, banks, financial institutions, regulators and shareholders for achieving good results and hope that this cooperation and support will also continue in future.

The Directors of your Company would also like to express their appreciation for the services, loyalty and efforts being continuously rendered by the executives, staff members and workers of the Company and hope that they will continue to do so in future.

On behalf of the Board

Mohammad Naeem Mukhtar
Chief Executive Officer

Lahore
September 18, 2015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Statement of Compliance
with Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the listing regulations of Stock Exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with best practices for good 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 the Directors representing minority interests on the Board of Directors. At present, the Board includes :

Category	**Names**
Independent Directors	Ikram ul Haq Mian*
Executive Directors	Mohammad Naeem Mukhtar
	Muhammad Waseem Mukhtar
Non-Executive Directors	Sheikh Mukhtar Ahmed
	Mohammad Waqar
	Jawaid Ashraf
	Abdul Hameed Bhutta

* Ikram ul Haq Mian has been appointed on July 15, 2015 to fill the casual vacancy arose on June 24, 2015.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.

3. All the 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.

4. A casual vacancy occurred in the Board during the year under review was filled up by the Directors within the prescribed time period.

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 these 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, the other Executive Director and Chairman of Board of Directors have been approved by the Board.

8. The meetings of the Board of Directors were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, are circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9. The Directors are aware of their duties and responsibilities under the relevant laws and regulations and they are regularly appraised with the amendments in the corporate and other laws if any. Four Directors have acquired certification under the “Corporate Governance Leadership Skills” programme conducted by the “Pakistan Institute of Corporate Governance”. One Director is exempted from such course on account of the experience and qualification.

10. The appointment of Company Secretary, CFO and Head of Internal Audit, including their remuneration and terms and conditions of employment, as recommended by the CEO was approved by the Board.

11. The Directors’ report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

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

13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

15. The Board has formed an audit committee. The Chairman is Independent Director and other two members are Non – Executive Directors.

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 as required by the CCG. The terms of reference of the committee have been defined and communicated to the committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three Non – Executive Directors.

18. The Board has set-up an effective internal audit function with employees 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 programme of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.

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 exchanges.

22. Material / price sensitive information are disseminated among all market participants at once through stock exchanges.

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

For and on behalf of
Board of Directors

Mohammad Naeem Mukhtar
Chief Executive Officer

Lahore
September 18, 2015

Review Report to the Members
on the Statement of Compliance with 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 Ibrahim Fibres Limited (the Company), for the year ended June 30, 2015 to comply with the requirements of respective Listing Regulations of the Karachi and Lahore Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirement of the code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of Audit Committee, place before the Board of Directors for their review and approval of 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 Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Karachi
Dated: September 18, 2015

Auditors' Report to the Members

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

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

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

(a) in our opinion proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion–

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

  (ii) the expenditure incurred during the year was for the purpose of 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.

(c) in our opinion and to the best of our information and according to the explanations given to us, 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 parts thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and, respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

The financial statements of the Company for the year ended June 30, 2014 were audited by another firm of Chartered Accountants whose report dated September 25, 2014 expressed an unqualified opinion thereon.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Dated: September 18, 2015
Karachi

Ibrahim Fibres Limited

Financial Statements

for the year ended June 30, 2015

Balance Sheet

as at June 30, 2015

	Note	2015 Rupees	2014 Rupees
NON – CURRENT ASSETS			
Property, plant and equipment	3	24,151,728,470	24,990,992,888
Intangible assets	4	47,087,302	53,723,240
Investment in associate	5	12,594,268,827	11,108,031,239
Long term loans	6	24,773,098	11,317,006
Long term deposits		4,225,431	3,940,043
		36,822,083,128	36,168,004,416
CURRENT ASSETS			
Stores, spare parts and loose tools	7	1,958,919,904	2,152,346,589
Stock in trade	8	6,461,921,798	6,047,562,589
Trade debts	9	178,139,309	417,395,620
Loans and advances	10	847,418,405	792,707,893
Prepayments		18,241,689	21,590,267
Other receivables	11	3,153,379,446	2,292,068,396
Cash and bank balances	12	163,844,103	85,681,651
		12,781,864,654	11,809,353,005
CURRENT LIABILITIES			
Trade and other payables	13	1,833,717,569	1,603,393,707
Mark up / interest payable		111,298,837	154,955,632
Short term borrowings	14	7,385,896,510	2,682,895,021
Current portion of long term financing	15	450,000,000	3,250,000,000
		9,780,912,916	7,691,244,360
Working capital		3,000,951,738	4,118,108,645
Total capital employed		39,823,034,866	40,286,113,061
NON – CURRENT LIABILITIES			
Long term financing	15	9,925,000,000	11,897,014,159
Deferred liabilities:			
Deferred taxation	16	1,432,433,816	853,731,918
Staff retirement gratuity	17	1,119,655,237	1,011,655,643
		12,477,089,053	13,762,401,720
CONTINGENCIES AND COMMITMENTS	18	–	–
Net worth		27,345,945,813	26,523,711,341
Represented by:			
SHARE CAPITAL AND RESERVES			
Share capital	19	3,105,069,950	3,105,069,950
Capital reserves	20	1,072,017,550	1,072,017,550
Revenue reserves	21	23,168,858,313	22,346,623,841
		27,345,945,813	26,523,711,341

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

Chief Executive Officer **Director**

Profit and Loss Account

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales – net	22	37,273,570,267	47,972,161,921
Cost of goods sold	23	(36,435,923,026)	(46,642,839,014)
Gross profit		837,647,241	1,329,322,907
Selling and distribution expenses	24	(258,678,637)	(237,319,436)
Administrative expenses	25	(618,178,994)	(607,307,529)
Other operating expenses	26	–	(1,786,537)
Finance cost	27	(1,601,282,900)	(1,983,697,110)
		(2,478,140,531)	(2,830,110,612)
		(1,640,493,290)	(1,500,787,705)
Other income	28	167,377,693	48,487,303
		(1,473,115,597)	(1,452,300,402)
Share of profit of associate	5	2,833,138,000	2,552,181,000
Profit before taxation		1,360,022,403	1,099,880,598
Provision for taxation	29	(557,234,317)	(225,638,302)
Profit for the year		802,788,086	874,242,296
Earnings per share – Basic and Diluted	30	2.59	2.82

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

Chief Executive Officer **Director**

Statement of Comprehensive Income

for the year ended June 30, 2015

	2015 Rupees	2014 Rupees
Profit for the year	802,788,086	874,242,296
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Share of changes in equity of associate	11,393,000	321,983,485
Deferred tax relating to share of changes in equity of associate:		
For the year	(1,424,125)	(32,198,349)
Due to change in tax rate	(9,493,053)	–
	(10,917,178)	(32,198,349)
	475,822	289,785,136
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of staff retirement gratuity	29,520,967	(85,455,150)
Deferred tax relating to remeasurement of staff retirement gratuity:		
For the year	(9,446,709)	28,200,200
Due to change in tax rate	(1,103,694)	–
	(10,550,403)	28,200,200
	18,970,564	(57,254,950)
	19,446,386	232,530,186
Total comprehensive income for the year	822,234,472	1,106,772,482

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

Chief Executive Officer **Director**

Cash Flow Statement

for the year ended June 30, 2015

		2015 Rupees	2014 Rupees
a)	**Cash flows from operating activities**		
	Profit before taxation	1,360,022,403	1,099,880,598
	Adjustments for:		
	Depreciation / amortisation of property, plant and equipment	2,467,053,819	2,708,284,016
	Amortisation of intangible assets	13,966,574	13,772,604
	Provision for staff retirement gratuity	228,692,275	168,489,431
	Balances written back – net	(28,684,554)	(5,518,182)
	(Gain) / loss on disposal of property, plant and equipment	(1,257,397)	1,786,537
	Profit on deposits	(107,157)	(84,227)
	Share of profit of associate	(2,833,138,000)	(2,552,181,000)
	Finance cost	1,601,282,900	1,983,697,110
	Operating cash flows before working capital changes	2,807,830,863	3,418,126,887
	Changes in working capital		
	Decrease / (increase) in current assets		
	Stores, spare parts and loose tools	193,426,685	(693,998,581)
	Stock in trade	(414,359,209)	2,464,055,163
	Trade debts	239,256,311	(136,695,553)
	Loans and advances	(123,437,313)	77,092,249
	Prepayments	3,348,578	(5,269,718)
	Other receivables	(364,683,523)	(376,500,653)
	Increase in current liabilities		
	Trade and other payables	350,994,682	251,617,613
		(115,453,789)	1,580,300,520
	Cash generated from operations	2,692,377,074	4,998,427,407
	Long term loans (paid) / recovered – net	(24,602,090)	656,588
	Finance cost paid	(1,644,939,695)	(1,995,586,256)
	Income tax paid	(416,759,607)	(513,473,889)
	Staff retirement gratuity paid	(78,131,225)	(69,704,766)
	Net cash from operating activities	527,944,457	2,420,319,084
b)	**Cash flows from investing activities**		
	Additions in:		
	Property, plant and equipment	(1,761,794,820)	(627,490,873)
	Intangible assets	(7,330,636)	(7,455,307)
	Proceeds from disposal of property, plant and equipment	30,342,628	8,701,053
	Dividend received	1,358,293,412	948,159,363
	Long term deposits	(285,388)	(29,500)
	Profit on deposits	112,036	84,227
	Net cash (used in) / from investing activities	(380,662,768)	321,968,963
c)	**Cash flows from financing activities**		
	Long term financing obtained	6,000,000,000	6,009,514,159
	Repayment of long term financing	(10,772,014,159)	(5,424,999,998)
	Increase / (decrease) in short term borrowings – net	4,703,001,489	(2,826,225,556)
	Dividend paid	(106,567)	(619,731,750)
	Net cash used in financing activities	(69,119,237)	(2,861,443,145)
	Net increase / (decrease) in cash and cash equivalents (a+b+c)	78,162,452	(119,155,098)
	Cash and cash equivalents at the beginning of the year	85,681,651	204,836,749
	Cash and cash equivalents at the end of the year	163,844,103	85,681,651

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

Chief Executive Officer **Director**

Statement of Changes in Equity

for the year ended June 30, 2015

	ISSUED, SUBSCRIBED AND PAID UP CAPITAL	CAPITAL RESERVES		REVENUE RESERVES			TOTAL
		Share premium	Merger reserve	Share of changes in equity of associate	General reserve	Unappropriated profit	
	Rupees						
Balance as at July 01, 2013	3,105,069,950	1,000,000,000	72,017,550	51,964,758	3,089,673,099	18,719,227,492	26,037,952,849
Transaction with owners							
Final dividend for the year ended June 30, 2013: Rs. 2 per share	–	–	–	–	–	(621,013,990)	(621,013,990)
Transferred to general reserve	–	–	–	–	1,000,000,000	(1,000,000,000)	–
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	874,242,296	874,242,296
Other comprehensive income for the year							
Items that may be reclassified subsequently to profit or loss:							
Share of changes in equity of associate	–	–	–	321,983,485	–	–	321,983,485
Deferred tax relating to share of changes in equity of associate	–	–	–	(32,198,349)	–	–	(32,198,349)
				289,785,136			289,785,136
Items that will not be reclassified subsequently to profit or loss:							
Remeasurement of staff retirement gratuity	–	–	–	–	–	(85,455,150)	(85,455,150)
Deferred tax relating to remeasurement of staff retirement gratuity	–	–	–	–	–	28,200,200	28,200,200
						(57,254,950)	(57,254,950)
	–	–	–	289,785,136	–	816,987,346	1,106,772,482
Balance as at June 30, 2014	3,105,069,950	1,000,000,000	72,017,550	341,749,894	4,089,673,099	17,915,200,848	26,523,711,341
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	802,788,086	802,788,086
Other comprehensive income for the year							
Items that may be reclassified subsequently to profit or loss:							
Share of changes in equity of associate	–	–	–	11,393,000	–	–	11,393,000
Deferred tax relating to share of changes in equity of associate	–	–	–	(10,917,178)	–	–	(10,917,178)
				475,822			475,822
Items that will not be reclassified subsequently to profit or loss:							
Remeasurement of staff retirement gratuity	–	–	–	–	–	29,520,967	29,520,967
Deferred tax relating to remeasurement of staff retirement gratuity	–	–	–	–	–	(10,550,403)	(10,550,403)
						18,970,564	18,970,564
	–	–	–	475,822	–	821,758,650	822,234,472
Balance as at June 30, 2015	3,105,069,950	1,000,000,000	72,017,550	342,225,716	4,089,673,099	18,736,959,498	27,345,945,813

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

Chief Executive Officer **Director**

1. STATUS AND ACTIVITIES

1.1 Ibrahim Fibres Limited (the Company) is incorporated in Pakistan as a public limited company under the Companies Ordinance, 1984 (the Ordinance) and is listed on Karachi and Lahore Stock Exchanges in Pakistan. The principal business of the Company is manufacture and sale of polyester staple fibre and yarn. The registered office of the Company is located at 1 – Ahmad Block, New Garden Town, Lahore. The manufacturing units are located at Faisalabad – Sheikhupura Road, in the Province of Punjab.

1.2 Pursuant to scheme of arrangement approved by the Honourable Lahore High Court, Lahore, assets, liabilities and reserves of Ibrahim Textile Mills Limited, A. A. Textiles Limited, Zainab Textile Mills Limited and Ibrahim Energy Limited were merged with the assets, liabilities and reserves of the Company with effect from October 01, 2000.

1.3 The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Ordinance, directives issued by the Securities and Exchange Commission of Pakistan (the Commission) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards (IASs) / International Financial Reporting Standards (IFRSs) as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the Commission differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.2.1 Standards, amendments to standards and interpretations becoming effective in current year

The following amendments to standards and interpretation have been effective and are mandatory for financial statements of the Company for the periods beginning on or after January 01, 2014 but are considered not to be relevant to Company's operations:

– IAS 19 "Employee Benefits": The amendments to IAS 19 are effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2014 but is considered not to be relevant to Company's operations. These amendments clarifies how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

  For contributions that are independent of the number of years of service, the entity may either recognise the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required.

– IAS 32 "Financial Instruments": These amendments clarify the meaning of "currently has a legally enforceable right to set – off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set – off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

– IAS 36 "Impairment of Assets": The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash – generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. The new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair value Measurements. The amendments require retrospective application.

– IAS 39 “Financial Instruments”: The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditions are met.

– IFRIC 21 “Levies”: IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognised when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

2.2.2 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards and amendments to standards have been published and are mandatory for the Company’s accounting periods beginning on or after their respective effective dates:

– Amendments to IAS 16 “Property, Plant and Equipment”: These amendments prohibit entities from using a revenue – based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortisation is to be determined, the revenue that is to be generated might be an appropriate basis for amortising the intangible asset; or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated.

The amendments apply prospectively for annual periods beginning on or after January 01, 2016. The application of amendments is not expected to have any material impact on Company’s financial statements.

– Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture”: These amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

On the initial application of the amendments, entities are permitted to use the fair value of the items of bearer plants as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognised in opening retained earnings at the beginning of the earliest period presented.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41. The amendments are effective for accounting periods beginning on or after January 01, 2016. The application of amendments is not expected to have any material impact on Company’s financial statements.

- IAS 27 (Revised 2011) "Separate Financial Statements": The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. Subsequently, IASB issued amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2015 with earlier application allowed. The application of amendments is not expected to have any material impact on Company's financial statements.

- IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures": Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting. The revised standard is effective for accounting periods begining on or after January 01, 2015 with earlier application allowed. The application of new standard is not expected to have any material impact on Company's financial statements.

- IFRS 10 "Consolidated Financial Statements": IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation – Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10. Standard is effective for accounting periods begining on or after January 01, 2015. The application of the standard is not expected to have any material impact on Company's financial statements.

- IFRS 11 "Joint Arrangements": IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity. The standard is effective for accounting periods begining on or after January 01, 2015. The application of the standard is not expected to have any material impact on Company's financial statements.

- IFRS 12 "Disclosure of Interests in Other Entities": IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements. The standard is effective for accounting periods begining on or after January 01, 2015. The application of the standard is not expected to have any material impact on Company's financial statements.

- IFRS 13 "Fair Value Measurement": IFRS establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non – financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied. The standard is effective for accounting periods begining on or after January 01, 2015. The application of the standard is not expected to have any material impact on Company's financial statements.

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

2.3 Basis of preparation

These financial statements have been prepared under the "historical cost convention" except staff retirement gratuity carried at present value and investment in associate accounted for using the equity method.

2.4 Property, plant and equipment

Property, plant and equipment, except freehold land and capital work in progress are stated at cost less accumulated depreciation / amortisation and impairment in value, if any. Freehold land and capital work in progress are stated at cost less impairment in value, if any.

Depreciation is charged to income applying the reducing balance method and amortisation is charged on straight line basis over the unexpired period of lease hold rights of land at the rates specified in the property, plant and equipment note.

Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

Gains and losses on disposal of property, plant and equipment are included in current income.

All costs / expenditure connected with specific assets are collected under capital work in progress. These are transferred to specific assets as and when assets are available for intended use.

2.5 Intangible assets

Intangible assets except those under implementation are stated at cost less accumulated amortisation and impairment in value, if any. Intangible assets under implementation are carried at cost less impairment in value, if any.

Intangible assets are amortised over a period of five years using straight line method. Amortisation on additions during the year is charged from the month in which an asset is acquired or capitalised.

All costs / expenditure connected with implementation of Intangible assets are collected in Intangible assets under implementation. These are transferred to specific assets as and when assets are available for intended use.

2.6 Impairment

Financial assets

At each balance sheet date, the Company reviews the carrying amounts of the financial assets to assess whether there is any indication that such financial assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense in the profit and loss account. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognised in profit and loss account, is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

Non – financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation / amortisation and are tested annually for impairment. Assets that are subject to depreciation / amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash – generating units). Non – financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss account in the period in which these are incurred.

2.8 Investment in associate

It is accounted for using the equity method and is initially recognised at cost.

The Company has an associate, Allied Bank Limited (ABL), which is a banking company engaged in commercial banking and related services. The applicability of International Accounting Standard 39 "Financial Instruments: Recognition and Measurement" and International Accounting Standard 40 "Investment Property" has been deferred for banking companies by the State Bank of Pakistan, Whereas IAS 39 and IAS 40 are applicable to the Company. Accordingly equity accounting of ABL is based on its unaudited financial information for the quarter ended March 31, 2015 prepared under the accounting framework applicable to banking companies in Pakistan.

2.9 Stores, spare parts and loose tools

These are valued at moving average cost less allowances for obsolete or slow moving items, if any. Items in transit are valued at cost comprising invoice value and other charges incurred thereon.

2.10 Stock in trade

Stock in trade except wastes is valued at lower of cost and net realisable value. Cost is determined as follows:

Raw materials	
In hand	Weighted average cost
In transit	Cost comprising invoice value and other charges incurred thereon

Work in process and Finished goods	Cost is determined on weighted average method and it comprises of cost of direct materials, labour and appropriate manufacturing overheads.

Wastes are valued at net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sales.

2.11 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognised at nominal amount which is fair value of the consideration to be received in future.

2.12 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, balances with banks and highly liquid short term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

2.13 Staff retirement gratuity

The Company operates a defined benefit plan – unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. All remeasurement adjustments are recognised in 'other comprehensive income' as they occur.

The amount recognised in the balance sheet represents the present value of defined benefit obligation as adjusted for remeasurement adjustments.

2.14 Trade and other payables

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

2.15 Provisions

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

2.16 Provision for taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits and tax rebates available under the law.

Deferred

Deferred tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited to the profit and loss account, except in case of items charged or credited directly to equity in which case it is included in the statement of comprehensive income.

2.17 Dividend and other appropriations

Dividend is recognised as a liability in the period in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the period in which such appropriations are made.

2.18 Foreign currency translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the balance sheet date, except those covered under forward exchange contracts which are translated at the contracted rates. Transactions in foreign currencies are translated into Pak Rupee at exchange rates prevailing on the date of transaction.

Exchange differences are included in current profit and loss account. All non – monetary items are translated into Pak Rupee at exchange rates prevailing on the date of transaction.

2.19 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the 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.

Recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

2.20 Off – setting of financial asset and financial liability

A financial asset and a financial liability is off – set and net amount is reported in the balance sheet, if the Company has a legally enforceable right to set – off the recognised amount and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

- Sales are recorded on dispatch of goods and transfer of significant risks and rewards of ownership.
- Profit on deposits is recognised on time proportionate basis.

2.22 Earnings per share

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

2.23 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IASs / IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory, staff retirement gratuity and deferred taxation. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

	Note	2015 Rupees	2014 Rupees
3. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	3.1	23,513,765,232	24,605,585,362
Capital work in progress	3.4	637,963,238	385,407,526
		24,151,728,470	24,990,992,888

3.1 Operating assets

	Land		Building on		Plant and machinery	Furniture and fixture	Office equipment	Vehicles	Total
	Freehold	Leasehold	Freehold land	Leasehold land					
	Rupees								
At July 01, 2013									
Cost	281,215,499	408,500	4,193,831,914	63,897,537	33,609,835,608	161,002,395	181,703,227	248,731,622	38,740,626,302
Accumulated depreciation / amortisation	–	(105,189)	(1,404,153,872)	(42,405,896)	(9,863,224,132)	(58,317,909)	(67,844,039)	(129,124,262)	(11,565,175,299)
Written down value	281,215,499	303,311	2,789,678,042	21,491,641	23,746,611,476	102,684,486	113,859,188	119,607,360	27,175,451,003
Reconciliation of written down value at June 30, 2014									
Written down value as at July 01, 2013	281,215,499	303,311	2,789,678,042	21,491,641	23,746,611,476	102,684,486	113,859,188	119,607,360	27,175,451,003
Additions	12,811,905	–	15,405,891	–	48,922,266	12,843,544	20,899,271	38,023,088	148,905,965
Less: Disposals									
Cost	–	–	–	–	–	866,454	2,506,242	31,773,839	35,146,535
Accumulated depreciation	–	–	–	–	–	(578,099)	(683,863)	(23,396,983)	(24,658,945)
	–	–	–	–	–	288,355	1,822,379	8,376,856	10,487,590
Less: Depreciation / amortisation	–	4,085	279,696,582	2,149,164	2,376,296,108	10,955,603	12,333,007	26,849,467	2,708,284,016
Written down value as at June 30, 2014	294,027,404	299,226	2,525,387,351	19,342,477	21,419,237,634	104,284,072	120,603,073	122,404,125	24,605,585,362
At July 01, 2014									
Cost	294,027,404	408,500	4,209,237,805	63,897,537	33,658,757,874	172,979,485	200,096,256	254,980,871	38,854,385,732
Accumulated depreciation / amortisation	–	(109,274)	(1,683,850,454)	(44,555,060)	(12,239,520,240)	(68,695,413)	(79,493,183)	(132,576,746)	(14,248,800,370)
Written down value	294,027,404	299,226	2,525,387,351	19,342,477	21,419,237,634	104,284,072	120,603,073	122,404,125	24,605,585,362
Reconciliation of written down value at June 30, 2015									
Written down value as at July 01, 2014	294,027,404	299,226	2,525,387,351	19,342,477	21,419,237,634	104,284,072	120,603,073	122,404,125	24,605,585,362
Additions	25,234,505	–	208,678,392	–	1,055,227,944	28,493,353	23,407,041	63,277,685	1,404,318,920
Less: Disposals									
Cost	–	–	–	–	140,616,058	1,035,731	3,762,327	48,277,732	193,691,848
Accumulated depreciation	–	–	–	–	(128,530,951)	(641,970)	(1,349,141)	(34,084,555)	(164,606,617)
	–	–	–	–	12,085,107	393,761	2,413,186	14,193,177	29,085,231
Less: Depreciation / amortisation	–	4,085	255,833,034	1,934,248	2,156,120,445	12,043,126	13,111,681	28,007,200	2,467,053,819
Written down value as at June 30, 2015	319,261,909	295,141	2,478,232,709	17,408,229	20,306,260,026	120,340,538	128,485,247	143,481,433	23,513,765,232
At June 30, 2015									
Cost	319,261,909	408,500	4,417,916,197	63,897,537	34,573,369,760	200,437,107	219,740,970	269,980,824	40,065,012,804
Accumulated depreciation / amortisation	–	(113,359)	(1,939,683,488)	(46,489,308)	(14,267,109,734)	(80,096,569)	(91,255,723)	(126,499,391)	(16,551,247,572)
Written down value	319,261,909	295,141	2,478,232,709	17,408,229	20,306,260,026	120,340,538	128,485,247	143,481,433	23,513,765,232
Rate (%)	–	01	10	10	10	10	10	20	

	Note	2015 Rupees	2014 Rupees
3.2 Depreciation / amortisation for the year has been allocated as under:			
Cost of goods sold	23	2,408,067,205	2,649,063,043
Administrative expenses	25	58,986,614	59,220,973
		2,467,053,819	2,708,284,016

3.3 Detail of disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Particulars
	Rupees				
Plant & machinery					
(Sold by negotiation)	17,842,216	16,471,562	1,370,654	1,846,000	Ehsan Younas & Brothers Spinning Mills, 19 – K.M., Faisalabad Sheikhupura Road, Ferozwatwan.
	9,258,408	8,519,288	739,120	984,000	Mehrban Textile Mills, 329 – K.M., Sheikhupura Road, 68 / R.B., Near Grid Station, Faisalabad.
	2,400,000	2,238,392	161,608	555,000	Indus Lyallpur Limited, Office # 508, 5th Floor, Beaumont Plaza, Beaumont Road, Civil Lines Quarters, Karachi.
	4,562,661	4,284,459	278,202	690,000	Ishaq Textile Mills Limited, 32 – K.M., Sheikhupura Road, Shahkot, Faisalabad.
	16,335,690	15,236,648	1,099,042	2,700,000	Ideal Spinning Mills Limited, Sheikhupura Road, Faisalabad.
	20,736,467	19,201,679	1,534,788	4,425,000	Sitara Chemical Industries Limited, 32 – K.M., Sheikhupura Road, Faisalabad.
	5,997,725	5,595,191	402,534	300,000	Fazal Awais Textiles, 37 – K.M., Jhang Road, Naya Lahore Gojra Road, T.T. Singh.
	28,008,140	24,657,098	3,351,042	1,323,000	Hassan Limited, 2 – K.M., Jaranwala Road, Khurrianwala, Faisalabad.
	2,257,358	2,128,068	129,290	50,000	Muhammad Aslam, A – 394, Block – H, North Nazimabad, Karachi.
	6,244,802	5,344,414	900,388	410,000	Danish Jamil, Plot # 83, Dar-ul-Ihsan Town, Samundri Road, Faisalabad.
	17,656,742	16,475,256	1,181,486	385,000	Shafaqat Ali, Dar-ul-Ihsan Town, Samundri Road, Faisalabad.
	2,400,000	2,241,178	158,822	310,000	Chaudhary Brothers, Khanpur Beggasher, Opposite Sunrays Textile Mills, Muzaffargar.
	428,000	208,125	219,875	127,119	Al – Barkat Enterprises, 8 – K.M., Lahore Road, Near Noor Industries, Kot Saleem, Sheikhupura.
	1,491,217	1,270,761	220,456	72,000	FAG Textiles, Chak # 245 R.B., Abbass Pur, Faisalabad.
	4,996,632	4,658,832	337,800	480,000	Particulars of purchasers are not required to be mentioned as book value of each asset is less than Rs. 50,000/-.
	140,616,058	128,530,951	12,085,107	14,657,119	
Office Equipment					
(Insurance claim)	67,500	15,969	51,531	58,251	E.F.U. General Insurance Limited, Ahmed Plaza, Bilal Road, Faisalabad.
(Sold by negotiation)	184,000	96,523	87,477	30,000	DWP Technologies (Pvt) Limited, 5 – Zafar Ali Road, Gulberg – V, Lahore.
(Sold under Company policy)	91,000	35,213	55,787	10,925	Muhammad Saleem Akhtar (Employee)
	108,547	38,384	70,163	13,031	Waseem Raja (Employee)
	67,958	2,265	65,693	35,678	Shahood-ul-Hassan (Ex-Employee)
	1,512,873	436,114	1,076,759	180,557	Particulars of purchasers are not required to be mentioned as book value of each asset is less than Rs. 50,000/-.
(Scrapped and written off under Company policy)	1,730,449	724,673	1,005,776	–	
	3,762,327	1,349,141	2,413,186	328,442	

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Particulars
	Rupees				
Furniture & fixture					
(Sold by negotiation)	336,412	205,917	130,495	23,250	Particulars of purchasers are not required to be mentioned as book value of each asset is less than Rs.50,000/-.
(Scrapped and written off under Company policy)	699,319	436,053	263,266	–	
	1,035,731	641,970	393,761	23,250	
Vehicles					
(Insurance Claim)	167,280	18,744	148,536	148,000	IGI Isurance Limited, Second Floor, Sitara Tower, Bilal Chowk, Civil Lines, Faisalabad.
(Sold by negotiation)	1,600,034	1,178,993	421,041	575,000	Muhammad Saleem, Chak # 241 R.B., Post Office Khas, Tehsil & District Faisalabad.
	1,458,012	834,061	623,951	700,000	Will Impex, 178 Atta Turk Block, New Garden Town, Lahore.
	8,997,461	7,635,535	1,361,926	1,970,000	Ijaz Idrees, 7 – K.M., Millat Road, Faisalabad.
	1,717,200	1,578,759	138,441	390,000	Mahboob Alam and Riasat Mahmood, Data Nagar, 203 Malik Pur, Faisalabad and Dhok Nakka, Post Office Mangwal, Chakwal respectively.
	1,535,864	1,281,589	254,275	305,000	Muhammad Asghar, House # P 230 – A, Street # 4, Nigehbanpura, Faisalabad.
(Sold under Company policy)	1,800,620	1,249,272	551,348	551,348	Qurban Ali (Employee)
	1,862,190	1,258,344	603,846	603,846	Abdul Hameed Bhutta (Employee)
	1,440,880	1,014,898	425,982	425,982	Irshad Ali Anjum (Employee)
	1,474,900	1,038,860	436,040	436,040	Imtiaz Ahmad (Employee)
	1,355,550	961,951	393,599	393,599	Karim Nawaz (Employee)
	881,260	630,029	251,231	251,231	Muhammad Anwar (Employee)
	1,407,460	975,088	432,372	432,372	Muhammad Iqbal Chaudhary (Employee)
	1,409,520	984,534	424,986	424,986	Syed Amer Akmal (Employee)
	1,401,130	994,615	406,515	406,515	Nadeem Fayyaz (Employee)
	855,130	644,740	210,390	210,390	Abdul Hakim Shahid Javed (Employee)
	1,896,420	1,292,263	604,157	604,157	Jawaid Ashraf (Employee)
	1,463,770	998,611	465,159	465,159	Tahir Manzoor Raza (Employee)
	1,440,030	1,067,516	372,514	372,514	Javaid Akhtar Sheikh (Employee)
	853,150	601,060	252,090	252,090	Muhammad Saqib Iqbal (Employee)
	1,339,080	913,545	425,535	425,535	Raziq Ditta (Employee)
	851,600	590,473	261,127	261,127	Zaheer Ahmed (Employee)
	796,950	566,272	230,678	230,678	Furqan Hameed (Employee)
	1,467,520	994,658	472,862	472,862	Shahool-ul-Hassan (Ex-Employee)
	1,816,650	578,098	1,238,552	1,238,552	Muhammad Amir Anwer (Ex-Employee)
	798,400	575,442	222,958	222,958	Ahmad Atta Khan (Ex-Employee)
	1,458,360	908,305	550,055	550,055	Zia ud din (Ex-Employee)
	1,356,350	845,157	511,193	511,193	Adnan Ahmad (Ex-Employee)
	2,097,790	1,037,893	1,059,897	1,059,897	Arshad Rafiq (Ex-Employee)
	1,277,171	835,250	441,921	442,731	Particulars of purchasers are not required to be mentioned as book value of each asset is less than Rs. 50,000/-.
	48,277,732	34,084,555	14,193,177	15,333,817	
2015	193,691,848	164,606,617	29,085,231	30,342,628	
2014	35,146,535	24,658,945	10,487,590	8,701,053	

	Note	2015 Rupees	2014 Rupees
3.4 Capital work in progress			
Building on freehold land		40,146,814	81,059,219
Plant and machinery		539,371,786	223,911,529
Advances against property, plant and equipment			
Land		55,000	–
Building on freehold land		4,348,648	–
Plant and machinery		32,729,426	65,949,660
Office equipment		1,466,443	–
Furniture and fixture		13,915,121	12,755,118
Vehicles		5,930,000	1,732,000
		58,444,638	80,436,778
		637,963,238	385,407,526
4. INTANGIBLE ASSETS			
Computer softwares	4.1	38,309,755	50,473,240
Advance against computer software under implementation		8,777,547	3,250,000
		47,087,302	53,723,240
4.1 Computer softwares			
Cost		102,861,217	101,058,128
Accumulated amortisation		(64,551,462)	(50,584,888)
Written down value		38,309,755	50,473,240
Reconciliation of written down value			
Opening balance		50,473,240	60,040,537
Additions		1,803,089	4,205,307
Amortisation	25	(13,966,574)	(13,772,604)
Closing balance		38,309,755	50,473,240
5. INVESTMENT IN ASSOCIATE			
Allied Bank Limited (ABL) – Quoted			
194,041,916 (2014: 194,041,916) ordinary shares of Rs. 10/- each			
Ownership interest 16.95% (2014: 16.95%)			
Cost of investment		3,975,325,052	3,975,325,052
Share of post acquisition changes in equity			
Opening balance		7,132,706,187	5,206,701,065
Share of profit for the year		2,833,138,000	2,552,181,000
Share of other comprehensive income		11,393,000	321,983,485
Dividend received during the year		(1,358,293,412)	(948,159,363)
		8,618,943,775	7,132,706,187
		12,594,268,827	11,108,031,239

5.1 ABL is engaged in banking business. Its registered and head office is situated at 3 Tipu Block, New Garden Town, Lahore, Pakistan.

5.2 The Company's shareholding in associate is below 20%, however, the Company exercises significant influence by virtue of common directorship.

5.3 The fair value of investment in associate as at June 30, 2015 was Rs. 19,393 million (2014: Rs. 26,663 million).

5.4 The financial year end of ABL is 31st December. The latest available financial results of associate as of March 31, 2015 have been used for the purpose of application of equity method.

		March 31, 2015 Rupees in million	March 31, 2014 Rupees in million
5.5	**Summarised financial information of associate:**		
	Aggregate amount of:		
	– Assets	866,765	750,822
	– Liabilities	780,942	682,504
	– Revenue (from April 01 to March 31)	70,503	56,486
	– Profit (from April 01 to March 31)	16,182	15,219
	– Other comprehensive income (from April 01 to March 31)	3	675
	– Total comprehensive income (from April 01 to March 31)	16,185	15,894

	Note	2015 Rupees	2014 Rupees
6. LONG TERM LOANS			
Considered good			
Executives	6.1	49,687,428	33,878,576
Other employees		14,167,535	5,374,297
		63,854,963	39,252,873
Less: Current portion	10	39,081,865	27,935,867
		24,773,098	11,317,006

		2015 Rupees	2014 Rupees
6.1	**Reconciliation of carrying amount of loans to executives:**		
	Opening balance	33,878,576	32,533,247
	Disbursements	52,982,953	36,918,337
	Recovered	(37,174,101)	(35,573,008)
	Closing balance	49,687,428	33,878,576

6.2 These loans have been given to executives and other employees under Company policy for purchase of house or for personal use in accordance with their terms of employment. These loans are to be repaid over a period of two to five years in equal monthly installments. Any outstanding loan due from an employee at the time of leaving the services of the Company is adjustable against final settlement of staff retirement gratuity.

6.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 54.906 million (2014: Rs. 39.078 million).

6.4 These loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material.

	2015 Rupees	2014 Rupees
7. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores	420,740,406	593,350,779
Spare parts		
In hand	1,401,292,897	1,341,698,833
In transit	132,093,952	211,950,116
	1,533,386,849	1,553,648,949
Loose tools	4,792,649	5,346,861
	1,958,919,904	2,152,346,589

7.1 Stores and spares include items that may result in fixed capital expenditure but are not distinguishable.

	Note	2015 Rupees	2014 Rupees
8. STOCK IN TRADE			
Raw materials			
In hand		2,433,873,378	2,064,673,264
In transit		309,203,021	460,810,472
		2,743,076,399	2,525,483,736
Work in process		398,266,585	343,311,511
Finished goods		3,300,951,180	3,157,983,852
Wastes		19,627,634	20,783,490
		6,461,921,798	6,047,562,589
9. TRADE DEBTS			
Considered good – local			
Secured		–	196,498,927
Unsecured		178,139,309	220,896,693
		178,139,309	417,395,620
10. LOANS AND ADVANCES			
Considered good			
Loans			
Employees			
Executives		4,181,868	1,218,210
Others		15,341,188	10,543,483
Current portion of long term loans	6	39,081,865	27,935,867
		58,604,921	39,697,560
Advances			
Suppliers and contractors		69,158,404	91,816,158
Income tax		574,282,410	654,155,209
Sales tax		132,842,491	–
Letters of credit fee, margin and expenses		12,530,179	7,038,966
		788,813,484	753,010,333
		847,418,405	792,707,893
11. OTHER RECEIVABLES			
Custom duty refundable		99,726,658	99,389,735
Income tax refundable		1,046,021,100	549,388,694
Sales tax / federal excise duty refundable / adjustable		1,877,092,427	1,610,018,656
Claims		118,320,714	23,083,133
Other		12,218,547	10,188,178
		3,153,379,446	2,292,068,396
12. CASH AND BANK BALANCES			
Cash in hand		67,885,580	11,757,613
Cash at banks			
In current accounts		95,212,497	72,989,730
In deposit accounts	12.1	746,026	934,308
		95,958,523	73,924,038
		163,844,103	85,681,651

12.1 The rates of profit on deposit accounts range between 4.5% to 7.0% per annum (2014: 7.0% per annum).

		Note	2015 Rupees	2014 Rupees
13.	**TRADE AND OTHER PAYABLES**			
	Creditors		261,932,242	306,335,661
	Accrued liabilities		324,088,650	181,879,869
	Advances from customers		80,493,300	91,696,438
	Capital expenditure payable		20,413,119	125,333,308
	Bills payable		1,095,752,075	852,855,615
	Unclaimed dividend		21,348,178	21,454,745
	Other		29,690,005	23,838,071
			1,833,717,569	1,603,393,707
14.	**SHORT TERM BORROWINGS**			
	Secured – from banking companies			
	Running finances		2,478,414,092	2,307,895,021
	Term finances		2,050,000,000	375,000,000
		14.1	4,528,414,092	2,682,895,021
	Unsecured			
	From related parties – directors	14.2	2,857,482,418	–
			7,385,896,510	2,682,895,021

14.1 These facilities are secured against first pari passu hypothecation charge over current assets of the Company and carry markup ranging from 6.86% to 10.58% per annum (2014: 8.50% to 10.88% per annum). The aggregate unavailed short term bank borrowing facilities available to the Company are Rs. 4,553 million (2014: Rs. 6,159 million).

14.2 These loans are interest free and are repayable on demand.

		Note	2015 Rupees	2014 Rupees
15.	**LONG TERM FINANCING**			
	Secured			
	From banking companies			
	Syndicated term finance	15.1	–	7,187,500,000
	Demand finance II		–	56,250,000
	Term finance III		–	93,750,000
	Islamic term finances	15.2	2,800,000,000	2,800,000,000
	Diminishing musharakah I	15.3	1,575,000,000	1,800,000,000
	Diminishing musharakah II	15.4	3,000,000,000	–
	Diminishing musharakah III	15.5	1,500,000,000	–
	Diminishing musharakah IV	15.6	1,000,000,000	–
	Diminishing musharakah V	15.7	500,000,000	–
			10,375,000,000	11,937,500,000
	Unsecured			
	From related parties – directors		–	3,209,514,159
			10,375,000,000	15,147,014,159
	Less: Current portion		450,000,000	3,250,000,000
			9,925,000,000	11,897,014,159

15.1 Syndicated term finance

The Company has prepaid the entire loan during the year.

Effective markup rate charged during the year was 11.42% per annum (2014: from 10.36% to 11.42% per annum).

15.2 Islamic term finances

These are repayable in 6 equal half yearly installments commencing from December 26, 2016 and ending on June 26, 2019. These are secured by way of first exclusive charge over plant and machinery of Textile plant – I (Unit No 1 & Unit No 2), Textile plant – II and Textile plant – III of the Company. These carry markup at six months KIBOR plus 25 basis points payable half yearly in arrears.

Effective markup rate charged during the year ranges from 7.23% to 10.42% per annum (2014: 10.42% per annum).

15.3 Diminishing musharakah I

It is repayable in 8 equal half yearly installments commenced from February 28, 2015 and ending on August 29, 2018. It is secured by way of first exclusive charge over plant and machinery of Power generation plant of the Company. It carries markup at six months KIBOR plus 25 basis points (2014: 40 basis points) payable half yearly in arrears.

Effective markup rate charged during the year ranges from 8.7% to 10.57% (2014: 9.57 % to 10.57% per annum).

15.4 Diminishing musharakah II

It is repayable in 8 equal half yearly installments commencing from June 26, 2017 and ending on December 26, 2020. It is secured by way of first pari passu charge over plant and machinery of Polyester plant of the Company. It carries markup at six months KIBOR plus 25 basis points payable half yearly in arrears.

Effective markup rate charged during the year ranges from 7.23% to 9.89%.

15.5 Diminishing musharakah III

It is repayable in 8 equal half yearly installments commencing from June 26, 2017 and ending on December 26, 2020. It is secured by way of first pari passu charge over plant and machinery of Polyester plant of the Company. It carries markup at six months KIBOR plus 25 basis points payable half yearly in arrears.

Effective markup rate charged during the year ranges from 7.23% to 9.89%.

15.6 Diminishing musharakah IV

It is repayable in 8 equal half yearly installments commencing from June 26, 2017 and ending on December 26, 2020. It is secured by way of first pari passu charge over plant and machinery of Polyester plant of the Company. It carries markup at six months KIBOR plus 25 basis points payable half yearly in arrears.

Effective markup rate charged during the year ranges from 7.23% to 9.89%.

15.7 Diminishing musharakah V

It is repayable in 8 equal half yearly installments commencing from June 30, 2017 and ending on December 30, 2020. It is secured by way of first pari passu charge over present and future plant and machinery of Polyester plant of the Company. It carries markup at six months KIBOR plus 25 basis points payable half yearly in arrears.

Effective markup rate charged during the year ranges from 7.29% to 9.89%.

16. DEFERRED TAXATION

	At July 01, 2014	Charged to profit and loss	Recognised in other comprehensive income	At June 30, 2015
	Rupees			
Deferred tax liabilities:				
Difference in tax and accounting bases of property, plant and equipment	4,637,077,327	(318,818,191)	–	4,318,259,136
Investment in associate	713,270,619	353,180,175	10,917,178	1,077,367,972
	5,350,347,946	34,361,984	10,917,178	5,395,627,108
Deferred tax assets:				
Staff retirement gratuity	(334,538,842)	(39,145,688)	10,550,403	(363,134,127)
Unadjusted tax losses	(3,355,272,075)	(144,284,198)	–	(3,499,556,273)
Unavailed tax credit on plant and machinery	(806,805,111)	706,302,219	–	(100,502,892)
	(4,496,616,028)	522,872,333	10,550,403	(3,963,193,292)
	853,731,918	557,234,317	21,467,581	1,432,433,816

	At July 01, 2013	Charged to profit and loss	Recognised in other comprehensive income	At June 30, 2014
	Rupees			
Deferred tax liabilities:				
Difference in tax and accounting bases of property, plant and equipment	5,101,812,564	(464,735,237)	–	4,637,077,327
Investment in associate	520,670,106	160,402,164	32,198,349	713,270,619
	5,622,482,670	(304,333,073)	32,198,349	5,350,347,946
Deferred tax assets:				
Staff retirement gratuity	(281,785,701)	(24,552,941)	(28,200,200)	(334,538,842)
Unadjusted tax losses	(3,332,022,782)	(23,249,293)	–	(3,355,272,075)
Unavailed tax credit on plant and machinery	(1,384,578,720)	577,773,609	–	(806,805,111)
	(4,998,387,203)	529,971,375	(28,200,200)	(4,496,616,028)
	624,095,467	225,638,302	3,998,149	853,731,918

17. STAFF RETIREMENT GRATUITY

The scheme provides terminal benefits for all the employees of the Company who attain the minimum qualifying period. Annual charge is based on actuarial valuation carried out as at June 30, 2015 using Projected Unit Credit Method.

	Note	2015 Rupees	2014 Rupees
17.1 The amount recognised in the balance sheet is as follows:			
Present value of defined benefit obligation		1,119,655,237	1,011,655,643
17.2 Movement in net liability recognised			
Opening Liability		1,011,655,643	824,378,456
Liability transferred to accrued liabilities		(16,537,963)	(3,444,642)
Expenses recognised in profit and loss account	17.2.1	228,692,275	168,489,431
Paid during the year		(74,633,751)	(63,222,752)
Remeasurement of obligation		(29,520,967)	85,455,150
		1,119,655,237	1,011,655,643
17.2.1 Expenses recognised in profit and loss account			
Current service cost		100,688,028	85,429,731
Interest cost		128,004,247	83,059,700
		228,692,275	168,489,431

	2015	2014
17.3 Principal actuarial assumptions used		
Discount rate	9.75 % per annum	13.25 % per annum
Expected rate of increase in salary	8.75 % per annum	12.25 % per annum
Expected average duration of the defined benefit obligation / expected average remaining working lives of participating employees	8 years	8 years

17.4 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Reworked defined benefit obligation		
	Change in assumptions	Increase in assumptions Rupees	Decrease in assumptions Rupees
Discount rate	100 bps	1,037,204,098	1,213,813,103
Salary growth rate	100 bps	1,216,311,651	1,033,486,616

17.5 The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied as for calculating the liability of staff retirement gratuity.

	2015 Rupees in million	2014 Rupees in million
18. CONTINGENCIES AND COMMITMENTS		
18.1 Contingencies		
18.1.1 In respect of bank guarantees issued on behalf of the Company:		
(i) The Company has claimed exemption from levy of custom duty on import of plant and machinery for the project of Polyester plant and filed suit in the Honourable Sindh High Court, Karachi on furnishing of bank guarantees. The said suit has been decreed in favour of the Company and an application has been filed in the Court for execution of decree. The said bank guarantees have been deposited with the Court by the Customs Department. However, the Customs Department has filed an appeal in the Court and the same is decided subsequently in favour of the Customs Department. The Company has filed appeal before the Honourable Supreme Court of Pakistan.	116.594	116.594
(ii) Guarantees issued in favour of Sui Northern Gas Pipelines Limited against supply of gas.	194.543	194.543
(iii) Guarantees issued in favour of The Director, Excise and Taxation, Karachi against imposition of infrastructure cess.	350.000	295.000
(iv) Guarantees issued in favour of The Collector of Customs, Karachi to avail exemption from levy of custom duty, sales tax and income tax. The Company has filed suit in Honourable Sindh High Court, Karachi for release of these Guarantees.	70.955	70.955
(v) Guarantees issued in favour of Faisalabad Electric Supply Company against electricty connection.	56.960	–
18.1.2 Custom duty of Rs. 8.9 million (2014: Rs. 8.9 million) in respect of local purchase of PTA has not been acknowledged due to pending appeal. The Company's claim on account of custom duty refund amounting to Rs. 11.455 million (2014: Rs. 11.455 million) is also pending before the Customs Department.	–	–
18.1.3 Demand of market committee fee on cotton purchase not acknowledged as demand has already been deposited by cotton suppliers. The appeal has been filed by the Company against illegal demand. Stay has been granted by Assistant Commissioner / Collector, Jaranwala Division and also by the Honourable Lahore High Court, Lahore. The Company has given bank guarantees of Rs. 0.589 million (2014: Rs. 0.589 million) to market committee.	10.039	10.039
18.1.4 Income tax demand of Rs. 126.560 million (2014: Rs. 30.215 million) in respect of tax years 2007, 2008, 2009, 2010 and 2012 has not been acknowledged due to pending appeals.	–	–

	2015 Rupees in million	2014 Rupees in million
18.2 Commitments		
18.2.1 Under contracts for capital expenditure:		
Building on freehold land	18.046	84.880
Plant and machinery	9.86	6.452
18.2.2 Under letters of credit for:		
Plant and machinery	4,946.774	1,211.572
Raw materials and spare parts	2,197.564	3,965.132

19. SHARE CAPITAL

Authorised capital

2015 Number of shares	2014 Number of shares		2015 Rupees	2014 Rupees
500,000,000	500,000,000	Ordinary shares of Rs. 10/- each	5,000,000,000	5,000,000,000

Issued, subscribed and paid up capital

2015 Number of shares	2014 Number of shares		2015 Rupees	2014 Rupees
200,000,000	200,000,000	Ordinary shares of Rs. 10/- each fully paid in cash	2,000,000,000	2,000,000,000
50,000,000	50,000,000	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	500,000,000	500,000,000
60,506,995	60,506,995	Ordinary shares of Rs. 10/- each issued as fully paid shares as per scheme of arrangement for amalgamation sanctioned by the Honourable Lahore High Court, Lahore	605,069,950	605,069,950
310,506,995	310,506,995		3,105,069,950	3,105,069,950

20. CAPITAL RESERVES

	Note	2015 Rupees	2014 Rupees
Premium on issue of shares		1,000,000,000	1,000,000,000
Merger reserve	20.1	72,017,550	72,017,550
		1,072,017,550	1,072,017,550

20.1 It represents book difference of capital under scheme of arrangement for amalgamation.

	2015 Rupees	2014 Rupees
21. REVENUE RESERVES		
Share of changes in equity of associate	342,225,716	341,749,894
General reserve	4,089,673,099	4,089,673,099
Unappropriated profit	18,736,959,498	17,915,200,848
	23,168,858,313	22,346,623,841
22. SALES		
Local	37,461,235,433	48,086,669,277
Export	10,187,157	93,253,145
	37,471,422,590	48,179,922,422
Less:		
Commission and brokerage	14,407,602	16,420,275
Discount on sale	183,444,721	191,340,226
	37,273,570,267	47,972,161,921

22.1 Sales are exclusive of sales tax of Rs. 819,063,432/- (2014: Rs. 1,040,487,704/-).

	Note	2015 Rupees	2014 Rupees
23. COST OF GOODS SOLD			
Raw materials consumed		27,549,119,845	33,976,667,624
Packing materials		450,305,347	454,935,405
Salaries, wages and benefits		1,263,594,230	1,198,653,530
Staff retirement benefits		176,845,859	128,108,796
Stores and spare parts		699,148,739	717,378,953
Fuel and power		3,732,067,805	4,951,315,192
Insurance		58,790,134	52,901,802
Depreciation of property, plant and equipment	3.2	2,408,067,205	2,649,063,043
Other		294,750,408	276,206,325
		36,632,689,572	44,405,230,670
Work in process			
Opening stock		343,311,511	607,357,831
Closing stock		(398,266,585)	(343,311,511)
		(54,955,074)	264,046,320
Cost of goods manufactured		36,577,734,498	44,669,276,990
Finished goods			
Opening stock		3,178,767,342	5,152,329,366
Closing stock		(3,320,578,814)	(3,178,767,342)
		(141,811,472)	1,973,562,024
		36,435,923,026	46,642,839,014

		Note	2015 Rupees	2014 Rupees
24.	**SELLING AND DISTRIBUTION EXPENSES**			
	Salaries and benefits		80,473,070	73,621,101
	Staff retirement benefits		16,781,976	11,992,784
	Freight and forwarding		127,323,204	119,758,711
	Travelling and conveyance		7,250,473	8,372,775
	Vehicles running and maintenance		4,981,030	5,724,128
	Postage and telecommunication		1,426,782	1,087,300
	Other		20,442,102	16,762,637
			258,678,637	237,319,436
25.	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		43,500,000	36,000,000
	Salaries and benefits		214,138,050	224,106,020
	Staff retirement benefits		35,064,441	28,387,851
	Travelling and conveyance		61,874,805	67,085,315
	Vehicles running and maintenance		11,535,896	16,046,480
	Fuel and power		37,280,802	40,181,888
	Postage and telecommunication		16,248,935	15,396,389
	Printing and stationery		5,850,369	5,289,893
	Repairs and maintenance		69,895,535	36,175,872
	Fees, subscription and periodicals		6,541,801	20,260,066
	Rent, rates and taxes		10,983,374	11,790,288
	Legal and professional		4,456,335	8,172,000
	Entertainment		11,974,681	14,382,177
	Auditors' remuneration	25.1	2,727,500	2,727,500
	Advertisement		433,326	163,554
	Insurance		2,485,781	1,513,716
	Donations	25.2	6,190,000	3,185,000
	Depreciation / amortisation of property, plant and equipment	3.2	58,986,614	59,220,973
	Amortisation of intangible assets	4.1	13,966,574	13,772,604
	Other		4,044,175	3,449,943
			618,178,994	607,307,529
	25.1 Auditors' remuneration			
	Audit fee		2,000,000	2,000,000
	Other services		727,500	727,500
			2,727,500	2,727,500

25.2 No director or his spouse had any interest in the donees' fund.

		2015 Rupees	2014 Rupees
26.	**OTHER OPERATING EXPENSES**		
	Loss on disposal of property, plant and equipment	–	1,786,537
27.	**FINANCE COST**		
	Mark up / interest on:		
	Long term financing	1,159,517,039	1,508,839,201
	Short term bank borrowings	440,631,367	470,722,222
	Workers' profit participation fund	–	2,412,139
	Bank charges and commission	1,134,494	1,723,548
		1,601,282,900	1,983,697,110

	2015 Rupees	2014 Rupees
28. OTHER INCOME		
Income from financial assets:		
Profit on deposits	107,157	84,227
Income from assets other than financial assets:		
Scrap sales	40,221,316	40,095,391
Gain on disposal of property, plant and equipment	1,257,397	–
Balances written back – net	28,684,554	5,518,182
Rental income	3,466,367	2,789,503
Suppliers claims settlement	92,956,030	–
Other	684,872	–
	167,270,536	48,403,076
	167,377,693	48,487,303

	2015 Rupees	2014 Rupees
29. PROVISION FOR TAXATION		
Deferred		
For the year	(557,234,317)	(223,566,076)
For prior year	–	(2,072,226)
	(557,234,317)	(225,638,302)

29.1 Reconciliation between accounting profit and tax expense

Reconciliation between accounting profit and tax expense has not been presented in these financial statements as no provision for current taxation has been made due to tax credits available under the law.

29.2 Taxation of undistributed reserves

Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.

	2015	2014
30. EARNINGS PER SHARE – BASIC AND DILUTED		
Profit for the year (Rupees)	802,788,086	874,242,296
Weighted average number of ordinary shares	310,506,995	310,506,995
Earnings per share – Basic and Diluted (Rupees)	2.59	2.82

30.1 There is no dilutive effect on the basic earnings per share of the Company.

31. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	Rupees					
Remuneration	13,181,817	26,363,634	473,779,171	10,909,092	21,818,184	440,197,591
Medical allowance	1,318,183	2,636,366	46,986,461	1,090,908	2,181,816	41,523,374
Reimbursable expenses for vehicles running	–	–	16,961,729	–	–	21,197,814
	14,500,000	29,000,000	537,727,361	12,000,000	24,000,000	502,918,779
Number of persons	1	2	440	1	2	373

31.1 The Chief Executive Officer and Directors are entitled to free use of Company maintained vehicles. The monetary value of the benefit is Rs. 2,510,567/- (2014: Rs. 3,713,148/-). The Directors have waived off their meeting fee.

32. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and key management personnel. The balances due from and due to related parties have been disclosed in the relevant notes to the financial statements. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Relationship	Nature of transaction	2015 Rupees	2014 Rupees
Associated undertakings			
	Rent charged	12,770,000	12,000,000
	Consultancy fee paid	12,900,000	9,000,000
	Rental income	3,466,367	2,789,503
Key management personnel			
	Long term financing obtained	–	3,591,663,534
	Long term financing repaid	3,209,514,159	382,149,375
	Short term borrowings obtained	4,981,214,233	–
	Short term borrowings repaid	2,123,731,815	–
	Dividend paid	–	549,592,428

33. PLANT CAPACITY AND ACTUAL PRODUCTION

	2015 M. Tons	2014 M. Tons
Annual production capacity (350 days – 3 shifts)		
Polyester Staple Fibre / Polyester Chips	390,600	390,600
Yarn converted into 20/s count (Spindles installed 137,856 (2014: 137,856))	48,700	48,700
Actual production		
Polyester Staple Fibre / Polyester Chips	228,116	232,173
Yarn converted into 20/s count (Spindles worked 136,570 (2014: 137,090))	45,375	49,098

33.1 The actual production of Polyester Staple Fibre and Polyester Chips is planned to meet the market demand.

	2015	2014
34. NUMBER OF EMPLOYEES		
Total number of employees as at June 30,	4,301	4,089
Average number of employees during the year	4,205	4,047

35. FINANCIAL RISK MANAGEMENT

The Company finances its operations through mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimise risk. The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). The overall risk management is carried out by the finance department under oversight of the Board of Directors in line with the policies approved by the Board.

	2015 Rupees	2014 Rupees
35.1 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets:		
Investment in associate	12,594,268,827	11,108,031,239
Long term loans	63,854,963	39,252,873
Long term deposits	4,225,431	3,940,043
Trade debts	178,139,309	417,395,620
Loans and advances	19,523,056	11,761,693
Other receivables	118,619,433	23,333,491
Cash and bank balances	163,844,103	85,681,651
	13,142,475,122	11,689,396,610
Financial liabilities:		
Long term financing	10,375,000,000	15,147,014,159
Trade and other payables	1,753,224,269	1,511,697,269
Mark up / interest payable	111,298,837	154,955,632
Short term borrowings	7,385,896,510	2,682,895,021
	19,625,419,616	19,496,562,081

35.1.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk at the reporting date is as follows:

	2015 Rupees	2014 Rupees
Long term deposits	4,225,431	3,940,043
Trade debts	178,139,309	417,395,620
Other receivables	118,619,433	23,333,491
Bank balances	95,958,523	73,924,038
	396,942,696	518,593,192

Due to Company's long standing relations with counter parties and after giving due consideration to their financial standing, the management does not expect non performance by these counter parties on their obligations to the Company.

For trade debts, credit quality of customers is assessed taking into consideration their financial position and previous dealings and on that basis, individual credit limits are set. Moreover, the management regularly monitors and reviews customers' credit exposure. Accordingly, the Company is not exposed to any significant credit risk.

The Company's most significant customers are industrial users of polyester staple fibre and yarn. Aging of trade debts as at balance sheet date is as under:

	2015 Rupees	2014 Rupees
Not past due	162,719,168	396,611,562
Past due within one year	3,160,651	8,131,850
Past due more than one year	12,259,490	12,652,208
	178,139,309	417,395,620

Based on the past experience and taking into consideration the financial position and previous record of recoveries, the Company believes that trade debts past due do not require recognition of any impairment. The credit risk exposure is limited in respect of bank balances as these are placed with the banks having good credit rating from international and local credit rating agencies.

35.1.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and maintaining adequate reserve borrowing facilities. This includes maintenance of balance sheet liquidity ratios through working capital management. The management believes that the Company is not exposed to any significant liquidity risk. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2015 and June 30, 2014.

	2015				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
	Rupees				
Financial Liabilities:					
Long term financing	10,375,000,000	12,781,773,630	608,204,137	594,312,000	11,579,257,494
Trade and other payables	1,723,534,264	1,723,534,264	1,723,534,264	–	–
Mark up / interest payable	111,298,837	111,298,837	111,298,837	–	–
Short term borrowings	7,385,896,510	4,582,538,178	4,582,538,178	–	–
	19,595,729,611	19,199,144,909	7,025,575,416	594,312,000	11,579,257,494

	2014				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	More than one year
	Rupees				
Financial Liabilities:					
Long term financing	15,147,014,159	17,923,915,771	2,246,526,577	2,216,892,356	13,460,496,838
Trade and other payables	1,507,270,474	1,507,270,474	1,507,270,474	–	–
Mark up / interest payable	154,955,632	154,955,632	154,955,632	–	–
Short term borrowings	2,682,895,021	2,729,821,458	2,729,821,458	–	–
	19,492,135,286	22,315,963,335	6,638,574,141	2,216,892,356	13,460,496,838

The contractual cash flows relating to mark up on long term financing and short term borrowings from banks have been determined on the basis of markup rates as applicable at the year end. As at the year end, the Company has liquid assets of Rs. 3,541 million (2014: Rs. 3,478.893 million) and unavailed short term borrowing facilities from banks of Rs. 4,553 million (2014: Rs. 6,159 million) (Refer Note 14.1) to manage the liquidity risk.

35.1.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Majority of interest rate risk arises from long term financing and short term borrowings from banks and deposit accounts with banks. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

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.

Had the interest rate been increased / decreased by 100 basis points at the reporting date, with all other variables held constant, profit for the year and equity would have been lower / higher by Rs. 159.587 million (2014: Rs. 189.755 million).

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument, will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Company is exposed to currency risk on debtor, other payables and claims receivable denominated in foreign currency. As at reporting date, the Company is not exposed to currency risk.

iii) Equity price risk

Trading and investing in equity securities give rise to equity price risk. The Company is not directly exposed to equity price risk as the investment in associate is accounted for using the equity method.

35.2 Fair values of financial instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

35.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders 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 obtain / repay long term financing from / to financial institutions.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets, keeping in view future investment requirements and expectations of the shareholders. Debt comprises of long term financing and short term borrowings as shown in the balance sheet. Total equity comprises of shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

The salient information relating to capital risk management of the Company as at June 30, 2015 and June 30, 2014 was as follows:

	Note	2015 Rupees	2014 Rupees
Debt	14 & 15	17,760,896,510	17,829,909,180
Less: Cash and cash equivalents	12	163,844,103	85,681,651
Net Debt		17,597,052,407	17,744,227,529
Total equity		27,345,945,813	26,523,711,341
Total capital		44,942,998,220	44,267,938,870
Gearing ratio		39.15%	40.08%

36. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue as at September 18, 2015 by the Board of Directors of the Company.

37. Figures have been rounded off to the nearest Rupee.

Chief Executive Officer **Director**

Pattern of Shareholding

as at June 30, 2015

Number of Shareholders	Having Shares From	Having Shares To	Shares Held
407	1	100	15,109
879	101	500	210,292
441	501	1000	316,654
350	1001	5000	774,274
77	5001	10000	548,496
29	10001	15000	358,919
12	15001	20000	216,745
10	20001	25000	230,762
7	25001	30000	195,632
10	30001	35000	324,029
6	35001	40000	225,625
3	40001	45000	130,500
2	45001	50000	100,000
2	55001	60000	115,600
2	60001	65000	125,000
1	65001	70000	66,500
1	75001	80000	77,250
1	80001	85000	83,791
1	110001	115000	112,375
2	120001	125000	250,000
1	140001	145000	140,304
1	165001	170000	166,257
1	195001	200000	200,000
1	215001	220000	216,500
1	335001	340000	337,000
1	345001	350000	347,125
1	400001	405000	400,750
1	560001	565000	561,125
1	625001	630000	625,500
1	670001	675000	674,000
1	1075001	1080000	1,076,062
1	1595001	1600000	1,597,530
1	2035001	2040000	2,038,000
1	2140001	2145000	2,141,300
1	4490001	4495000	4,494,000
1	5725001	5730000	5,729,875
1	10530001	10535000	10,532,600
1	90530001	90535000	90,531,495
1	90685001	90690000	90,689,144
1	93530001	93535000	93,530,875
2,263			**310,506,995**

Categories of Shareholders

as at June 30, 2015

Categories of Shareholders	Number	Shares Held	Percentage
Directors and Chief Executive Officer			
Sheikh Mukhtar Ahmed	1	93,530,875	30.1220
Mohammad Naeem Mukhtar	1	90,689,144	29.2068
Muhammad Waseem Mukhtar	1	90,531,495	29.1560
Mohammad Waqar	1	37,500	0.0121
Jawaid Ashraf	1	1,000	0.0003
Abdul Hameed Bhutta	1	1,000	0.0003
Banks, DFIs, NBFIs and Leasing Companies	5	1,078,839	0.3474
Insurance Companies	4	2,143,555	0.6903
Investment Corporation of Pakistan	1	1,413	0.0005
Modarabas	2	2,777	0.0009
Mutual Funds			
Security Stock Fund Ltd.	1	100	0.0000
CDC – Trustee And Index Tracker Fund	1	3,000	0.0010
First Capital Mutual Fund Ltd.	1	86	0.0000
Joint Stock Companies and Others	45	3,585,447	1.1547
General Public			
a. Local	2,194	15,066,764	4.8524
b. Foreign	3	13,834,000	4.4553
	2,263	310,506,995	100.0000

NOTES

FORM OF PROXY

I / We ______________________________ of ______________ a member / members of the Company / merged Companies, do hereby appoint Mr. / Ms. ____________________________ of ________________ a member of the Company, or failing him / her Mr. / Ms. ______________ of ______________ who is also a member of the Company, as my / our proxy to attend, speak and vote for me / us and on my / our behalf at the 29th Annual General Meeting of the Company to be held on October 28, 2015 at 11:00 A.M. at Avari Hotel, Shahrah-e-Quaid-e-Azam, Lahore and at any adjournment thereof.

Signed this ______________ day of ______________ 2015.

AFFIX
REVENUE
STAMP OF
RS. 5/-

Witness: (1)
Signature ____________________
Name ____________________
Address ____________________
CNIC No. ____________________

Signature: ____________________

(The signature should agree with the Specimen Registered with the Company)

Witness: (2)
Signature ____________________
Name ____________________
Address ____________________
CNIC No. ____________________

Folio No. ____________________
CDC A/c No. ____________________
No. of shares held ____________________
Distinctive Numbers ____________________

IMPORTANT:

1. The Proxy Form must be deposited at the registered office of the Company at Ibrahim Centre, 1 – Ahmed Block, New Garden Town, Lahore, as soon as possible but not later than 48 hours before the time of holding the meeting and in default Proxy Form will not be treated as valid.
2. No person shall act as proxy unless he / she is a member of the Company except a corporation being a member may appoint as its proxy any officer of such corporation whether a member of the Company or not.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

FOR CDC ACCOUNT HOLDERS / CORPORATE ENTITIES:

In addition to the above, the following requirements have to be met:

i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iii) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.

iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary,
Ibrahim Fibres Limited
Ibrahim Centre, 1 – Ahmed Block,
New Garden Town, Lahore, Pakistan.


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UAN: 111-333-777