58th Annual Report

of

Allawasaya Textile & Finishing Mills Limited

for the year ended June 30, 2015

CONTENTS

VISION STATEMENT

The vision of Allawasaya Textile and Finishing Mills Limited is to contribute positively to the Socio-Economic growth of Pakistan through business and industrial pursuits endeavoring to achieve excellence in all spheres of such activity with effective and efficient management.

MISSION STATEMENT

Allawasaya Textile and Finishing Mills Limited becomes a truly professional organization, achieve higher quality standards, utilize maximum capacity, capture expansion opportunities and becomes a least cost operator amongst its competitors.

We will strive to continue as a successful Company, make profit and thus create value for our shareholders, customers, suppliers and employees.

QUALITY AND ENVIRONMENTAL POLICY

Our aim is to achieve the leadership of textile and spinning industry through quality products according to customer satisfaction. We thrive to achieve the above through the following measures:

1) Acquisition of quality raw material.

2) Manufacturing of high quality yarn as per customer satisfaction.

3) Continuous training and guidance to employees regarding quality and environment.

4) Continuous improvement, close watch and control in production process and environment.

5) Follow up of the system, regarding international quality and environmental laws.

6) Control of pollution discharge from industrial process.

COMPANY PROFILE

BOARD OF DIRECTORS

1.	Mian Muhammad Jamil	- Chairman
2.	Mian Tanvir Ahmad Sheikh	- Chief Executive/ M.D.
3.	Mrs. Nusrat Jamil	- Director
4.	Mian Anis Ahmad Sheikh	- Director
5.	Mian Tauqir Ahmad Sheikh	- Director
6.	Mian Muhammad Bilal Ahmad Sheikh	- Director
7.	Mian Muhammad Alamgir Jamil Khan	- Director
8.	Mian Muhammad Umar Farooq Sheikh	- Director
9.	Mr. Javed Musarrat	- Director

AUDIT COMMITTEE

Mian Anis Ahmad Sheikh	- Chairman
Mrs. Nusrat Jamil	- Member
Mr. Javed Musarrat	- Member

HUMAN RESOURCE & REMUNERATION COMMITTEE (HR&R)

Mian Muhammad Jamil	- Chairman
Mian Anis Ahmad Sheikh	- Member
Mrs. Nusrat Jamil	- Member

CHIEF FINANCIAL OFFICER

Sohail Nadeem

COMPANY SECRETARY

Muhammad Ismail

HEAD OF INTERNAL AUDIT

Ch. Javed Akhtar

AUDITORS

Deloitte Yousuf Adil Chartered Accountants, Multan

LEGAL ADVISOR

Sheikh Muhammad Farooq - Advocate
5-Nusrat Road, Multan Cantt.

BANKERS

M/s Habib Bank Limited
M/s Bank AL Habib Limited
M/s Habib Metropolitan Bank Limited
M/s United Bank Limited
M/s BankIslami Pakistan Limited

REGISTERED OFFICE

Allawasaya Square,
Mumtazabad Industrial Area,
Vehari Road, Multan

SHARES REGISTRAR

M/s Hameed Majeed Associates (Pvt.) Limited
H.M. House, 7-Bank Square, Lahore

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 58th Annual General Meeting of the Company will be held at 03:30 p.m. on Saturday 31st October 2015 at its registered office, Allawasaya Square, Mumtazabad Industrial Area, Vehari Road, Multan to transact the following business:

ORDINARY BUSINESS

1. To confirm the Minutes of the last Extra Ordinary General Meeting of the Company held on Thursday 7th May 2015.

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

3. To appoint auditors for the year 2015-2016 till next Annual General Meeting of the Company and to fix their remuneration.

OTHER BUSINESS

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

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-
(MUHAMMAD ISMAIL)
COMPANY SECRETARY

Multan, October 1, 2015

NOTES:

(i) The Shares Transfer Books of the Company will remain closed from 24-10-2015 to 31-10-2015 (both days inclusive).

(ii) Shares Transfers received at the Company's Shares Registrar's Office, M/s Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore by the close of business on October 23, 2015 will be treated in time.

(iii) A member entitled to attend and vote at this meeting is entitled to appoint any other member as a proxy to attend, speak and vote instead of him/her. **A proxy must be a member.** Proxies duly stamped with Rs.5/- revenue stamp, signed and witnessed, in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

(iv) Any individual beneficial owners of CDC, entitled to attend and vote at this meeting must bring his/ her CNIC or Passport to prove his/ her identity and in case of proxy must enclose an attested copy of his/ her CNIC or Passport. Representatives of Corporate members should bring the usual documents required for such purpose.

(v) Members are requested to submit an attested photocopy of their valid Computerized National Identity Cards (CNICs) as per SECP requirement, if not provided earlier and also communicate to the Company immediately of any change in their addresses.

DIRECTORS' REPORT

In the name of Allah the Most Beneficent and the Merciful

Dear Shareholders,

On behalf of the Board of Directors of the Company, it is my privilege to present before you the 58th Annual Report on the affairs of your Company along with the Audited Accounts for the financial year ended June 30, 2015.

PERFORMANCE

During the year under review, the performance of overall economy and especially manufacturing sector in the country remained under pressure. The International slump in overall commodity prices led to recession in the Pakistan Economic and Industrial Sector as well. The Textile Industry was especially hit due to the recession and your Company was also a victim of the same. The overall demand for yarn decreased causing inventory built up of finished yarn. The decrease in prices of yarn was more than corresponding decrease in the total cost of production, resulting into much lesser gross profit. The total production of yarn at 20's count basis was 11,896,628.26 Kgs as compared to12,056,349 Kgs last year. The total sales for the year amounted to Rs.1,759,164,451/-(7,381,795.68 Kgs) as compared to Rs.2,167,183,350/- (7,617,486.24 Kgs) last year. There was decrease in total sales amount, the gross profit for the year was Rs.15,439,830/- as compared to Rs. 141,258,633/-last year. The decrease in Gross Profit is attributed to the increased cost of overheads. The Net Loss after providing for Tax amounted to(Rs.19,582,864/-) as compared to the Net Profit of Rs. 36,934,904/- last year.

The financial results for the year ended June 30, 2015 along with the comparative figures of the last year are summarized under the respective heads of Accounts below:

ACCOUNTS:

	For the year ended June 30, 2015 Rupees	For the year ended June 30, 2014 Rupees
Sales- net	1,759,164,451	2,167,183,350
Cost of goods sold	(1,743,724,621)	(2,025,924,717)
Gross Profit	15,439,830	141,258,633
Other Income	86,146	108,574
	15,525,976	141,367,207
Distribution cost-Commission	(10,634,990)	(12,382,082)
Administrative Expenses	(48,189,719)	(66,259,722)
Other Operating Expenses	-	(3,615,248)
Finance Cost	(13,446,276)	(20,375,593)
(Loss)/ Profit before Taxation	(56,745,009)	38,734,562
Provision for Taxation	37,162,145	(1,799,658)
(Loss)/ Profit for the year	(19,582,864)	36,934,904
Other Comprehensive Income	-	-
Total comprehensive (loss)/ income for the year	(19,582,864)	36,934,904
Earnings per share- basic and diluted	(24.48)	46.17

FUTURE OUTLOOK

Keeping in view of existing circumstances and the challenges being faced by the Textile Sector, it is strongly recommended that Textile Sector should be facilitated by subsidizing rates of Electricity along with continuous supply of electricity and gas, so that it can keep on running. Further Government must support the new projects of value addition in Textile Sector by introducing special incentive packages, so that we can compete in international markets.

DIVIDEND

Due to the losses suffered by the Company during the year under report, your Directors propose to pass over the Dividend this year.

REVISION IN REMUNERATION OF CHAIRMAN, CHIEF EXECUTIVE AND ONE FULL TIME WORKING DIRECTOR OF THE COMPANY

The Company in its Extra Ordinary General Meeting held on May 7, 2015, passed the Ordinary Resolution approving the revision in remuneration of the Chairman, Chief Executive and one full time Working Director with effect from 30th May 2015 in addition to other perquisites/ benefits already allowed as before as per following detail:

Remuneration of Chairman & Chief Executive	-	PKR:350,000/- each per month
Remuneration of one full time Working Director	-	PKR:300,000/- per month

ISO 9001:2008 QMS AND ISO 14001:2004 EMS CERTIFICATION

Your Directors are pleased to report that your Company is quite successfully maintainingits ISO 9001:2008 Certification for Quality Management System and the ISO 14001:2004 Certification for Environmental Management System.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Your Directors are pleased to report that the Company is complying with the requirements of the Code of Corporate Governance as introduced by the Securities and Exchange Commission of Pakistan. The various statements, as required by the code, are given below:

PRESENTATION OF FINANCIAL STATEMENTS:

The financial statements, prepared by the Company, fairly present its state of affairs, the results of operations, cash flows, and changes in equity;

BOOKS OF ACCOUNTS:

The Company has maintained proper books of accounts;

ACCOUNTING POLICIES:

Appropriate accounting polices have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement;

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS (IAS):

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;

INTERNAL CONTROL SYSTEM:

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

ON GOING CONCERN:

The Company's financial position is sound enough to ensure its continuity as an on going concern;

NO OUTSTANDING STATUTORY DUES:

There are no outstanding statutory dues on account of taxes, levies and charges except of normal and routine nature;

FINANCIAL HIGHLIGHTS:

Key operating and financial data of the last six years is given in Annex 1.

BOARD MEETINGS:

During the year ended June 30, 2015 five (5)meetings of the Board of Directors were held. Attendance of each Director is given below:

Director's Name	Meeting Attended
Mian Muhammad Jamil	5
MianTanvir Ahmad Sheikh	5
Mrs. Nusrat Jamil	4
MianAnis Ahmad Sheikh	5
Mian Tauqir Ahmad Sheikh	5
Mian Muhammad Bilal Ahmad Sheikh	3
MianMuhammad Alamgir Jamil Khan	3
Mian Muhammad Umar Farooq Sheikh	4
Mr. Javed Musarrat	1

AUDITORS

Your Company's Auditors M/s Deloitte Yousuf Adil Chartered Accountants, Multan retire and being eligible offer themselves for re-appointment for the next year.

PATTERN OF SHAREHOLDING

Pattern of Shareholding of the Shareholders of the Company as on June 30, 2015 as required under Section 236 (2) (d) of the Companies Ordinance, 1984 is annexed.

RELATIONS WITH LABOUR AND STAFF

Your Directors are happy to report that relations with labour and staff of the Company remained cordial throughout the year.

ACKNOWLEDGMENT

Your Directors acknowledge the best cooperation as usual enjoyed by your Company from M/s Habib Bank Limited, M/s Bank AL Habib Limited, M/s Habib Metropolitan Bank Limited, M/s United Bank Limited and M/s BankIslami Pakistan Limited and wish to record their appreciation for the same and hope the Bankers will continue their support to the Company in future as well.

The dedicated hard work of all employees of the Company is also acknowledged.

On behalf of the Board of Directors

Sd/-
MIAN MUHAMMAD JAMIL
CHAIRMAN

Multan, October 1, 2015

SIX YEARS KEY OPERATING AND FINANCIAL DATA

Year Ended June 30,	2015	2014	2013	2012	2011	2010
BALANCE SHEET						
Authorized Capital	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Issued, Subscribed& Paid up Capital	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Reserves	82,668,746	82,668,746	82,668,746	82,668,746	82,668,746	82,668,746
Un-appropriated Profits	204,822,116	216,023,031	180,946,420	96,956,670	59,565,634	28,354,130
Total Equity	295,490,862	306,691,777	271,615,166	187,625,416	150,234,380	119,022,876
Surplus on Revaluation of Property, Plant & Equipment	457,304,932	471,395,262	485,736,969	34,771,550	38,785,445	43,299,627
Long Term Liabilities	-	-	11,342,670	45,954,802	80,566,934	67,647,816
Deferred Liabilities	110,163,021	131,437,931	152,131,668	58,852,470	65,230,435	45,597,210
Short Term Liabilities	274,999,671	199,186,565	192,769,321	230,337,137	324,806,600	198,414,081
Total Liabilities	842,467,624	802,019,758	841,980,628	335,144,409	470,603,969	311,659,107
Total Equity & Liabilities	1,137,958,486	1,108,711,535	1,113,595,794	557,541,375	659,623,794	473,981,610
Fixed Assets	756,874,934	793,848,822	812,267,882	254,327,265	274,479,790	247,039,589
Long Term Deposits	2,379,997	2,223,997	2,627,781	2,627,989	3,206,689	4,322,881
Current Assets	378,703,555	312,638,716	298,700,131	300,586,121	381,937,315	222,619,140
Total Assets	1,137,958,486	1,108,711,535	1,113,595,794	557,541,375	659,623,794	473,981,610
PROFIT & LOSS ACCOUNT						
Turnover	1,759,164,451	2,167,183,350	2,038,914,882	2,066,231,736	2,195,228,720	1,464,364,667
Gross Profit	15,439,830	141,258,633	218,850,085	162,755,672	182,164,140	160,522,706
(Loss)/ Profit before Taxation	(56,745,009)	38,734,562	121,466,461	64,633,272	76,460,320	74,574,463
(Loss)/ Profit after Taxation	(19,582,864)	36,934,904	87,194,366	41,577,141	32,497,322	39,328,196
DISTRIBUTION						
Cash Dividend %	-	102.50	202.50	102.50	102.50	72.50
RATIOS						
Break up value Per share (Rs.)	369.36	383.36	339.52	234.53	187.79	148.78
(Loss) / Earning per Share (Rs)	(24.48)	46.17	108.99	51.97	40.62	49.16
Current Ratio	1.38:1	1.57:1	1.55:1	1.30:1	1.18:1	1.12:1
Debt/ equity ratio	00:100	01:99	06:94	27:73	38:62	36:64
CAPACITY & PRODUCTION						
No. of spindle installed	30,592	30,592	30,592	30,592	30,592	28,828
Capacity of Yarn at 20's Count (Kgs)	12,111,985	12,314,067	11,922,889	12,745,580	12,490,669	12,112,806
Actual Production of Yarn at 20's Count (Kgs)	11,896,628	12,056,349	11,703,986	12,907,697	12,417,636	11,443,456

Statement of Compliance with the Code of Corporate Governance for the year ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulations of the Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

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

Names	Category
· Mian Muhammad Jamil	Executive Director (Chairman)
· Mian Tanvir Ahmad Sheikh	Executive Director (CEO)
· Mian Muhammad Alamgir Jamil Khan	Executive Director
· Mrs. Nusrat Jamil	Non-Executive Director
· Mian Anis Ahmad Sheikh	Non-Executive Director
· Mian Tauqir Ahmad Sheikh	Non-Executive Director
· Mian Muhammad Bilal Ahmad Sheikh	Non-Executive Director
· Mian Muhammad Umar Farooq Sheikh	Non-Executive Director
· Mr. Javed Musarrat	Independent Director

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

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

4. No casual vacancy occurred on the Board during the year.

5. The Company has prepared a "Code of Conduct" for the Board, senior management and other employees and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

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

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

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

9. The Board has been provided with the revised Code along with briefings on various stages in order for them to properly manage the affairs of the Company as representatives of members of the Company. Further, in accordance with the criteria specified in the listing regulations of Karachi Stock Exchange Limited, one director has completed training and six of the remaining eight directors of the Company are exempt from the requirement of Directors' Training Program. All the directors on the Board are fully conversant with their duties and responsibilities as directors of the Company.

10. There was no new appointment of CFO, Company Secretary and Head of Internal Audit during the year.

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

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

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

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

15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors and the chairman of the committee is also anon-executive director who has relevant financial skills/ expertise and experience.

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

17. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the chairman of the committee is an executive director.

18. The Board has set up an effective internal audit function headed by the Head of Internal Audit. The staff is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.

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

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

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

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

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

On behalf of the Board of Directors

Sd/-
MIAN MUHAMMAD JAMIL
CHAIRMAN

Multan, October 1, 2015

Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Allawasaya Textile & Finishing Mills Limited (the Company) for the year ended June 30, 2015 to comply with the requirements of Regulations of Karachi, Lahore and Islamabad 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 requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all 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 the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

DELOITTE YOUSUF ADIL
Chartered Accountants

Engagement Partner:
Talat Javed
Multan, October 1, 2015

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Allawasaya Textile & Finishing Mills Limited** (the Company) as at June 30, 2015 and the related profit and loss account, 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, cash flow statement and statement of changes in equity together with the notes forming part 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 loss, its cash flows and changes in equity for the year then ended; and

(d) In our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

DELOITTE YOUSUF ADIL
CHARTERED ACCOUNTANTS

Engagement Partner:
Talat Javed

Multan, October 1, 2015

BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	**756,874,934**	793,848,822
Long term deposits		**2,379,997**	2,223,997
		759,254,931	796,072,819
CURRENT ASSETS			
Stores and spares	5	**12,464,011**	9,553,743
Stock in trade	6	**179,580,729**	140,434,939
Trade debts	7	**150,542,150**	136,348,008
Loans and advances	8	**21,992,635**	19,850,840
Trade deposits and prepayments	9	**624,662**	570,918
Tax refunds due from government	10	**5,060,132**	3,931,453
Current portion of long term investments	4	**-**	518,544
Cash and bank balances	11	**8,439,236**	1,430,271
		378,703,555	312,638,716
TOTAL ASSETS		**1,137,958,486**	1,108,711,535
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	12	**8,000,000**	8,000,000
Reserves	13	**82,668,746**	82,668,746
Unappropriated profits		**204,822,116**	216,023,031
		295,490,862	306,691,777
Surplus on revaluation of property, plant and equipment	14	**457,304,932**	471,395,262
NON-CURRENT LIABILITIES			
Deferred tax	16	**110,163,021**	131,437,931
CURRENT LIABILITIES			
Trade and other payables	17	**117,065,884**	89,695,312
Accrued markup	18	**3,575,026**	2,446,316
Short term borrowings	19	**136,767,116**	41,583,844
Current portion of long term financing	15	**-**	11,342,670
Provision for taxation	20	**17,591,645**	54,118,423
		274,999,671	199,186,565
TOTAL EQUITY AND LIABILITIES		**1,137,958,486**	1,108,711,535
Contingencies and commitments	21		

The annexed notes from 1 to 38 form an integral part of these financial statements.

Sd/- Mian Tanvir Ahmad Sheikh Chief Executive Officer	Sd/- Mian Muhammad Alamgir Jamil Khan Director	Sd/- Sohail Nadeem Chief Financial Officer

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

	Note	2015 Rupees	2014 Rupees
Sales - net	22	**1,759,164,451**	2,167,183,350
Cost of goods sold	23	**(1,743,724,621)**	(2,025,924,717)
Gross profit		**15,439,830**	141,258,633
Other income	24	**86,146**	108,574
		15,525,976	141,367,207
Distribution cost- commission		**(10,634,990)**	(12,382,082)
Administrative expenses	25	**(48,189,719)**	(66,259,722)
Other operating expenses	26	**-**	(3,615,248)
Finance cost	27	**(13,446,276)**	(20,375,593)
		(72,270,985)	(102,632,645)
(Loss) / profit before taxation		**(56,745,009)**	38,734,562
Provision for taxation	28	**37,162,145**	(1,799,658)
(Loss)/ profit for the year		**(19,582,864)**	36,934,904
Other Comprehensive Income		-	-
Total comprehensive (loss)/income for the year		**(19,582,864)**	**36,934,904**
Earnings per share - basic and diluted	30	**(24.48)**	46.17

The annexed notes from 1 to 38 form an integral part of these financial statements.

Sd/- Mian Tanvir Ahmad Sheikh Chief Executive Officer	Sd/- Mian Muhammad Alamgir Jamil Khan Director	Sd/- Sohail Nadeem Chief Financial Officer

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation		**(56,745,009)**	38,734,562
Adjustments for:			
Depreciation on property, plant and equipment		**52,419,988**	55,324,752
Provision for staff retirement benefits - gratuity		**9,736,650**	9,326,267
Finance cost (excluding interest on workers' profit participation fund)		**13,369,736**	20,115,761
Profit on term finance certificates		**(86,146)**	(108,574)
Workers' welfare fund		**-**	1,484,766
Workers' profit participation fund		**-**	2,130,482
Operating cash flows before movement in working capital		**18,695,219**	127,008,016
Decrease / (increase) in current assets			
Stores, spares and loose tools		**(2,910,268)**	552,403
Stock in trade		**(39,145,790)**	18,278,949
Trade debts		**(14,194,142)**	(24,971,511)
Loans and advances (excluding advance income tax)		**(86,747)**	1,436,540
Trade deposits and prepayments		**(53,744)**	(222,736)
Tax refunds due from government		**(1,128,679)**	3,963,628
(Increase) / decrease in current liabilities			
Trade and other payables (excluding WPPF, WWF and unclaimed dividend)		**29,802,221**	(10,863,417)
		(27,717,149)	(11,826,144)
Net cash (used in)/generated from operations		**(9,021,930)**	115,181,872
Income taxes paid		**(20,202,972)**	(22,059,445)
Staff retirement benefits - gratuity paid		**(9,953,400)**	(9,889,567)
Finance cost paid		**(12,241,026)**	(20,367,725)
Workers' profit participation fund paid		**(2,130,482)**	(6,641,352)
Net cash (used in)/generated from operating activities		**(53,549,810)**	56,223,783
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		**(3,392,000)**	(36,905,692)
Addition to capital work in progress		**(12,054,100)**	-
Redemption of long term investments		**518,544**	208
Payment of long term deposits		**(156,000)**	(114,760)
Profit on long term investments		**86,146**	108,574
Net cash used in investing activities		**(14,997,410)**	(36,911,670)

C. CASH FLOWS FROM FINANCING ACTIVITIES		2015 Rupees	2014 Rupees
Long term financing repaid		**(11,342,670)**	(34,612,132)
Dividend paid		**(8,284,417)**	(16,495,059)
Net cash used in financing activities		**(19,627,087)**	(51,107,191)
Net increase in cash and cash equivalents (A+B+C)		**(88,174,307)**	(31,795,078)
Cash and cash equivalents at beginning of the year		**(40,153,573)**	(8,358,495)
Cash and cash equivalents at end of the year	29	**(128,327,880)**	(40,153,573)

The annexed notes from 1 to 38 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Tanvir Ahmad Sheikh	Mian Muhammad Alamgir Jamil Khan	Sohail Nadeem
Chief Executive Officer	Director	Chief Financial Officer

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

	Share Capital	Reserves			Total
		Capital	Revenue		
		Tax holiday reserve	General reserve	Accumulated profit/Loss	
	---------- Rupees ----------				
Balance at July 01, 2013	8,000,000	2,668,746	80,000,000	180,946,420	271,615,166
Profit for the year	-	-	-	36,934,904	36,934,904
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	36,934,904	36,934,904
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation (net of deferred tax)	-	-	-	14,341,707	14,341,707
Transactions with owners					
Dividend for the year ended June 30, 2013 @ Rs. 20.25/share	-	-	-	(16,200,000)	(16,200,000)
Balance at July 01, 2014	8,000,000	2,668,746	80,000,000	216,023,031	306,691,777
Loss for the year	-	-	-	(19,582,864)	(19,582,864)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(19,582,864)	(19,582,864)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation (net of deferred tax)	-	-	-	16,581,949	16,581,949
Transactions with owners					
Dividend for the year ended June 30, 2014 @ Rs. 10.25/share	-	-	-	(8,200,000)	(8,200,000)
Balance at June 30, 2015	8,000,000	2,668,746	80,000,000	204,822,116	295,490,862

The annexed notes from 1 to 38 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Tanvir Ahmad Sheikh	Mian Muhammad Alamgir Jamil Khan	Sohail Nadeem
Chief Executive Officer	Director	Chief Financial Officer

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

1. THE COMPANY AND ITS OPERATIONS

1.1 Allawasaya Textile & Finishing Mills Limited (the Company) was incorporated in Pakistan on December 03, 1958 as a private limited company. It was converted into a public limited company in 1965 under the Companies, Act 1913 (now Companies Ordinance, 1984). Its shares are quoted on all stock exchanges in Pakistan. It is principally engaged in the manufacturing and sale of yarn. The registered office and mill of the Company is situated in Multan in the province of Punjab.

1.2 These financial statements are presented in Pak Rupees, 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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (the IASB) as notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Companies Ordinance, 1984, and the said directives shall prevail.

2.2 Standards, interpretation and amendment adopted during the year

The following standards, amendments and interpretations are effective for the year ended June 30, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 19 Employee Benefits: Employee contributions	**Effective from accounting period beginning on or after July 01, 2014**

The amendments to IAS 19 clarify 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 recognize 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.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	**Effective from accounting period beginning on or after January 01, 2014**

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 - Recoverable amount disclosures for non-financial assets	**Effective from accounting period beginning on or after January 01, 2014**

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: Recognition and measurement - Novation of derivatives and continuation of hedge accounting	**Effective from accounting period beginning on or after January 01, 2014**

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 conditiond are met.

IFRIC 21 - Levies	**Effective from accounting period beginning on or after January 01, 2014**

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.

2.3 **New accounting standards and IFRS interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	**Effective from accounting period beginning on or after January 01, 2016**

The amendments to IAS 16 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 amortization 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 amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing 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 1 January 2016.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	**Effective from accounting period beginning on or after January 01, 2016**

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture 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 recognized 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.

IAS 27 (Revised 2011)-Separate Financial Statements	**Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.**

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, 2016 with earlier application allowed.

IFRS 13 Fair Value Measurement	**Effective from accounting period beginning on or after January 01, 2015**

IFRS 13 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.

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

Other than the aforesaid standards, interpretations 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

2.4 *Basis of preparation*

These financial statements have been prepared under the historical cost convention modified by:

- revaluation of certain property, plant and equipment; and
- certain financial instrument at fair value.

2.5 *Critical judgments and accounting estimates in applying the accounting policies*

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

The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which 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.
- provision for tax and deferred tax.
- revaluation of assets.

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 adjustments to the carrying amounts of assets and liabilities in the next year.

2.6 The principal accounting policies adopted are set out as below.

2.6.1 Property, plant and equipment

Property, plant and equipment except freehold land, building on freehold land, plant and machinery, power house and capital work in progress are stated at cost less accumulated depreciation and impairment, if any.

Freehold land is stated at revalued amount less any impairment loss, if any. Building on freehold land, plant and machinery and power house are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the balance sheet date. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on revaluation of property, plant and equipment'. A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to a previous revaluation of that asset. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred by the Company to its unappropriated profit on an annual basis.

Depreciation is charged to income applying reducing balance method to write-off the cost over the estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Rates of depreciation are stated in note 3.

In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and up to the month preceding the disposal respectively.

Gains / losses on disposal of operating assets, if any, are recognized in profit and loss account, as and when assets are derecognized.

Normal repairs and maintenance are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and assets replaced, if any, other than those kept as stand-by, are retired.

Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost less any recognized impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are available for use.

2.6.2 Investments

Held-to-maturity

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity and the Company has the positive intent and ability to hold to maturity. Held-to-maturity investments are initially recognized at fair value plus transaction cost and are subsequently carried at amortized cost using effective interest rate method less any impaired losses.

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.6.3 Stores and spares

These are valued at cost. The cost is determined on moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon upto the reporting date.

2.6.4 Stock in trade

These are determined at lower of cost and net realisable value. Cost is determined as;

Particulars	***Mode of valuation***
Raw material	
- At mills	At weighted average cost.
- In transit	Cost accumulated to the balance sheet date.
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.
Waste	Net realizable value.

Cost in relation to work in process and finished goods represents the annual average cost which consists of prime cost and appropriate manufacturing overheads. Cost of raw materials consumed is accounted for by applying the annual average cost of both imported and local purchases.

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

2.6.5 Trade debts and other receivables

Trade debts and other receivables 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 and irrecoverable are written off when identified.

2.6.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value, and short-term running finance. Running finances under mark-up arrangements are shown with short term borrowings in current liabilities on the balance sheet.

2.6.7 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 the goods and services received, whether or not billed to the Company.

2.6.8 Taxation

Current

Provision for current taxation is based on taxable income at the current tax rates after taking into account tax credits and rebates available, if any or on turnover at the specified rates or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise due to assessments framed / finalized during the year.

Deferred

Deferred tax is provided for using balance sheet liability method for all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and corresponding tax bases used. In this regard, the effect 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 Institute of Chartered Accountants of Pakistan.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

2.6.9 Dividend distribution

Dividend distribution to the Companys shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Companys shareholders .

2.6.10 Impairment

Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets and inventories may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

2.6.11 Foreign currency translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing on the date of transactions. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction.

Gains and losses on retranslation are included in profit or loss for the period.

2.6.12 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.

- Direct local sales are recorded when significant risks and rewards are transferred which coincides with delivery of goods to customers.
- Sales through agents are booked on intimation from the agents.
- Profit from investment is recognized on time apportioned basis using effective rate of interest.

2.6.13 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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 recognized in profit and loss account in the period in which they are incurred.

2.6.14 Provisions

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

2.6.15 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

2.6.16 Off setting of financial assets and financial liabilities

A financial asset and a financial liability is off set and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.6.17 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for all its eligible employees who have completed the minimum qualifying period of service i.e. one year of service. Employees successfully completing one year of service are paid with the outstanding amount which is calculated at latest drawn gross salary for the year. Charge for the year represents the amount becoming due in the year (whether paid or un-paid).

2.6.18 Earnings Per Share

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

3 PROPERTY, PLANT AND EQUIPMENT

Year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Operating assets	3.1	744,820,834	793,848,822
Capital work in progress	3.3	12,054,100	-
		756,874,934	793,848,822

3.1 Operating assets

Particulars	Cost / Revaluation			Accumulated Depreciation			Book value	Rate
	At July 01, 2014	Additions during the year	At June 30, 2015	At July 01, 2014	For the year	At June 30, 2015	At June 30, 2015	
	Rupees							%
Owned								
Land- Freehold	284,900,000	2,360,000	287,260,000	-	-	-	287,260,000	-
Building on Free-hold Land	106,715,000	-	106,715,000	12,099,605	9,461,540	21,561,145	85,153,855	10
Plant & Machinery	332,524,500	-	332,524,500	33,063,521	29,946,098	63,009,619	269,514,881	10
Power house								
- Building on freehold land	7,666,001	-	7,666,001	196,354	746,965	943,319	6,722,682	10
- Generators	97,000,955	-	97,000,955	10,427,602	8,657,335	19,084,937	77,916,018	10
- Electric Installation	7,999,044	-	7,999,044	1,284,846	1,007,130	2,291,976	5,707,068	15
	112,666,000	-	112,666,000	11,908,802	10,411,430	22,320,232	90,345,768	
Tube Well	106,006	-	106,006	104,426	158	104,584	1,422	10
Electric Installation	5,297,616	1,000,000	6,297,616	2,733,689	509,589	3,243,278	3,054,338	15
Workshop Equipments	160,909	-	160,909	156,638	427	157,065	3,844	10
Tools & Equipments	151,401	-	151,401	144,527	687	145,214	6,187	10
Laboratory Equipments	3,832,266	-	3,832,266	2,791,413	104,085	2,895,498	936,768	10
Weighing Scales	710,508	32,000	742,508	614,015	12,849	626,864	115,644	10
Arms & Ammunition	264,057	-	264,057	111,835	15,222	127,057	137,000	10
Office Equipments	2,893,021	-	2,893,021	1,863,843	154,377	2,018,220	874,801	15
Furniture & Fixture	1,227,218	-	1,227,218	822,776	40,444	863,220	363,998	10
Vehicles	24,406,725	-	24,406,725	15,591,315	1,763,082	17,354,397	7,052,328	20
TOTAL	**875,855,227**	**3,392,000**	**879,247,227**	**82,006,405**	**52,419,988**	**134,426,393**	**744,820,834**	

Particulars	Cost / Revaluation			Accumulated Depreciation			Book value	Rate
	At July 01, 2013	Additions during the year	At June 30, 2014	At July 01, 2013	For the year	At June 30, 2014	At June 30, 2014	
	Rupees							%
Owned								
Land- Freehold	284,900,000	-	284,900,000	-	-	-	284,900,000	0
Building on Free-hold Land	106,715,000	-	106,715,000	934,675	11,164,930	12,099,605	94,615,395	10
Plant & Machinery	300,000,000	32,524,500	332,524,500	2,500,000	30,563,521	33,063,521	299,460,979	10
Power house								
- Building on freehold land	7,666,001	-	7,666,001	18,501	177,853	196,354	7,469,647	10
- Generators	97,000,955	-	97,000,955	808,341	9,619,261	10,427,602	86,573,353	10
- Electric Installation	7,999,044	-	7,999,044	99,988	1,184,858	1,284,846	6,714,198	15
	112,666,000	-	112,666,000	926,830	10,981,972	11,908,802	100,757,198	
Tube Well	106,006	-	106,006	104,250	176	104,426	1,580	10
Electric Installation	3,131,366	2,166,250	5,297,616	2,599,798	133,891	2,733,689	2,563,927	15
Workshop Equipments	160,909	-	160,909	156,163	475	156,638	4,271	10
Tools & Equipments	151,401	-	151,401	143,763	764	144,527	6,874	10
Laboratory Equipments	3,832,266	-	3,832,266	2,675,763	115,650	2,791,413	1,040,853	10
Weighing Scales	710,508	-	710,508	603,294	10,721	614,015	96,493	10
Arms & Ammunition	264,057	-	264,057	94,921	16,914	111,835	152,222	10
Office Equipments	2,619,021	274,000	2,893,021	1,690,282	173,561	1,863,843	1,029,178	15
Furniture & Fixture	1,074,018	153,200	1,227,218	789,186	33,590	822,776	404,442	10
Vehicles	22,618,983	1,787,742	24,406,725	13,462,728	2,128,587	15,591,315	8,815,410	20
TOTAL	**838,949,535**	**36,905,692**	**875,855,227**	**26,681,653**	**55,324,752**	**82,006,405**	**793,848,822**	

3.2 Depreciation for the year has been allocated as under;

	Note	2015 Rupees	2014 Rupees
Cost of goods sold	23	50,446,863	52,972,100
Administrative expenses	25	1,973,125	2,352,652
		52,419,988	55,324,752

3.3 Capital work in progress includes an advance against purchase of vehicle.

3.4 The Company has revalued its Land-Freehold, Building on Free-hold Land, Plant & Machinery and Power house as on June 29, 2013. The revaluation carried out by M/s. K. G. Traders (Private) Limited on the basis of market value. The revaluation surplus has been credited to 'Surplus on revaluation of property, plant and equipment'. Had there been no revaluation the related figures of property, plant and equipment would have been as follows:

		Carrying amount	
	Note	**2015 Rupees**	**2014 Rupees**
Land- Freehold		3,995,834	1,635,834
Building on Free-hold Land		5,805,445	6,450,494
Plant & Machinery		109,133,084	121,258,982
Power house			
Building on freehold land		3,482,754	3,869,725
Generators		68,889,586	76,543,984
Electric Installation		5,425,476	6,382,913
		196,732,179	216,141,932

4. LONG TERM INVESTMENTS

Held to maturity		**2015 Rupees**	**2014 Rupees**
Term finance certificates of Bank Al-Habib Limited			
Tranche - II	4.1	-	518,544
		-	518,544
Current portion shown in current assets		-	(518,544)
		-	-

4.1 These certificates carry mark up at a rate of six month KIBOR+1.95% per annum and are redeemable at half yearly basis starting from August 07, 2007 and ending on February 07, 2015.

4.2 The market value of Term Finance Certificates approximates its carrying amount. The market value of TFCs as at June 30, 2015 was Nil (2014: Rs. 0.521 million).

5. STORES AND SPARES

	2015	2014
Stores	10,380,060	4,791,206
Spares	2,083,951	4,762,537
	12,464,011	9,553,743

5.1 The Company does not hold any stores, spares and loose tools for specific capitalization.

6. STOCK IN TRADE

	Note	2015 Rupees	2014 Rupees
Raw materials			
- Cotton	6.1	114,181,958	66,002,318
- Polyester	6.1	6,381,246	21,963,902
		120,563,204	87,966,220
Work in process		9,224,943	14,715,696
Finished goods			
-Yarn	6.1	48,476,768	37,142,377
-Waste		1,315,814	610,646
		49,792,582	37,753,023
		179,580,729	140,434,939

6.1 The stock of raw material and finished goods has been written down to Net Realisable Value by Rs.19.297 million (2014: 9.019 million) and Rs.4.250 million (2014: Nil) respectively.

7. TRADE DEBTS

	2015 Rupees	2014 Rupees
Local - unsecured		
Considered good	150,542,150	136,348,008
Considered doubtful	165,506	165,506
Provision for doubtful debts	(165,506)	(165,506)
	150,542,150	136,348,008

7.1 Trade receivables are non-interest bearing and are generally on 60 to 90 days terms.

7.2 The Company provides for doubtful debts on the basis of past due balances. Balances considered bad and irrecoverable are written off when identified.

7.3 Trade receivables consist of a large number of diversified customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, provision is made.

7.4 The fair value of trade receivables approximate their carrying amounts.

7.5 At year end, trade receivables of Rs.150.491 million (2014: Rs. 136.339 million) were neither past due nor impaired.

7.6 As at year end, trade receivables of Rs. 0.052 million (2014: Rs. 0.008 million) were past due but not considered impaired for which the Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The aging of these receivables is as follows:

	2015	2014
Less than 3 months	46,002	3,472
3 to 6 months	5,570	2,932
Over 6 months	-	2,428
	51,572	8,832

		Note	2015	2014
8.	**LOANS AND ADVANCES**		**Rupees**	**Rupees**
	Considered good			
	Advances to employees		439,122	481,416
	Advance to suppliers		929,835	1,221,500
	Advance income tax		20,202,972	18,147,924
	Advance against letter of credit		420,706	-
			21,992,635	19,850,840
9.	**TRADE DEPOSITS AND PREPAYMENTS**			
	Margin deposit		5,000	5,000
	Prepayments		619,662	565,918
			624,662	570,918
10.	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax refundable		3,156,853	3,816,858
	Income tax refundable		1,903,279	114,595
			5,060,132	3,931,453
11.	**CASH AND BANK BALANCES**			
	Cash in hand		299,412	808,171
	Cash at banks in current accounts		8,139,824	622,100
			8,439,236	1,430,271

12. SHARE CAPITAL

2015	2014		2015	2014
Number of shares			**Rupees**	**Rupees**
		Authorised		
1,000,000	1,000,000	Ordinary share of Rs. 10	10,000,000	10,000,000
		Issued, subscribed and paid up		
		Ordinary shares of Rs. 10 each		
499,900	499,900	issued for cash	4,999,000	4,999,000
300,100	300,100	as bonus shares	3,001,000	3,001,000
800,000	800,000		8,000,000	8,000,000

12.1 There were no movements in issued, subscribed and paid up capital during the reporting year.

12.2 The Company has only one class of ordinary shares which carry no right to fixed income.

		Note	2015	2014
13.	**RESERVES**			
	Capital			
	Tax holiday reserve	13.1	2,668,746	2,668,746
	Revenue			
	General reserve		80,000,000	80,000,000
			82,668,746	82,668,746

13.1 This represents tax holiday reserve.

		Note	2015 Rupees	2014 Rupees
14.	***SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT***			
	Opening balance		563,591,637	594,760,787
	Addition during the year		-	-
	Transferred to unappropriated profit on account of			
	Incremental depreciation - net of deferred tax		(16,581,949)	(14,341,707)
	Related deferred tax liability		(8,975,744)	(16,827,443)
			(25,557,693)	(31,169,150)
	Closing balance		538,033,944	563,591,637
	Related deferred tax liability			
	Opening balance		(92,196,375)	(109,023,818)
	Addition during the year		-	-
	Transferred to profit & loss account:			
	- deferred tax on incremental depreciation		8,975,744	16,827,443
	- deferred tax due to rate change		2,491,619	-
			11,467,363	16,827,443
	Closing balance		(80,729,012)	(92,196,375)
			457,304,932	471,395,262

The Company has revalued its Land-Freehold, Building on Free-hold Land, Plant & Machinery and Power house as on June 29, 2013. The revaluation carried out by M/s. K. G. Traders (Private) Limited on the basis of market value. The revaluation surplus has been credited to 'Surplus on revaluation of property, plant and equipment'.

		Note	2015 Rupees	2014 Rupees
15.	***LONG TERM FINANCING***			
	Secured - from banking company			
	United Bank Limited			
	- Demand Finance (Limit Rs. 13 million)	15.1	-	1,836,420
	Bank Al-Habib Limited			
	- Term Finance (Limit Rs. 34.856 million)	15.2	-	9,506,250
			-	11,342,670
	Current portion shown under current liabilities		-	(11,342,670)
			-	-

15.1 This finance has been obtained for expansion in the spinning unit of the Company and retirement of LCs. It is repayable within a period of 5 years including one year grace period in 20 equal quarterly installments of Rs. 1.84 million each. It carries mark up at the rate of 3 months KIBOR + 2% per annum. It is secured against specific charge over the machinery and personal guarantees of all the sponsoring directors.

15.2 The finance has been obtained for retiring the shipping documents under the LC. It carried markup at the rate of 3 month average KIBOR (ask) + 1.75% prevailing on the date of drawdown and Principal is to be repaid in 16 equal quarterly installments, however markup will be serviced on quarterly basis. The loan is secured against 1st mortgage charge for Rs. 49 million (inclusive of 25 % margin) over fixed assets of the company (duly registered with SECP), installed at the mills premises, situated at Vehari Road, Multan excluding the machinery under specific charge of HBL and UBL (registered on 10-09-2007 & 25-08-2008 respectively).

15.3 The exposure of the Company's borrowings to interest rate changes and contractual repricing dates at the balance sheet date are as follows:

	Note	2015 Rupees	2014 Rupees
- long term financing		-	11,342,670
- short term financing		136,767,116	41,583,844
		136,767,116	52,926,514

15.4 Management considers that there is no significant non compliance of agreements with financial institutions, where the Company is exposed to further penalties.

15.5 The fair value of current borrowings approximate its carrying amounts because the mark up rate is market based.

16. DEFERRED TAX

	Opening balance	Deferred tax recognised in: Profit and loss account	Deferred tax recognised in: Surplus on revaluation of assets	Closing balance
Movement for the year ended June 30, 2015				
Deferred tax liabilities on taxable temporary differences arising in respect of:				
- property, plant and equipment	40,415,822	(3,971,460)	-	36,444,362
- Surplus on revaluation of assets	92,196,375	(8,975,744)	(2,491,619)	80,729,012
Deferred tax assets on deductable temporary differences arising in respect of:				
- staff gratuity	(1,174,266)	99,482	-	(1,074,784)
- unabsorbed tax losses	-	(5,935,569)	-	(5,935,569)
	131,437,931	(18,783,291)	(2,491,619)	110,163,021

	Opening balance	Deferred tax recognised in: Profit and loss account	Deferred tax recognised in: Surplus on revaluation of assets	Closing balance
Movement for the year ended June 30, 2014				
Deferred tax liabilities on taxable temporary differences arising in respect of:				
- property, plant and equipment	44,556,413	(4,140,591)	-	40,415,822
- Surplus on revaluation of assets	109,023,818	(16,827,443)	-	92,196,375
Deferred tax assets on deductable temporary differences arising in respect of:				
- staff gratuity	(1,448,563)	274,297	-	(1,174,266)
	152,131,668	(20,693,737)	-	131,437,931

		Note	2015 Rupees	2014 Rupees
17.	***TRADE AND OTHER PAYABLES***			
	Creditors		44,586,188	18,087,277
	Accrued liabilities		58,710,620	38,264,388
	Advance payments		3,050,483	7,226,734
	Unclaimed dividend		873,674	958,091
	Tax deducted at source		391,900	25,380
	Workers' profit participation fund	17.1	-	2,130,482
	Workers' welfare fund		5,616,446	5,616,446
	Gratuity payable	17.2	3,358,700	3,575,450
	Bonus payable		209,001	13,614,252
	Other payables		268,872	196,812
			117,065,884	89,695,312
17.1	***Workers' Profit Participation Fund***			
	Opening balance		2,130,482	6,641,352
	Interest on amounts utilized in Company's business	27	76,540	259,832
	Payment during the year		(2,207,022)	(6,901,184)
	Allocation for the year		-	2,130,482
			-	2,130,482

17.2 The Company has paid the whole amount of liability relating to gratuity subsequent to balance sheet date.

		2015 Rupees	2014 Rupees
18.	***ACCRUED MARKUP***		
	Long term financing	-	364,489
	Short term borrowings	3,575,026	2,081,827
		3,575,026	2,446,316
19.	***SHORT TERM BORROWINGS***		
	Secured		
	Running finance- under markup arrangement	136,767,116	41,583,844
		136,767,116	41,583,844

19.1 Short term borrowing facilities available from commercial banks under mark up arrangements aggregate to Rs. 670 million (2014: Rs. 750 million) of which facilities remained un-utilized at the year end amounted to Rs. 533.24 million (2014: Rs. 708.42 million). These facilities carry mark up at the rates ranging from 7.81% to 11.94% per annum (2014: 10.52% to 11.94% per annum). Facilities available for opening letters of credit and guarantee aggregate to Rs. 50 million (2014: Rs.50 million) of which facilities remained un utilized at the year end amounted to Rs. 28.47 million (2014: Rs.23.97 million). These facilities are secured against pledge / hypothecation of stock in trade, stores and spares, lien on documents of title to goods, charge on stocks of the Company and personal guarantees of the directors. These facilities expire on various dates by December 31, 2015.

20. PROVISION FOR TAXATION

Opening balance		54,118,423	41,934,197
Provision made during the year			
- Current	28	17,591,645	22,493,395
- Prior		(35,970,499)	-
		(18,378,854)	22,493,395
Less: Adjustment of advance tax against completed assessments		(18,147,924)	(10,309,169)
		17,591,645	54,118,423

21. CONTINGENCIES AND COMMITMENTS

Contingencies

21.1 The Company has filed a writ petition against WASA Multan regarding special notice dated December 22, 2004 in which the authority has demanded a sum of Rs. 0.967 million of the arrears of water effluent discharge. The Company is of opinion that it is a spinning mill and has not undertaken a job of weaving and finishing so there is no effluent discharge of water from the unit. The Lahore High Court through order no. C.M.No.2 of 2004 had ordered that impugned notice shall remain suspended till further order.

21.2 The Company has made an appeal before the Social Security Court Lahore under section 59 of Provincial Employees Social Security Ordinance 1965, regarding complaint under section 57 of the said ordinance in which the institution has demanded a sum of Rs. 1.5 million of social security contribution for period from January 2001 to June 2003. The Company is of the opinion that there is no change in the capacity of the mill and the number of employees has not increased, therefore the increase in social security contribution is not justifiable.

21.3 ***Commitments***

Guarantees issued by commercial banks on behalf of the Company outstanding as at June 30, 2015 were for Rs. 30 million (2014: Rs. 30 million).

		Note	2015 Rupees	2014 Rupees
22.	***SALES - Net***			
	Local			
	- Yarn		1,785,431,372	2,200,193,901
	- Waste		9,228,915	10,350,494
	- Polyester		-	117,600
			1,794,660,287	2,210,661,995
	Less: Sales tax		(35,495,836)	(43,478,645)
			1,759,164,451	2,167,183,350
23.	***COST OF GOODS SOLD***			
	Raw materials consumed	23.1	1,192,113,772	1,482,958,687
	Salaries, wages and benefits	23.2	165,302,712	159,609,647
	Stores and spares consumed		34,878,812	28,104,310
	Packing materials consumed		26,840,179	26,628,166
	Fuel and power		274,130,126	272,316,521
	Repairs and maintenance		1,410,628	2,048,429
	Insurance		5,150,335	5,043,558
	Depreciation	3.2	50,446,863	52,972,100
			1,750,273,427	2,029,681,418
	Adjustment of work in process			
	Opening stock		14,715,696	13,666,196
	Closing stock		(9,224,943)	(14,715,696)
			5,490,753	(1,049,500)
	Cost of goods manufactured		1,755,764,180	2,028,631,918
	Finished goods			
	Opening stock		37,753,023	35,045,822
	Closing stock	23.3	(49,792,582)	(37,753,023)
			(12,039,559)	(2,707,201)
	Cost of goods sold		1,743,724,621	2,025,924,717
23.1	***Raw materials consumed / sold***			
	Opening stock		87,966,220	110,001,870
	Purchases (including direct expenses) - Net		1,223,392,249	1,459,603,671
			1,311,358,469	1,569,605,541
	Closing stock		(120,563,204)	(87,966,220)
			1,190,795,265	1,481,639,321
	Cotton cess		1,318,507	1,319,366
			1,192,113,772	1,482,958,687

23.1.1 This includes raw material sold during the year amounting to Rs. Nil (2014: Rs. 0.117 million).

23.2 Salaries, wages and benefits include Rs.8.968 million (2014: Rs. 8.042 million) in respect of gratuity.

23.3 It includes waste stock amounting to Rs. 1.316 million (2014: Rs. 0.610 million).

		Note	2015 Rupees	2014 Rupees
24.	**OTHER INCOME**			
	Income from financial assets			
	Profit on term finance certificates		86,146	108,574
			86,146	108,574
25.	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration		10,906,453	10,800,000
	Salaries and benefits	25.1	13,915,067	25,142,752
	Vehicles running and maintenance		5,658,017	5,900,149
	Traveling and conveyance	25.2	4,032,087	7,101,009
	Printing and stationery		486,840	530,891
	Communication		2,202,007	2,336,505
	Rent, rates and taxes		1,095,718	354,142
	Repairs and maintenance		2,988,796	2,683,120
	Subscription		561,718	677,969
	Advertisement		176,900	2,775,543
	Entertainment		473,433	2,020,235
	Donation	25.3	1,724,271	5,000
	Depreciation	3.2	1,973,125	2,352,652
	Auditors' remuneration	25.4	727,950	674,434
	Legal and professional		992,278	719,095
	Others		275,059	2,186,226
			48,189,719	66,259,722

25.1 Salaries and benefits include Rs. 0.769 million (2014: Rs. 1.284 million) in respect of gratuity.

25.2 This includes directors' travelling amounting to Rs. Nil (2014: Rs. 2.987 million).

25.3 None of the directors or their spouse had any interest in the donee's fund.

25.4 ***Auditors' remuneration***

	2015	2014
- Statutory audit fee	500,000	500,000
- Half yearly review	100,000	100,000
-Out of pocket expenses	127,950	74,434
	727,950	674,434

26. OTHER OPERATING EXPENSES

	Note	2015 Rupees	2014 Rupees
Workers' profit participation fund		-	2,130,482
Workers' welfare fund		-	1,484,766
		-	3,615,248

27. FINANCE COST

	Note	2015 Rupees	2014 Rupees
Mark up on			
- Long term financing		502,038	3,057,065
- Short term borrowings		12,235,236	16,118,950
Bank and other charges		433,883	740,623
Interest on workers' profit participation fund	17.1	76,540	259,832
Bank guarantee commission		198,579	199,123
		13,446,276	20,375,593

28. PROVISION FOR TAXATION

	2015 Rupees	2014 Rupees
Current		
- for the year	17,591,645	22,493,395
- prior year	(35,970,499)	-
Deferred tax	(18,783,291)	(20,693,737)
	(37,162,145)	1,799,658

28.1 Relationship between tax expense and accounting profit

	2015	2014
Applicable tax rate	33%	34%

	2015 Rupees	2014 Rupees
Tax on accounting profit before tax	-	13,169,751
Income chargeable to tax at lower rate	17,591,645	-
Reversal of previously recognised deferred tax liability	(17,634,166)	(20,693,737)
Effect of change in deferred tax rate	(1,149,125)	-
Unrecognized temporary differences	-	12,576,094
Prior year tax adjustment	(35,970,499)	-
Tax credit	-	(3,252,450)
Current year provision	**(37,162,145)**	**1,799,658**

28.2 The Company has filed Income Tax Return up to tax year 2014 which is deemed assessed as per Income Tax Ordinance, 2001.

29. CASH AND CASH EQUIVALENTS

	2015 Rupees	2014 Rupees
Cash and bank balances	8,439,236	1,430,271
Short term running finance	(136,767,116)	(41,583,844)
	(128,327,880)	**(40,153,573)**

30. EARNINGS PER SHARE

		2015	2014
(Loss)/profit for the year	***Rupees***	(19,582,864)	36,934,904
Weighted average number of ordinary shares	***Number***	800,000	800,000
Earnings per share - basic and diluted	***Rupees***	(24.48)	46.17

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

31. FINANCIAL RISK MANAGEMENT

31.1. The Company's principal financial liabilities comprise long term financing, short term borrowing, interest / markup accrued on loans and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has loan and advances, trade and other receivables, and cash and bank balances that arise directly from its operations. The Company also holds investment held to maturity investment.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, and price risk), credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews these policies periodically.

31.2. Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial assets of Rs. 162.735 million (2014: Rs. 142.794 million), the financial assets which are subject to credit risk amounted to Rs. 161.506 million (2014: Rs. 140.199 million). The Company manages credit risk in trade debts by assigning credit limits to its customers and thereby does not have significant exposure to any individual customer.

Credit risk of the Company arises principally from the trade debts, loans and advances and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

The maximum exposure to credit risk as at June 30, 2015 is tabulated below:

Financial assets

	2015	*2014*
	Rupees	***Rupees***
Long term investments	-	518,544
Deposits	2,384,997	2,228,997
Trade debts	150,542,150	136,348,008
Loans and advances	439,122	481,416
Bank balances	8,139,824	622,100
	161,506,093	**140,199,065**

31.2.1 *Credit risk related to receivables*

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Trade debts consist of a large number of diversified customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, provision is made. The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

31.2.2 *Credit risk related to bank balances*

In respect of bank balances, credit risk on bank balances is limited as they are placed with local banks having good credit ratings assigned by credit rating agencies.

	Rating		
	Short term	***Long term***	***Rating agency***
Allied Bank Limited	A1+	AA+	PACRA
Askari Commercial Bank Limited	A1+	AA	JCR-VIS
Bank Al Habib Limited	A1+	AA+	PACRA
Habib Bank Limited	A-1+	AAA	PACRA
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
National Bank of Pakistan	A1+	AAA	PACRA
NIB Bank Limited	A1+	AA-	PACRA
Standard Chartered Bank Limited	A1+	AAA	JCR-VIS
Bank Al-Falah Limited	A1+	AA	JCR-VIS
Bank Islami Pakistan Limited	A1	A+	JCR-VIS
Soneri Bank	A1+	AA-	JCR-VIS

31.3. *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 31.3.2 below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

31.3.1 *Liquidity and interest risk table*

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

June 30, 2015	Weighted Average effective rate	Less than 1 month	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	Total
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Financial liabilities							
Interest bearing							
Long term financing	10.03% to 12.17%	-	-	-	-	-	-
Short term borrowings	7.81% to 11.94%	-	-	136,767,116	-	-	136,767,116
Non interest bearing							
Accrued markup	-	3,575,026		-	-	-	3,575,026
Trade and other payables	-	-	-	104,648,355	-	-	104,648,355
		3,575,026	-	241,415,471	-	-	244,990,497

June 30, 2014	Weighted Average effective rate	Less than 1 month	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	Total
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Financial liabilities							
Interest bearing							
Long term financing	10.03% to 12.17%	-	-	11,342,670		-	11,342,670
Short term borrowings	10.52% to 11.94%	-	-	41,583,844	-	-	41,583,844
Non interest bearing							
Accrued markup	-	2,446,316	-	-	-	-	2,446,316
Trade and other payables	-	-	-	71,120,820	-	-	71,120,820
		2,446,316	-	124,047,334	-	-	126,493,650

31.3.2 Financing facilities

Secured bank loan facilities with various maturity dates through to 2015 and which may be extended by mutual agreement:

	2015	2014
	Rupees	Rupees
- amount used	136,767,116	52,926,514
- amount un-used	533,232,884	708,420,000

31.4. Market risk management

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest 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 optimizing returns.

31.4.1 Interest rate risk management

Interest / markup rate risk arises from the possibility that changes in interest / markup rates will affect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / markup rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to the Company's management is considering the alternative arrangement to manage interest rate exposure in future.

31.4.2 Interest rate sensitivity

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's loss for the year ended June 30, 2015 would increase / decrease by Rs.1.367 million (2014: Rs. 0.529 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings .

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 rate would not affect profit or loss.

31.4.3 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However, the Company is not exposed to foreign currency risk on assets and liabilities as it does not have foreign debtors or creditors.

31.4.4 Equity price risk management

The Company is not exposed to equity price risks arising from equity investments as the Company has no such investment are held for trading purpose.

31.5. Determination of fair values

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

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

31.6. Fair value estimation

IFRS 7 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measured fair value of financial instruments.

- Level 1; Quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. drive from prices). The Company has no items to report in this level.

- Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Company has no financial assets measured at above mentioned levels.

31.7. Financial instruments by category

The Company finances its operation through equity, borrowings and management of working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

The accounting policies for financial instruments have been applied for line items as below:

June 30, 2015	*Loans and receivables Rupees*	*Held to maturity Rupees*	*Total June 30, 2015 Rupees*
Assets as per balance sheet			
Deposits	2,384,997	-	2,384,997
Trade debts	150,542,150	-	150,542,150
Loans and advances	439,122	-	439,122
Cash and bank balances	8,439,236	-	8,439,236
	161,805,505	-	161,805,505

	Financial Liabilities measured at amortized cost Rupees	*Total June 30, 2015 Rupees*
Liabilities as per balance sheet		
Short term borrowings	136,767,116	136,767,116
Trade and other payables	104,648,355	104,648,355
Interest and mark-up accrued on loans	3,575,026	3,575,026
	244,990,497	244,990,497

June 30, 2014	*Loans and receivables Rupees*	*Held to maturity Rupees*	*Total June 30, 2014 Rupees*
Assets as per balance sheet			
Long term investments	-	518,544	518,544
Deposits	2,228,997	-	2,228,997
Trade debts	136,348,008	-	136,348,008
Loans and advances	481,416	-	481,416
Cash and bank balances	1,430,271	-	1,430,271
	140,488,692	518,544	141,007,236

	Financial Liabilities measured at amortized cost Rupees	*Total June 30, 2014 Rupees*
Liabilities as per balance sheet		
Long term financing	11,342,670	11,342,670
Short term borrowings	41,583,844	41,583,844
Trade and other payables	81,923,004	81,923,004
Interest and mark-up accrued on loans	2,446,316	2,446,316
	137,295,834	137,295,834

32. CAPITAL MANAGEMENT DISCLOSURE

The Company's objectives, policies and processes for managing capital are as follows:

- The Company is not subject to any externally imposed capital requirements.

- The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital and unappropriated profit).

- The debt-to-adjusted capital ratios at June 30, 2015 and June 30, 2014 were as follows:

	2015 Rupees	2014 Rupees
Total debt	136,767,116	52,926,514
Less: Cash and cash equivalents	(8,439,236)	(1,430,271)
Net debt	128,327,880	51,496,243
Total equity	295,490,862	306,691,777
Adjusted capital	423,818,742	358,188,020
Debt-to-adjusted capital ratio	30.28%	14.38%

33. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

Particulars	Chief Executive		Directors	
	2015	2014	2015	2014
	----------------------- Rupees -----------------------			
Managerial remuneration	3,106,452	3,000,000	7,800,001	7,800,000
Utilities	122,409	-	689,027	552,361
Travelling	-	-	-	2,987,681
	3,228,861	3,000,000	8,489,028	11,340,042
No. of persons	1	1	3	3

33.1 During the year, meeting fee of Rs. 30,000 was paid to the directors. (2014: Nil)

33.2 The Chief Executive and directors are also provided with the Company owned and maintained cars and telephones at their residences.

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Remuneration of directors and key management personnel is disclosed in note 33. Other significant transactions with related party are as follows:

Relationship with the party	Nature of transactions	2015 Rupees	2014 Rupees
Maqbool Textile Mills Limited	Purchase of Machinery	-	32,500,000

All transactions with related parties have been carried out on agreed terms and conditions.

35. PRODUCTION CAPACITY

		2015	2014
Number of spindles installed and worked		30,592	30,592
Number of shifts worked		959	975
Capacity of yarn at 20's count on the basis of utilization	Kgs	12,111,985	12,314,067
Production of yarn at 20's count	Kgs	11,896,628	12,056,349

It is difficult to describe precisely the production capacity in spinning mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist and raw materials used, etc. It also varies according to the pattern of production adopted in a particular year.

36. NUMBER OF EMPLOYEES

Total number of employees employed at the year end were 856 (2014: 812) and average number of employees during the year were 813 (2014: 857).

37. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on October 1, 2015.

38. GENERAL

Figures in the financial statements have been rounded-off to the nearest rupee except stated otherwise.

Sd/- Mian Tanvir Ahmad Sheikh Chief Executive Officer	Sd/- Mian Muhammad Alamgir Jamil Khan Director	Sd/- Sohail Nadeem Chief Financial Officer

PATTERN OF SHAREHOLDING OF THE SHAREHOLDERS OF THE COMPANY AS ON JUNE 30, 2015

Number of Shareholders	Shareholding From	To	Total Shares held	Percentage of Total Capital
109	1	100	5,510	0.69
24	101	500	5,573	0.70
7	501	1,000	6,050	0.76
7	1,001	5,000	22,096	2.76
8	5,001	10,000	71,726	8.97
1	10,001	15,000	10,064	1.26
7	15,001	20,000	126,360	15.80
2	20,001	25,000	40,240	5.03
5	25,001	30,000	137,660	17.21
2	30,001	35,000	64,316	8.04
1	35,001	40,000	35,560	4.45
2	40,001	45,000	88,006	11.00
0	45,001	50,000	0	0.00
3	50,001	70,000	186,839	23.35
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178			**800,000**	**100.00**

Serial Number	Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
1	Individuals	172	799,320	99.92
2	Joint Stock Companies	2	150	0.02
3	Investment Companies	2	100	0.01
4	Others	2	430	0.05
	TOTAL	**178**	**800,000**	**100**

PATTERN OF SHAREHOLDING
AS ON JUNE 30, 2015

ADDITIONAL INFORMATION

Shareholders' Category	Number of Shareholders	Number of Shares Held
Associated Companies, Undertaking and Related Parties		Nil
Central Depository Company of Pakistan Limited	32	2,501
NIT and ICP		
Investment Corporation of Pakistan	2	100
DIRECTORS		
Mian Muhammad Jamil	1	61,000
Mian Tanvir Ahmad Sheikh	1	20,070
Mrs. Nusrat Jamil	1	65,376
Mian Anis Ahmad Sheikh	1	35,560
Mian Tauqir Ahmad Sheikh	1	34,166
Mian Muhammad Bilal Ahmad Sheikh	1	44,156
Mian Muhammad Alamgir Jamil Khan	1	60,463
Mian Muhammad Umar Farooq Sheikh	1	43,850
Mr. Javed Musarrat	1	2,500
CHIEF EXECUTIVE OFFICERS		
Mian Tanvir Ahmad Sheikh	1	20,070
Directors'/C.E.O's Spouses	5	86,458
Executives		Nil
Public Sector Companies and Corporations		Nil
Shareholders holding 5% or more voting interest		
Mian Muhammad Jamil	1	61,000
Mrs. Nusrat Jamil	1	65,376
Mian Muhammad Alamgir Jamil Khan	1	60,463

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED
PATTERN OF SHAREHOLDING
AS ON JUNE 30, 2015

Number of Shareholders	Shareholding From	Shareholding To	Total Shares held
26	1	100	603
5	101	500	948
1	501	1,000	950
32			**2,501**

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	28	2,346	93.80
Joint Stock Companies	2	150	6.00
Others	2	5	0.20
	32	**2501**	**100**

FORM OF PROXY

I, ...

....

of ....

being a member of ALLAWASAYA TEXTILE & FINISHING MILLS LIMITED, hereby appoint ....

of ....

as my proxy in my absence to attend and vote for me and on my behalf at the (Ordinary or / an Extraordinary as the case may be) General Meeting of the Company to be held on the .... and at any adjournment thereof

As witness my hand this

day of 2015

Signed by the said

Five Rupees Revenue Stamp

IMPORTANT

This form of proxy, duly completed, must be deposited at the Company's Registered office at Allawasaya Square, Mumtazabad Industrial Area, Vehari Road, Multan not less than 48 hours before the time for holding the meeting.