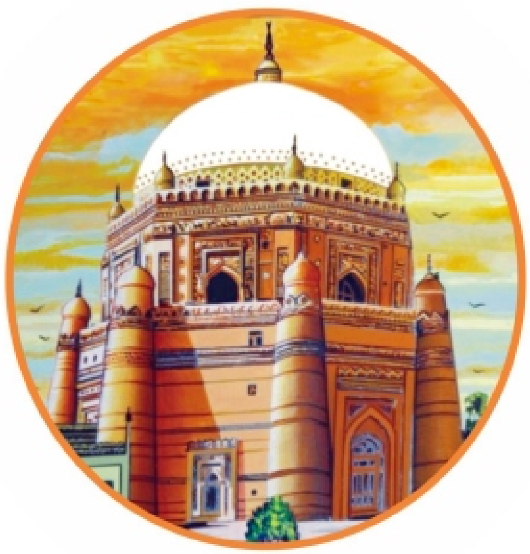
Allawasaya

Textile & Finishing Mills Limited



59th Annual Report

for the year ended June 30, 2016

59th Annual Report

of

Allawasaya Textile & Finishing Mills Limited

for the year ended June 30, 2016

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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, Karachi

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

REGISTERED OFFICE

Allawasaya Square,
Mumtazabad Industrial Area,
Vehari Road, Multan, Pakistan

SHARES REGISTRAR

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 59th Annual General Meeting of the members of the Allawasaya Textile & Finishing Mills Limited will be held on Saturday October 29, 2016 at 03:30 p.m. at its registered office, Allawasaya Square, Mumtazabad Industrial Area, Vehari Road, Multan, Pakistan to transact the following business:

ORDINARY BUSINESS

1. To read and confirm the minutes of the 58th Annual General Meeting of the Company held on October 31, 2015.
2. To receive, consider and adopt the audited financial statements of the Company together with the Directors' and Auditors' Reports thereon for the year ended June 30, 2016.
3. To appoint auditors of the Company for the year ending June 30, 2017 who will hold office till conclusion of the next Annual General Meeting and to fix their remuneration. The Board has recommended, as suggested by the Audit Committee the appointment of M/s Deloitte YousufAdil Chartered Accountants, Karachi, the retiring auditors, who being eligible, have offered themselves for re-appointment.
4. To obtain consent of the members in terms of S.R.O. 470(I)/2016 dated 31st May 2016 issued by the Securities and Exchange Commission of Pakistan and to authorize the Company, to transmit the annual audited financial statements of the Company together with the Directors' and Auditors' Reports thereon to the members through CD/DVD/USB at their registered addresses by way of passing the following Ordinary Resolution:

   'RESOLVED that requisite consent of the members of the Company be and is hereby accorded and the Company is authorized to transmit its annual audited financial statements together with the Directors' and Auditors' Reports thereon to the members through CD/DVD/USB at their registered addresses, instead of transmitting the said statements in the form of hard copies.'
5. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD

Sd/-
(MUHAMMAD ISMAIL)
COMPANY SECRETARY

Multan, September 16, 2016

NOTES:

1. The Shares Transfer Books of the Company will remain closed from 22-10-2016 to 29-10-2016 (both days inclusive).
2. Shares received for transfer 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 21, 2016 will be treated in time.
3. 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.** Proxy Forms duly stamped with Rs.5/- revenue stamp, signed and witnessed by two persons, 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.
4. 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. In case of corporate members, the Boards' resolution or power of attorney with specimen signatures of the nominee shall require to be produced at the time of meeting.
5. For the convenience of Members, a Standard Request Form with appropriate details has been uploaded on the Company's website. Those Members who opt to receive the annual audited financial statements through CD/DVD/USB instead in the form of hardcopies may apply to the Company Secretary at his postal or email address secretary@allawasaya.com.
6. **Members are requested to submit an attested photocopy of their valid Computerized National Identity Cards (CNICs) as per SECP's direction, if not provided earlier and also communicate to the Company immediately of any change in their addresses.**
7. Members can also avail Video Conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard please fill the following and submit to the registered address of the Company within ten (10) days before holding of general meeting.

   I/ We, ____ of ________________________, being a member of ALLAWASAYA TEXTILE AND FINISHING MILLS LIMITED, holder of __________________ Ordinary Shares as per Register Folio No./ CDC A/C No._____________ hereby opt for Video Conference Facility at ________________________

   ____

   Signature of member

   If the Company receives consent from members holding an aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through Video Conference at least 10 days prior to the date of meeting, the Company will arrange Video Conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding venue of the Video Conference facility at least five (05) days before the date of general meeting along with complete information necessary to enable them to access such facility.

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 59th Annual Report on the affairs of your Company along with the Audited Accounts for the financial year ended June 30, 2016.

PERFORMANCE:

The overall performance of the Company mostly remained depressed during the year under report. The overall international economic slump continued resultantly the exports of the Textile sector declined and the local market also depressed as well .Further the increase in overhead costs i.e. Minimum Wage Rate badly affected the margins of the Company which resulted in net after tax loss to the Company for the Year ended June 30, 2016. The total production of yarn during the year under review at 20's count basis was 12,679,268 Kgs as compared to 11,896,628 Kgs last year. The total sales for the year amounted to Rs. 1,673,156,869/- (7,727,393.52 Kgs) as compared to Rs. 1,759,164,451/- (7,381,795.68 Kgs) last year. The decrease in total sales amount was due to above factors. The gross profit for the year was Rs. 50,541,703/- as compared to Rs. 13,657,493/-last year. The increase in Gross Profit was due to reduction in cost of Fuel & Power and depreciation rate. The Net Loss after providing for Tax amounted to (Rs. 37,799,098/-) as compared to the Net Loss of (Rs. 19,582,864/-) last year.

The financial results for the year ended June 30, 2016 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, 2016 Rupees	For the year ended June 30, 2015 Rupees
Sales- net	1,673,156,869	1,759,164,451
Cost of goods sold	(1,622,615,166)	(1,745,506,958)
Gross Profit	50,541,703	13,657,493
Other Income	755,408	86,146
	51,297,111	13,743,639
Distribution and marketing expenses	(11,831,038)	(13,847,308)
Administrative expenses	(61,668,429)	(43,195,064)
Finance Cost	(13,441,299)	(13,446,276)
Loss before Taxation	(35,643,655)	(56,745,009)
Provision for Taxation	(2,155,443)	37,162,145
Loss for the year	(37,799,098)	(19,582,864)
Other Comprehensive Income	-	-
Total comprehensive loss for the year	(37,799,098)	(19,582,864)
Loss per share- basic and diluted	(47.25)	(24.48)

FUTURE OUTLOOK

The Company is in continuous process of BMR and is considering replacement of Drawing/ Simplex Frames along-with allied machinery. Your Directors hope that the Cotton Crop will Insha Allah be comparatively better this year both quantitatively & qualitatively. The global cotton prices have relatively stabilized. Though the domestic prices of yarn are still bearish.

It may be noted that the availability of RLNG had brought a sigh of relief to the textile mills in Punjab. Since the price of RLNG was linked to the Brent crude oil, which has increased by 50% per barrel now as compared in March 2016. Resultantly the energy cost per unit for the textile mills in Punjab has increased compared to the energy cost per unit in the province of Sindh where electricity is being generated on local gas. Such difference in the cost of fuel & power has put Punjab based Textile Industry in comparative disadvantage which needs to be redressed.

The Government must take suitable measures to save the domestic Textile Industry from these challenges especially to make the Punjab based Mills at par with the Sindh based ones.

DIVIDEND

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

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

Your Directors are pleased to report that your Company is quite successfully maintaining its 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 judgment;

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, 2016 four (4) meetings of the Board of Directors were held. Attendance of each Director is given below:

Director's Name	Meeting Attended
Mian Muhammad Jamil	4
Mian Tanvir Ahmad Sheikh	4
Mrs. Nusrat Jamil	4
Mian Anis Ahmad Sheikh	2
Mian Tauqir Ahmad Sheikh	4
Mian Muhammad Bilal Ahmad Sheikh	3
Mian Muhammad Alamgir Jamil Khan	3
Mian Muhammad Umar Farooq Sheikh	4
Mr. Javed Musarrat	4

AUDITORS

Your Company's Auditors M/s Deloitte Yousuf Adil Chartered Accountants, Karachi 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, 2016 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 ALHabib Limited, M/s Habib Metropolitan Bank Limited and M/s United Bank 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, September 16, 2016

SIX YEARS KEY OPERATING AND FINANCIAL DATA

Year Ended June 30,	2016	2015	2014	2013	2012	2011
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	178,237,663	204,822,116	216,023,031	180,946,420	96,956,670	59,565,634
Total Equity	268,906,409	295,490,862	306,691,777	271,615,166	187,625,416	150,234,380
Surplus on Revaluation of Property, Plant & Equipment	575,634,520	457,304,932	471,395,262	485,736,969	34,771,550	38,785,445
Long Term Liabilities	-	-	-	11,342,670	45,954,802	80,566,934
Deferred Liabilities	119,794,403	110,163,021	131,437,931	152,131,668	58,852,470	65,230,435
Short Term Liabilities	383,227,754	274,999,671	199,186,565	192,769,321	230,337,137	324,806,600
Total Liabilities	1,078,656,677	842,467,624	802,019,758	841,980,628	335,144,409	470,603,969
Total Equity & Liabilities	1,347,563,086	1,137,958,486	1,108,711,535	1,113,595,794	557,541,375	659,623,794
Fixed Assets	890,476,175	756,874,934	793,848,822	812,267,882	254,327,265	274,479,790
Long Term Deposits	2,379,997	2,379,997	2,223,997	2,627,781	2,627,989	3,206,689
Current Assets	454,706,914	378,703,555	312,638,716	298,700,131	300,586,121	381,937,315
Total Assets	1,347,563,086	1,137,,958,486	1,108,711,535	1,113,595,794	557,541,375	659,623,794
PROFIT & LOSS ACCOUNT						
Turnover	1,673,156,869	1,759,164,451	2,167,183,350	2,038,914,882	2,066,231,736	2,195,228,720
Gross Profit	50,541,703	13,657,493	141,258,633	218,850,085	162,755,672	182,164,140
(Loss)/ Profit before Taxation	(35,643,655)	(56,745,009)	38,734,562	121,466,461	64,633,272	76,460,320
(Loss)/ Profit after Taxation	(37,799,098)	(19,582,864)	36,934,904	87,194,366	41,577,141	32,497,322
DISTRIBUTION						
Cash Dividend %	-	-	102.50	202.50	102.50	102.50
RATIOS						
Break up value Per share (Rs.)	336.13	369.36	383.36	339.52	234.53	187.79
(Loss) / Earnings per Share (Rs)	(47.25)	(24.48)	46.17	108.99	51.97	40.62
Current Ratio	1.19:1	1.38:1	1.57:1	1.55:1	1.30:1	1.18:1
Debt/ equity ratio	00:100	00:100	01:99	06:94	27:73	38:62
CAPACITY & PRODUCTION						
No. of spindle installed and worked	30,592	30,592	30,592	30,592	30,592	30,592
Capacity of Yarn at 20's Count (Kgs)	12,864,160	12,111,985	12,314,067	11,922,889	12,745,580	12,490,669
Actual Production of Yarn at 20's Count (Kgs)	12,679,268	11,896,628	12,056,349	11,703,986	12,907,697	12,417,636

Statement of Compliance with the Code of Corporate Governance for the year ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.5.19.23 of listing regulations of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

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

The Independent Director meets the criteria of independence under clause 5.19.1.(b) of the CCG.

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

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

4. No casual vacancy 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.

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 the Pakistan Stock Exchange Limited, three directors have completed training and the remaining six 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 a non-executive director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the 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, September 16, 2016

Review Report to the Members on the Statement of Compliance with the best Practices of 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, 2016 to comply with the Listing Regulation of Pakistan Stock Exchange Limited 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, 2016.

DELOITTE YOUSUF ADIL
CHARTERED ACCOUNTANTS

Engagement Partner:
Nadeem Yousuf Adil

Karachi, September 16, 2016

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Allawasaya Textile & Finishing Mills Limited** (the Company) as at June 30, 2016 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, 2016 and of the loss, its cash flows and changes in equity for the year then ended; and

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

DELOITTE YOUSUF ADIL
CHARTERED ACCOUNTANTS

Engagement Partner:
Nadeem Yousuf Adil

Karachi, September 16, 2016

BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	**890,476,175**	756,874,934
Long term deposits		**2,379,997**	2,379,997
		892,856,172	759,254,931
CURRENT ASSETS			
Stores and spares	4	**11,994,464**	12,464,011
Stock in trade	5	**252,639,869**	179,580,729
Trade debts	6	**146,100,238**	150,542,150
Loans and advances	7	**33,311,449**	21,992,635
Trade deposits and prepayments	8	**533,025**	624,662
Tax refunds due from government	9	**6,903,805**	5,060,132
Cash and bank balances	10	**3,224,064**	8,439,236
		454,706,914	378,703,555
TOTAL ASSETS		**1,347,563,086**	1,137,958,486
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	11	**8,000,000**	8,000,000
Reserves	12	**82,668,746**	82,668,746
Unappropriated profits		**178,237,663**	204,822,116
		268,906,409	295,490,862
Surplus on revaluation of property, plant and equipment	13	**575,634,520**	457,304,932
NON-CURRENT LIABILITIES			
Deferred tax	14	**119,794,403**	110,163,021
CURRENT LIABILITIES			
Trade and other payables	15	**90,465,764**	117,065,884
Accrued markup	16	**4,963,575**	3,575,026
Short term borrowings	17	**271,066,846**	136,767,116
Provision for taxation	18	**16,731,569**	17,591,645
		383,227,754	274,999,671
TOTAL EQUITY AND LIABILITIES		**1,347,563,086**	1,137,958,486
Contingencies and commitments	19		

The annexed notes from 1 to 37 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

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

	Note	2016 Rupees	2015 Rupees
Sales - net	20	**1,673,156,869**	1,759,164,451
Cost of goods sold	21	**(1,622,615,166)**	(1,745,506,958)
Gross profit		**50,541,703**	13,657,493
Other income	22	**755,408**	86,146
		51,297,111	13,743,639
Distribution and marketing expenses	23	**(11,831,038)**	(13,847,308)
Administrative expenses	24	**(61,668,429)**	(43,195,064)
Finance cost	25	**(13,441,299)**	(13,446,276)
		(86,940,766)	(70,488,648)
Loss before taxation		**(35,643,655)**	(56,745,009)
Provision for taxation	26	**(2,155,443)**	37,162,145
Loss for the year		**(37,799,098)**	(19,582,864)
Other Comprehensive Income		-	-
Total comprehensive loss for the year		**(37,799,098)**	(19,582,864)
Loss per share - basic and diluted	28	**(47.25)**	(24.48)

The annexed notes from 1 to 37 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, 2016

	Note	2016 Rupees	2015 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(35,643,655)**	(56,745,009)
Adjustments for:			
Depreciation on property, plant and equipment		**28,329,452**	52,419,988
Gain on sale of property, plant and equipment		**(755,408)**	-
Provision for staff retirement benefits - gratuity		**10,604,750**	9,736,650
Finance cost (excluding interest on workers' profit participation fund)		**13,441,299**	13,369,736
Profit on term finance certificates		**-**	(86,146)
Operating cash flows before movement in working capital		**15,976,438**	18,695,219
Decrease / (increase) in current assets			
Stores, spares and loose tools		**469,547**	(2,910,268)
Stock in trade		**(73,059,140)**	(39,145,790)
Trade debts		**4,441,912**	(14,194,142)
Loans and advances (excluding advance income tax)		**(5,042,021)**	(86,747)
Trade deposits and prepayments		**91,637**	(53,744)
Tax refunds due from government		**(1,843,673)**	(1,128,679)
(Increase) / decrease in current liabilities			
Trade and other payables (excluding WPPF, WWF and unclaimed dividend)		**(26,523,670)**	29,802,221
		(101,465,408)	(27,717,149)
Net cash used in operations		**(85,488,970)**	(9,021,930)
Income taxes paid		**(23,868,438)**	(20,202,972)
Staff retirement benefits - gratuity paid		**(10,681,200)**	(9,953,400)
Finance cost paid		**(12,052,750)**	(12,241,026)
Workers' profit participation fund paid		**-**	(2,130,482)
Net cash used in operating activities		**(132,091,358)**	(53,549,810)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		**(21,027,644)**	(3,392,000)
Proceeds on disposal of property, plant and equipment		**1,550,000**	-
Deletion/(addition) to capital work in progress		**12,054,100**	(12,054,100)
Redemption of long term investments		**-**	518,544
Payment of long term deposits		**-**	(156,000)
Profit on long term investments		**-**	86,146
Net cash used in investing activities		**(7,423,544)**	(14,997,410)

C. CASH FLOWS FROM FINANCING ACTIVITIES		***2016 Rupees***	***2015 Rupees***
Long term financing repaid		-	(11,342,670)
Dividend paid		-	(8,284,417)
Net cash used in financing activities		-	(19,627,087)
Net decrease in cash and cash equivalents (A+B+C)		**(139,514,902)**	(88,174,307)
Cash and cash equivalents at beginning of the year		**(128,327,880)**	(40,153,573)
Cash and cash equivalents at end of the year	27	**(267,842,782)**	(128,327,880)

The annexed notes from 1 to 37 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

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

	Share Capital	Reserves			Total
		Capital	Revenue		
		Tax holiday reserve	General reserve	Accumulated profit/Loss	
	------------------------ Rupees ------------------------				
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 income 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 July 01, 2015	8,000,000	2,668,746	80,000,000	204,822,116	295,490,862
Loss for the year	-	-	-	(37,799,098)	(37,799,098)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(37,799,098)	(37,799,098)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation (net of deferred tax)	-	-	-	11,214,645	11,214,645
Balance at June 30, 2016	8,000,000	2,668,746	80,000,000	178,237,663	268,906,409

The annexed notes from 1 to 37 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, 2016

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 at 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, 2016. 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 IFRS 10 - Consolidated Financial Statements	**Effective from accounting period beginning on or after January 01, 2015**

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

Amendments to IFRS 11 - Joint Arrangements **Effective from accounting period beginning on or after January 01, 2015**

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities - Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

IFRS 12 - Disclosure of Interests in Other Entities **Effective from accounting period beginning on or after January 01, 2015**

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements.

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.

IAS 27 (Revised 2011) - Separate Financial Statements **Effective from accounting period beginning on or after January 01, 2015**

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.

IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures — **Effective from accounting period beginning on or after January 01, 2015**

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

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 IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions — **Effective from accounting period beginning on or after January 01, 2018**

The amendments relate to the following areas :
- The accounting for the effects of vesting conditions on cash-settled share-based payment transactions;
- The classification of share-based payment transactions with net settlement features for withholding tax obligations; and
- The accounting for a modification to the terms and conditions of a share-based payment that changes the transactions from cash-settled to equity-settled.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture — **Effective date is deferred indefinitely. Earlier adoption is permitted.**

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture IAS 28 and IFRS 10 are amended, as follows:
- Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of unrelated investors' interests in the associate or joint venture.
-Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following:
- Gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or investors' interests in that associate or join venture. similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associated or joint venture.

The amendments apply prospectively to transactions occurring in annual periods beginning on or after 1 January 2016 with earlier application permitted.

Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and

Effective from accounting period beginning on or after January 01, 2016

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.

The amendments apply retrospectively.

Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations

Effective from accounting period beginning on or after January 01, 2016

The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which activities constitute a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 Income Taxes regarding recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

Entities should apply the amendments prospectively.

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative

Effective from accounting period beginning on or after January 01, 2016

The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 had in some cases been read to prevent the use of judgment. Certain key highlights in the amendments are as follows:

- An entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.
- An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material.

- In the other comprehensive income, section of a statement of profit or loss and other comprehensive income, the amendments require separate disclosures for the following terms:

- the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified subsequently to profit or loss; and

- the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified subsequently to profit or loss.

Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	**Effective from accounting period beginning on or after January 01, 2017**

The amendments are part of the IASB's Disclosure Initiative project and introduce additional disclosure requirements intended to address investors' concerns that financial statements do not currently enable them to understand the entity's cash flows; particularly in respect of the management of financing activities.

The amendments require disclosure of information enabling users financial statements to evaluate changes in liabilities arising from financing activities. The amendments do not define financing activities, instead they clarify that financing activities are based on the existing definition used in IAS 7.
Although there is no specific format required to comply with the new requirements, the amendments include illustrative examples to show how an entity can meet the objective to these amendments.
The amendments are to be applied prospectively. Entities are not required to present comparative information for earlier periods.

Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	**Effective from accounting period beginning on or after January 01, 2017**

The amendments clarify that unrealised losses on debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences.

The amendments also clarify that:
- The carrying amount of an assets does not limit the estimation of probable future taxable profits; and that
- when comparing deductible temporary differences with future taxable profits, the future taxable profits exclude tax deductions resulting from the reversal of those deductible temporary differences.

The amendments are to be applied retrospectively.

Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation	**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.

Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of 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.

Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	**Effective from accounting period beginning on or after January 01, 2016**

The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost
- in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9); or
- Using the method as described in IAS 28 Investments in Associates and Joint ventures.

The same accounting must be applied to each category of investments.
The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.
The amendments apply retrospectively.

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
- IFRS 16 - Leases

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 following:

- 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, electric installation and 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, electric installation 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 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.

2.6.3 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.

2.6.4 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.

2.6.5 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.

2.6.6 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.

2.6.7 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 Act 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.

2.6.8 Dividend distribution

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

2.6.9 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.

2.6.10 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.

2.6.11 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.

2.6.12 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.

2.6.13 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.

2.6.14 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.

2.6.15 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.

2.6.16 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).

2.6.17 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, 2016

	Note	2016 Rupees	2015 Rupees
Operating assets	3.1	**890,476,175**	744,820,834
Capital work in progress		**-**	12,054,100
		890,476,175	756,874,934

3.1 Operating assets

Particulars	Cost / Revaluation				Accumulated Depreciation				Book value	Rate
	At July 01, 2015	Additions during the year	Surplus on Revaluation	At June 30, 2016	At July 01, 2015	For the year	Revaluation adjustments	At June 30, 2016	At June 30, 2016	
	Rupees									%
Owned										
Land- Freehold	287,260,000	1,340,000	67,525,000	356,125,000	-	-		-	356,125,000	-
Building on freehold land	106,715,000	-	-	106,715,000	21,561,145	4,257,693	(24,916,218)	902,620	105,812,380	5
Plant and machinery	332,524,500	-	-	332,524,500	63,009,619	13,475,744	(28,581,863)	47,903,500	284,621,000	5
Power house										
- Building on freehold land	7,666,001	-	687,619	8,353,620	943,319	336,134	(1,279,453)	-	8,353,620	5
- Generators	97,000,955	-	-	97,000,955	19,084,937	3,895,801	(16,004,783)	6,975,955	90,025,000	5
- Electric installation	7,999,044	-	3,825,996	11,825,040	2,291,976	856,060	(3,147,996)	40	11,825,000	15
	112,666,000	-	4,513,615	117,179,615	22,320,232	5,087,995	(20,432,232)	6,975,995	110,203,620	
Tube well	106,006	525,000	-	631,006	104,584	26,392	-	130,976	500,030	10
Electric installation	6,297,616	-	4,081,384	10,379,000	3,243,278	458,151	(3,701,429)	-	10,379,000	15
Workshop equipments	160,909	-	-	160,909	157,065	384	-	157,449	3,460	10
Tools & equipments	151,401	-	-	151,401	145,214	618	-	145,832	5,569	10
Laboratory equipments	3,832,266	-	-	3,832,266	2,895,498	93,676	-	2,989,174	843,092	10
Weighing scales	742,508	13,000	-	755,508	626,864	12,322	-	639,186	116,322	10
Arms & ammunition	264,057	-	-	264,057	127,057	13,700	-	140,757	123,300	10
Office equipments	2,893,021	75,000	-	2,968,021	2,018,220	141,533	-	2,159,753	808,268	15
Furniture & fixture	1,227,218	-	-	1,227,218	863,220	36,400	-	899,620	327,598	10
Vehicles	24,406,725	19,074,644	-	37,598,222	17,354,397	4,724,844	-	16,990,686	20,607,536	20
		(5,883,147)				(5,088,555)				
TOTAL	**879,247,227**	**21,027,644**	**76,119,999**	**970,511,723**	**134,426,393**	**28,329,452**	**(77,631,742)**	**80,035,548**	**890,476,175**	
		(5,883,147)				**(5,088,555)**				

For Comparative year

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	0
Building on freehold land	106,715,000	-	106,715,000	12,099,605	9,461,540	21,561,145	85,153,855	10
Plant and 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	

3.2 Depreciation for the year has been allocated as under;

	Note	2016 Rupees	2015 Rupees
Cost of goods sold	21	**23,412,978**	50,446,863
Administrative expenses	24	**4,916,474**	1,973,125
		28,329,452	52,419,988

3.3 The management, during the current year, has revised the depreciation rates of building on freehold land, plant and machinery, building on freehold land and generator for power house. Keeping in consideration the assessed useful life of these assets, consequently depreciation rates have been revised to 5% from 10%. Management believes that the said change in estimate reflects more accurately the pattern of consumption of economic benefits of the respective assets.

The aforementioned revision has been accounted for as change in accounting estimates in accordance with the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). The effect of this change in accounting estimate has been recognised prospectively in the profit and loss account of the current year. Had there been no revision, loss before taxation for the current year would have been increased by Rs. 21.96 million whereas the carrying value of operating fixed assets would have been decrease by same amount. Accordingly, loss per share basic and diluted for the year ended 30 June, 2016 would have been Rs 74.17 instead of Rs. 46.72.

Further, the company has revalued its freehold land, building on free hold land, plant and machinery, electric installation and power house that was carried out as on June 30, 2016 by independent valuer M/s K. G. Traders Private Limited on the basis of depreciated replacement value. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment. The basis used for the revaluation of these assets were as follows:

Freehold land , building on free hold land and building on freehold land for power house

Fair market value of the land, building on free hold land and building on freehold land for power house was assessed through inquiries from various estate agents, brokers and builders/developers and keeping in view the location of the property, size, status, utilization, cost of new construction, construction standard, depreciation cost factor, state of infrastructure and current trends in prices of real estate in the vicinity of the property.

Plant and machinery, electric installation and generator and electric installation for power house

Fair market value of the plant and machinery, electric installation and generator and electric installation for power house was assessed through inquiries of local authorized dealers who deal in old and new similar type of plant and machineries. Replacement value was then ascertained from competitive rates of the plant and machinery and thereafter, an average depreciation factor was applied on the replacement value of the plant and machinery, electric installation and generator and electric installation for power house.

3.4 ***Disposal of operating assets***

Particular	*Cost*	*Book value*	*Sale proceed*	*Gain/ (loss)*	*Mode of disposal*	*Particulars of buyer*
	....	....	***Rupees***	....		
Toyota Corolla	1,327,347	444,006	925,000	180,994	Negotiation	Muhammad Naseer
Prado Land Cruiser	4,555,800	350,586	625,000	574,414	Negotiation	Muhammad Aslam
2016	5,883,147	794,592	1,550,000	755,408		
2015	*nil*	*nil*	*nil*	*nil*		

3.5 The Company has revalued its Land-Freehold, Building on Free-hold Land, Plant & Machinery, Electric Installation and Power house as on June 30, 2016. 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:

	Note	*Carrying amount* 2016 Rupees	2015 Rupees
Land- Freehold		**5,335,834**	3,995,834
Building on Free-hold Land		**5,515,173**	5,805,445
Plant & Machinery		**103,676,430**	109,133,084
Electric installation		**2,596,187**	3,054,338
Power house			
Building on freehold land		**3,308,616**	3,482,754
Generators		**65,445,107**	68,889,586
Electric Installation		**4,611,655**	5,425,476
		190,489,002	199,786,517

4. STORES AND SPARES

	2016 Rupees	2015 Rupees
Stores	**10,065,267**	10,380,060
Spares	**1,929,197**	2,083,951
	11,994,464	12,464,011

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

5. STOCK IN TRADE

	Note	2016 Rupees	2015 Rupees
Raw materials			
- Cotton	5.1.	**146,830,345**	114,181,958
- Polyester	5.1.	**12,261,524**	6,381,246
		159,091,869	120,563,204
Work in process		**8,840,856**	9,224,943
Finished goods			
-Yarn	5.1.	**84,168,414**	48,476,768
-Waste		**538,730**	1,315,814
		84,707,144	49,792,582
		252,639,869	179,580,729

5.1. The stock of raw material and finished goods has been written down to Net Realisable Value by Rs. Nil (2015: Rs. 19.29 million) and Rs. Nil (2015: Rs. 4.25 million) respectively.

		2016	2015
6.	***TRADE DEBTS***	***Rupees***	***Rupees***
	Local - unsecured		
	Considered good	**146,100,238**	150,542,150
	Considered doubtful	**165,506**	165,506
	Provision for doubtful debts	**(165,506)**	(165,506)
		146,100,238	150,542,150

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

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

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

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

6.5 At year end, trade receivables of Rs.145.58 million (2015: Rs. 150.49 million) were neither past due nor impaired.

6.6 As at year end, trade receivables of Rs. 0.52 million (2015: Rs. 0.05 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 past due receivables is as follows:

	Note	2016 Rupees	2015 Rupees
Less than 3 months		**-**	46,002
3 to 6 months		**37,586**	5,570
Over 6 months		**485,136**	-
		522,722	51,572

7.	***LOANS AND ADVANCES***		
	Considered good		
	Advances to employees	**1,681,448**	439,122
	Advance to suppliers	**4,875,212**	929,835
	Advance income tax	**26,479,765**	20,202,972
	Advance against letter of credit	**275,024**	420,706
		33,311,449	21,992,635
8.	***TRADE DEPOSITS AND PREPAYMENTS***		
	Margin deposit	**5,000**	5,000
	Prepayments	**528,025**	619,662
		533,025	624,662

	2016 Rupees	2015 Rupees

9. TAX REFUNDS DUE FROM GOVERNMENT

	2016 Rupees	2015 Rupees
Sales tax refundable	**5,907,381**	3,156,853
Income tax refundable	**996,424**	1,903,279
	6,903,805	5,060,132

10. CASH AND BANK BALANCES

	2016 Rupees	2015 Rupees
Cash in hand	**1,734,559**	299,412
Cash at banks in current accounts	**1,489,505**	8,139,824
	3,224,064	8,439,236

11. SHARE CAPITAL

2016 Number of shares	2015 Number of shares		2016 Rupees	2015 Rupees
		Authorised		
1,000,000	1,000,000	Ordinary share of Rs. 10 each.	**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

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

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

12. RESERVES

	Note	2016 Rupees	2015 Rupees
Capital			
Tax holiday reserve	12.1	**2,668,746**	2,668,746
Revenue			
General reserve		**80,000,000**	80,000,000
		82,668,746	82,668,746

12.1 This represents tax holiday reserve.

			2016 Rupees	2015 Rupees
13.	***SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT***			
	Opening balance		**538,033,944**	563,591,637
	Addition during the year	13.1	**153,751,741**	-
	Transferred to unappropriated profit on account of			
	Incremental depreciation - net of deferred tax		**(11,214,645)**	(16,581,949)
	Related deferred tax liability		**(3,919,041)**	(8,975,744)
			(15,133,686)	(25,557,693)
	Closing balance		**676,651,999**	538,033,944
	Related deferred tax liability			
	Opening balance		**(80,729,012)**	(92,196,375)
	Addition during the year		**(26,730,290)**	-
	Transferred to profit & loss account:			
	- deferred tax on incremental depreciation		**3,919,041**	8,975,744
	- deferred tax due to rate change		**2,522,782**	2,491,619
			6,441,823	11,467,363
	Closing balance		**(101,017,479)**	(80,729,012)
			575,634,520	457,304,932

13.1 The Company has revalued its Land-Freehold, Building on Free-hold Land, Plant & Machinery, Electric Installation and Power house as on June 30, 2016 as disclosed in note 3.5 of the financial statement.

14. ***DEFERRED TAX***

		Deferred tax recognised in		
	Opening balance	Profit and loss account	Surplus on revaluation of assets	Closing balance
Movement for the year ended June 30, 2016				
Deferred tax liabilities on taxable temporary differences arising in respect of:				
- property, plant and equipment	36,444,362	(2,515,060)	-	33,929,302
- Surplus on revaluation of assets	80,729,012	(3,919,041)	24,207,508	101,017,479
Deferred tax assets on deductable temporary differences arising in respect of:				
- doubtful debts	-	(51,307)		(51,307)
- staff gratuity	(1,074,784)	57,286	-	(1,017,498)
- unabsorbed tax losses	(5,935,569)	(8,148,004)	-	(14,083,573)
	110,163,021	**(14,576,126)**	**24,207,508**	**119,794,403**

	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

15. TRADE AND OTHER PAYABLES

	Note	2016 Rupees	2015 Rupees
Creditors		**18,799,576**	44,586,188
Accrued liabilities		**57,486,728**	58,710,620
Advance payments		**3,771,745**	3,050,483
Unclaimed dividend		**800,930**	873,674
Tax deducted at source		**253,215**	391,900
Workers' welfare fund		**5,616,446**	5,616,446
Gratuity payable	15.1	**3,282,250**	3,358,700
Bonus payable		**209,001**	209,001
Other payables		**245,873**	268,872
		90,465,764	117,065,884

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

16. ACCRUED MARKUP

	2016 Rupees	2015 Rupees
Short term borrowings	**4,963,575**	3,575,026
	4,963,575	3,575,026

17. SHORT TERM BORROWINGS

	Note	2016 Rupees	2015 Rupees
Secured			
Cash Finance	17.1	**97,846,564**	41,482,670
Running finance	17.2	**173,220,282**	95,284,446
		271,066,846	136,767,116

17.1. These facilities have been obtained from Bank for working capital requirements, and are secured against pledge of cotton bales, MM fiber, and yarn in lock and key under bank's muccaddum.

Cash finance facilities carry mark up at the rates ranging from 7.24% to 8.00% per annum (2015: 7.81% to 11.93% per annum).

17.2. These running finance facilities have been obtained from Bank for working capital requirements, and are secured against cotton bales, personal guarantee of directors, joint pari passu charge over current assets of the company and pledge of stocks.

Running finance facilities carry mark up at the rates ranging from 7.25% to 8.95% per annum (2015: 7.83% to 11.94% per annum).

These facilities expire on various dates by December 31, 2016.

17.3. Short term borrowing facilities available from commercial banks under mark up arrangements aggregate to Rs. 630 Million (2015: Rs. 670 Million) of which facilities remained un-utilized at the year end amounted to Rs. 359 million (2015: 533.24 million). Facilities available for opening letters of credit and guarantee aggregate to Rs. 40 million (2015: Rs. 50 million) of which facilities remained un utilized at the year end amounted to Rs. 12.71 million (2015: Rs. 18.47 million).

			2016	2015
18.	***PROVISION FOR TAXATION***	***Note***	***Rupees***	***Rupees***
	Opening balance		**17,591,645**	54,118,423
	Provision made during the year			
	- Current	26	**16,731,569**	17,591,645
	- Prior		**-**	(35,970,499)
			16,731,569	(18,378,854)
	Less: Adjustment of advance tax against completed assessments		**(17,591,645)**	(18,147,924)
			16,731,569	17,591,645

19. ***CONTINGENCIES AND COMMITMENTS***

Contingencies

19.1 The Company has filed a writ petition against water and sanitation agency (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.

19.2 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.

Commitments

Guarantees issued by Commercial Banks on behalf of the Company outstanding as at June 30, 2016 were for Rs. 30 million (2015: Rs. 30 million).

		Note	2016 Rupees	2015 Rupees
20.	***SALES - Net***			
	Local			
	- Yarn		**1,712,722,703**	1,785,431,372
	- Waste		**10,628,872**	9,228,915
			1,723,351,575	1,794,660,287
	Less: Sales tax		**(50,194,706)**	(35,495,836)
			1,673,156,869	1,759,164,451
21.	***COST OF GOODS SOLD***			
	Raw materials consumed	21.1	**1,133,979,527**	1,192,113,772
	Salaries, wages and benefits	21.2	**195,858,764**	167,998,841
	Stores and spares consumed		**29,787,544**	34,878,812
	Packing materials consumed		**27,514,517**	26,840,179
	Fuel and power		**239,496,040**	274,130,126
	Repairs and maintenance		**2,685,635**	1,410,628
	Insurance		**4,410,636**	4,236,543
	Depreciation	3.2	**23,412,978**	50,446,863
			1,657,145,641	1,752,055,764
	Adjustment of work in process			
	Opening stock		**9,224,943**	14,715,696
	Closing stock		**(8,840,856)**	(9,224,943)
			384,087	5,490,753
	Cost of goods manufactured		**1,657,529,728**	1,757,546,517
	Finished goods			
	Opening stock		**49,792,582**	37,753,023
	Closing stock	21.3	**(84,707,144)**	(49,792,582)
			(34,914,562)	(12,039,559)
	Cost of goods sold		**1,622,615,166**	1,745,506,958
21.1	***Raw materials consumed***			
	Opening stock		**120,563,204**	87,966,220
	Purchases (including direct expenses) - Net		**1,171,149,344**	1,223,392,249
			1,291,712,548	1,311,358,469
	Closing stock		**(159,091,869)**	(120,563,204)
			1,132,620,679	1,190,795,265
	Cotton cess		**1,358,848**	1,318,507
			1,133,979,527	1,192,113,772

21.2 Salaries, wages and benefits include Rs. 9.99 million (2015: Rs. 8.97 million) in respect of gratuity.

21.3 It includes waste stock amounting to Rs. 1.01 million (2015: Rs. 1.32 million).

		Note	2016 Rupees	2015 Rupees
22.	***OTHER INCOME***			
	From financial assets			
	Profit on term finance certificates		**-**	86,146
	From other than financial assets			
	Profit on sale of vehicles	3.4	**755,408**	-
			755,408	86,146
23.	***DISTRIBUTION AND MARKETING EXPENSES***			
	Salary of sale staff		**3,511,795**	3,212,318
	Commission on sale of yarn		**8,319,243**	10,634,990
			11,831,038	13,847,308
24.	***ADMINISTRATIVE EXPENSES***			
	Directors' remuneration		**12,240,000**	10,906,453
	Salaries and benefits	24.1	**16,350,796**	10,702,749
	Vehicles running and maintenance		**6,009,996**	5,658,017
	Traveling and conveyance	24.2	**13,564,174**	4,032,087
	Printing and stationery		**761,326**	486,840
	Communication		**1,693,108**	2,202,007
	Rent, rates and taxes		**485,968**	1,095,718
	Repairs and maintenance		**190,610**	292,667
	Subscription		**986,134**	561,718
	Advertisement		**68,330**	176,900
	Entertainment		**511,885**	473,433
	Insurance		**1,191,467**	913,792
	Donation	24.3	**503,000**	1,724,271
	Depreciation	3.2	**4,916,474**	1,973,125
	Auditors' remuneration	24.4	**729,500**	727,950
	Legal and professional		**1,060,955**	992,278
	Others		**404,706**	275,059
			61,668,429	43,195,064

24.1 Salaries and benefits include Rs. 0.61 million (2015: Rs. 0.77 million) in respect of gratuity.

24.2 This includes directors' travelling amounting to Rs. 13.32 million (2015: Rs. 3.87 million).

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

		2016 Rupees	2015 Rupees
24.4	***Auditors' remuneration***		
	- Statutory audit fee	**500,000**	500,000
	- Half yearly review	**125,000**	100,000
	-Out of pocket expenses	**104,500**	127,950
		729,500	727,950

		2016 Rupees	2015 Rupees
25.	***FINANCE COST***		
	Mark up on		
	- Long term financing	**-**	502,038
	- Short term borrowings	**12,490,071**	12,235,236
	Bank and other charges	**752,104**	433,883
	Interest on workers' profit participation fund	**-**	76,540
	Bank guarantee commission	**199,124**	198,579
		13,441,299	13,446,276

		Note	2016 Rupees	2015 Rupees
26.	***PROVISION FOR TAXATION***			
	Current			
	- for the year		**16,731,569**	17,591,645
	- prior year		**-**	(35,970,499)
	Deferred tax		**(14,576,126)**	(18,783,291)
			2,155,443	(37,162,145)

26.1 ***Relationship between tax expense and accounting profit***

	2016	2015
Applicable tax rate	32%	33%

	2016 Rupees	2015 Rupees
Tax on accounting profit before tax	-	-
Income chargeable to tax at lower rate	**16,731,569**	17,591,645
Reversal of previously recognised deferred tax liability	**(11,133,532)**	(17,634,166)
Effect of change in deferred tax rate	**(3,442,594)**	(1,149,125)
Prior year tax adjustment	**-**	(35,970,499)
Current year provision	**2,155,443**	(37,162,145)

26.2 The Company has filed Income Tax Return up to tax year 2015 which is deemed assessed as per Income Tax Ordinance, 2001.

		2016 Rupees	2015 Rupees
27.	***CASH AND CASH EQUIVALENTS***		
	Cash and bank balances	**3,224,064**	8,439,236
	Short term running finance	**(271,066,846)**	(136,767,116)
		(267,842,782)	(128,327,880)

28. EARNINGS PER SHARE

		2016	2015
Loss for the year	***Rupees***	**(37,799,098)**	(19,582,864)
Weighted average number of ordinary shares	***Number***	**800,000**	800,000
Loss per share - basic and diluted	***Rupees***	**(47.25)**	(24.48)

28.1 There is no dilutive effect on the basic loss per share of the Company.

29. FINANCIAL RISK MANAGEMENT

29.1 The Company's principal financial liabilities comprise 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'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.

29.2 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. 153.38 million (2015: Rs. 162.73 million), the financial assets which are subject to credit risk amounted to Rs. 151.65 million (2015: Rs. 161.50 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 the year end is tabulated below:

Financial assets

	2016 *Rupees*	*2015* *Rupees*
Deposits	**2,379,997**	2,379,997
Trade debts	**146,100,238**	150,542,150
Loans and advances	**1,681,448**	439,122
Bank balances	**1,489,505**	8,139,824
	151,651,188	**161,501,093**

29.2.1 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.

29.2.2 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 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 Limited	A1+	AA-	JCR-VIS

29.3 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 29.3.2 below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

29.3.1 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, 2016	Weighted Average effective	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							
Short term borrowings	7.24% to 8.95%	-	-	271,066,846	-	-	271,066,846
Non interest bearing							
Accrued markup	-	4,963,575		-	-	-	4,963,575
Trade and other payables	-	-	-	77,542,108	-	-	77,542,108
		4,963,575	-	**348,608,954**	-	-	**353,572,529**

June 30, 2015	Weighted Average effective	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							
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

29.3.2 Financing facilities

Secured bank loan facilities with various maturity dates through to december 2016 and which may be extended by mutual agreement:

	2016	2015
	Rupees	Rupees
- amount used	**271,066,846**	136,767,116
- amount un-used	**358,933,154**	533,232,884

29.4. 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.

29.4.1 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.

29.4.2 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, 2016 would increase / decrease by Rs.2.039 million (2015: Rs. 1.367 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.

29.4.3 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.

29.4.4 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.

29.5. 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.

29.6. Fair value estimation

IFRS 13 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measuring fair value of financial instruments.

Information about fair value hierarchy and asset classified under the hierarchy as follows.

- 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).

29.6.1 Fair value of non-financial asset measured at fair value

Fair value of property, plant and equipment

The company's Land-Freehold, Building on Free-hold Land, Plant & Machinery, Electric Installation and Power house at revalued amount, being fair value at the date of revaluation, less any subsequent depreciation and subsequent impairment losses, if any. The fair value measurment of the company's Free-hold Land, Plant & Machinery, Electric Installation and Power house as at June 30, 2016 were performed by M/s. K. G. Traders (Private) Limited (valuer), independent valuer not related to the company. The valuer is listed on panel of Pakistan Banks Association and they have proper qualification and experience in the fair value measurment of property, plant and equipment.

	Level 1	Level 2	Level 3	Total
		--------------------Rupees-----------------------		
As at June 30, 2016				
Land- Freehold	-	**356,125,000**	-	**356,125,000**
Building on freehold land	-	**105,812,380**	-	**105,812,380**
Plant & machinery	-	**284,621,000**	-	**284,621,000**
Power house				
- Building on freehold land	-	**8,353,620**	-	**8,353,620**
- Generators	-	**90,025,000**	-	**90,025,000**
- Electric installation	-	**11,825,000**	-	**11,825,000**

	Level 1	Level 2	Level 3	Total
		--------------------Rupees-----------------------		
As at June 30, 2015				
Land- Freehold	-	287,260,000	-	287,260,000
Building on freehold land	-	85,153,855	-	85,153,855
Plant & machinery	-	269,514,881	-	269,514,881
Power house				
- Building on freehold land	-	6,722,682	-	6,722,682
- Generators	-	77,916,018	-	77,916,018
- Electric installation	-	5,707,068	-	5,707,068

There were no transfer between levels of fair value hierarchy during the year.

29.7. 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, 2016	***Loans and receivables***	***Held to maturity***	***Total June 30, 2016***
		-------------Rupees--------------	
Assets as per balance sheet			
Deposits	2,379,997	-	**2,379,997**
Trade debts	146,100,238	-	**146,100,238**
Loans and advances	1,681,448	-	**1,681,448**
Cash and bank balances	3,224,064	-	**3,224,064**
	153,385,747	-	**153,385,747**

Liabilities as per balance sheet	***Financial Liabilities measured at amortized cost Rupees***	***Total June 30, 2016 Rupees***
Short term borrowings	271,066,846	**271,066,846**
Trade and other payables	77,542,108	**77,542,108**
Interest and mark-up accrued on loans	4,963,575	**4,963,575**
	353,572,529	**353,572,529**

June 30, 2015

	Loans and receivables	Held to maturity	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

30. 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 benets 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, 2016 and June 30, 2015 were as follows:

	2016 Rupees	2015 Rupees
Total debt	**271,066,846**	136,767,116
Less: Cash and cash equivalents	**(3,224,064)**	(8,439,236)
Net debt	**267,842,782**	128,327,880
Total equity	**268,906,409**	295,490,862
Adjusted capital	**536,749,191**	423,818,742
Debt-to-adjusted capital ratio	**49.90%**	30.28%

31. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

Particulars	Chief Executive		Directors	
	2016	2015	2016	2015
	------------------------ Rupees ------------------------			
Managerial remuneration	**4,200,000**	3,106,452	**7,800,000**	7,800,001
Utilities	**1,293,185**	122,409	**705,571**	689,027
	5,493,185	3,228,861	**8,505,571**	8,489,028
No. of persons	**1**	1	**2**	3

31.1 During the year, meeting fee of Rs. 240,000 was paid to the directors. (2015: Rs. 30,000)

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

32. 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. There are no related party transections except for the remuneration of directors and key management personnel as disclosed in note 31.

33. PRODUCTION CAPACITY

		2016	2015
Number of spindles installed and worked		**30,592**	30,592
Number of shifts worked		**1,030**	959
Capacity of yarn at 20's count on the basis of utilization	Kgs	**12,864,160**	12,111,985
Production of yarn at 20's count	Kgs	**12,679,268**	11,896,628

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.

34. NUMBER OF EMPLOYEES

Total number of employees employed at the year end were 874 (2015: 856) and average number of employees during the year were 866 (2015: 813).

35. RECLASSIFICATION

Following reclassification has been made in the financial statements to give better presentation:

Previous classification	Current classification	Nature	Rupees
Cost of good sold	Administrative expenses	Insurance	913,792
Administrative expenses	Distribution and marketing expense	Salary of sale staff	3,212,318
Administrative expenses	Cost of good sold	Repair and maintaince	2,696,129

36. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue by the Board of Directors of the Company in its meeting held on September 16, 2016.

37. GENERAL

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

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

PATTERN OF SHAREHOLDING OF THE SHAREHOLDERS OF THE COMPANY AS ON JUNE 30, 2016

Number of Shareholders	Shareholding From	To	Total Shares held	Percentage of Total Capital
112	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
---------			------------	---------
181			800,000	100.00

Serial Number	Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
1	Individuals	175	799,745	99.97
2	Joint Stock Companies	2	150	0.02
3	Investment Companies	2	100	0.01
4	Others	2	5	0.00
	TOTAL	**181**	**800,000**	**100**

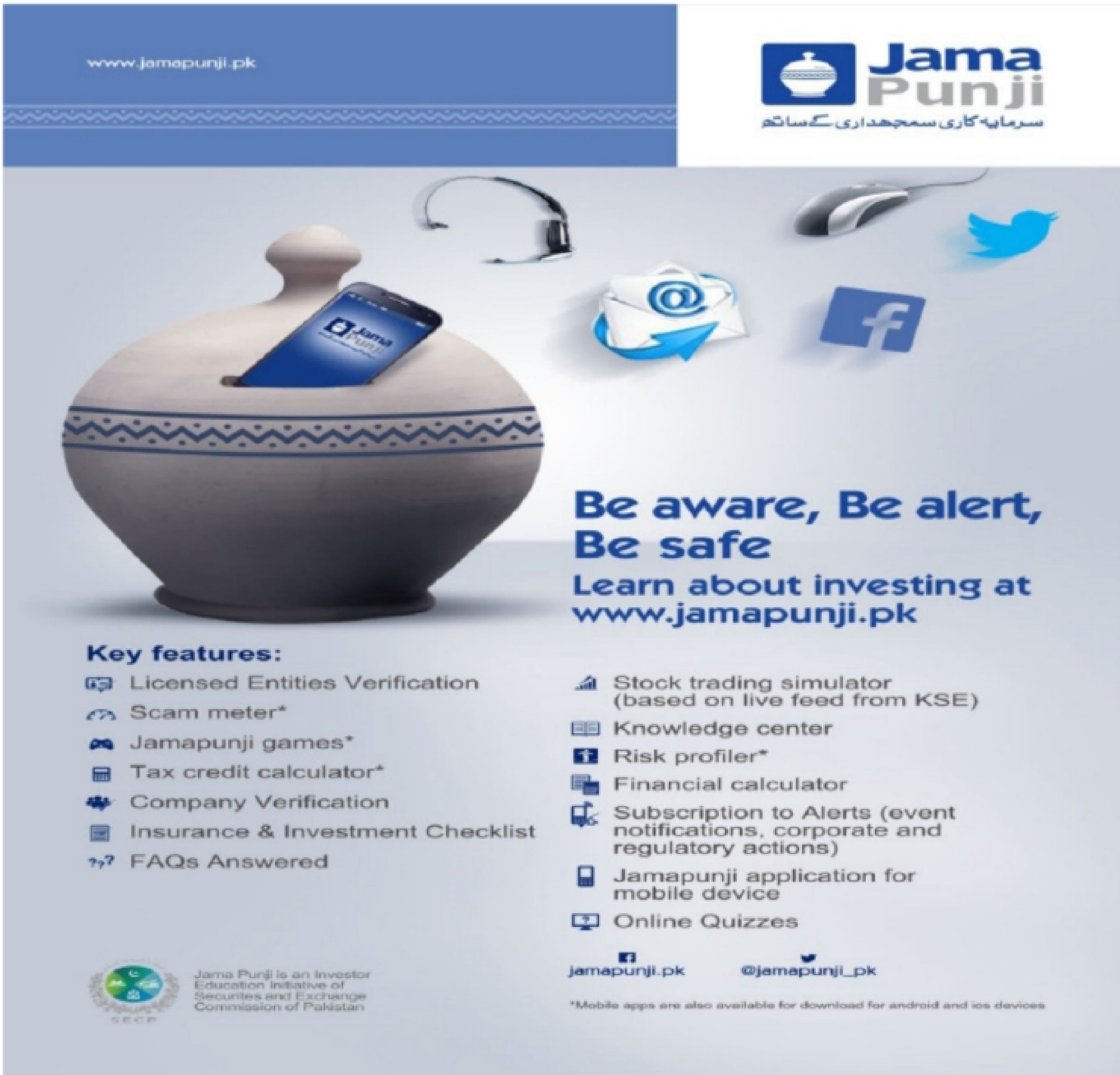
PATTERN OF SHAREHOLDING
AS ON JUNE 30, 2016
ADDITIONAL INFORMATION

Shareholders' Category	Number of Shareholders	Number of Shares Held
Associated Companies, Undertakings and Related Parties		Nil
Central Depository Company of Pakistan Limited	36	2,751
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
Mian Muhammad Bilal Ahmad Sheikh	1	44,156
Mian Muhammad Umar Farooq Sheikh	1	43,850
General Public	100	11,082

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED
PATTERN OF SHAREHOLDING
AS ON JUNE 30, 2016

Number of Shareholders	Shareholding From	Shareholding To	Total Shares held
29	1	100	603
6	101	500	1,198
1	501	1,000	950
---------			------------
36			**2,751**

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	32	2,596	94.37
Joint Stock Companies	2	150	5.45
Others	2	5	0.18
	36	**2751**	**100**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SECP

کوئی پرانے بقایاجات نہیں ہیں:

عمومی اور روزمرہ بقایاجات کے علاوہ ٹیکس، محصول اور وصولیوں کی مد میں کوئی پرانے بقایاجات نہیں ہیں۔

فنانشل ھائی لائٹس:

سابقہ چھ سالوں کا بنیادی پیداواری اور مالیاتی مواد ضمیمہ ایک میں دیا گیا ہے۔

بورڈکے اجلاس:

سال مختتمہ ۳۰ جون ۲۰۱۶ء کے دوران بورڈ آف ڈائریکٹرز کے چار (۴) اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری نیچے دی گئی ہے۔

ڈائریکٹر کا نام	تعداد حاضری اجلاس
میاں محمد جمیل	۴
میاں تنویر احمد شیخ	۴
مسز نصرت جمیل	۴
میاں انیس احمد شیخ	۲
میاں توقیر احمد شیخ	۴
میاں محمد بلال احمد شیخ	۳
میاں محمد عالمگیر جمیل خان	۳
میاں محمد عمر فاروق شیخ	۴
مسٹر جاوید مسرت	۴

آڈیٹرز:

ڈی لائیٹ یوسف عادل چارٹرڈ اکاؤنٹینٹس، کراچی ریٹائر ہوگئے ہیں اور انہوں نے اپنی فرم کو دوبارہ تعیناتی کے لیے پیش کیا ہے۔

پیٹرن آف شئیر ھولڈنگ:

کمپنیز آرڈیننس ۱۹۸۴ء کے سیکشن ۲۳۶ (۲) (ڈی) کے مطابق کمپنی کا ۳۰ جون ۲۰۱۶ء کا پیٹرن آف شیئر ہولڈنگ لف کر دیا گیا ہے۔

سٹاف اور لیبر کے ساتھ تعلقات:

آپ کے ڈائریکٹران اس بات کی اطلاع دیتے ہوئے خوشی محسوس کرتے ہیں کہ پورے سال لیبر اور سٹاف کے درمیان خوش گوار تعلقات استوار رہے۔

اکنالجمنٹ (سراھنا):

آپ کے ڈائریکٹران میسرز حبیب بنک لمیٹڈ، میسرز بنک الحبیب لمیٹڈ، میسرز حبیب میٹروپولیٹن بنک لمیٹڈ اور میسرز یونائیٹڈ بنک لمیٹڈ کے تعاون کو سراہتے ہیں اور اس امید و خواہش کا اظہار کرتے ہیں کہ تمام بنک مستقبل میں بھی اس تعاون کو جاری رکھیں گے۔

آپ کے ڈائریکٹران کمپنی کے تمام ملازمین کی انتھک محنت کو بھی سراہتے ہیں۔

بورڈ آف ڈائریکٹرز

دستخط

میاں محمد جمیل

چیئرمین

ملتان ۔ ۱۶ ستمبر ۲۰۱۶ء

مستقبل کے رُجحانات:

کمپنی مسلسل بی ایم آر میں مشغول ہے اور ڈرانگ رسمپلکس فریمز بمع ضروی مشینری کی تبدیلی کا ارادہ رکھتی ہے۔ آپ کے ڈائریکٹران امید کرتے ہیں کہ اس سال کپاس کی فصل کوالٹی اور مقدار دونوں لحاظ سے بہتر ہوگی۔ تاہم موجودہ صورتحال میں بین الاقوامی کپاس کی قیمت نسبتاً مستحکم ہوچکی ہے۔ جبکہ ملکی کپاس کی قیمت ابھی مستحکم نہیں ہوئی۔

ماضی قریب میں آر ایل این جی (درآمدی ایندھن) کی دستیابی کی وجہ سے پنجاب بھر میں ٹیکسٹائل ملوں نے سکھ کا سانس لیا ہے۔ چونکہ آر ایل این جی کی قیمت کا تعین خام آئل سے کیا جاتا ہے جو کہ مارچ ۲۰۱۶ء کے مقابلے میں نسبتاً پچاس فیصد فی بیرل تک بڑھ چکی ہے۔ جبکہ سندھ میں بجلی مقامی گیس سے بنائی جاتی ہے۔ نتیجتاً پنجاب میں ٹیکسٹائل ملوں کی توانائی کی فی یونٹ پیداواری لاگت سندھ میں موجود ٹیکسٹائل ملوں کی توانائی کی فی یونٹ پیداواری لاگت سے زیادہ ہے۔ ایندھن اور توانائی کی اس تفریق کی وجہ سے پنجاب کی ملیں نسبتاً نقصان میں ہیں اور اس تفریق کو ختم ہونا چاہیے۔ حکومت کو ایسے چیلنجوں سے ملکی ٹیکسٹائل انڈسٹری کو بچانے کے لیے موزوں اقدامات کرنے چاہیے۔ خاص طور پر پنجاب میں موجود ملوں کو سندھ میں موجود ملوں کے برابر لانا چاہیے۔

ڈیوڈنڈ:

کمپنی کے موجودہ مالی خسارے کو مدِ نظر رکھتے ہوئے آپ کے ڈائریکٹران نے ڈیوڈنڈ کی تقسیم کو مؤخر کرنے کی تجویز پیش کی ہے۔

آئی ایس او ۹۰۰۱ : ۲۰۰۸ کیو ایم ایس سنداور آئی ایس او ۱۴۰۰۱ : ۲۰۰۴ ای ایم ایس سند

آپ کے ڈائریکٹران اس بات کا اظہار کرتے ہوئے خوشی محسوس کرتے ہیں کہ کمپنی نے کامیابی کے ساتھ آئی ایس او ۹۰۰۱:۲۰۰۸ کوالٹی مینجمنٹ سسٹم اور آئی ایس او ۱۴۰۰۱:۲۰۰۴ ماحولیاتی مینجمنٹ سسٹم کی اسناد کو جاری رکھا ہوا ہے۔

کوڈ آف کارپوریٹ گورننس کی پیروی

آپ کے ڈائریکٹران یہ رپورٹ کر کے خوشی کا اظہار کرتے ہیں کہ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی متعارف کردہ کوڈ آف کارپوریٹ گورننس کی پیروی کر رہی ہے۔ کوڈ آف کارپوریٹ گورننس کے مطابق اہم بیانات درج ذیل ہیں۔

مالیاتی نتائج کی پیشکش :

کمپنی کے تیار کردہ مالیاتی نتائج واضح طور پر کمپنی کے معاملات، پیداوار کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو ظاہر کرتے ہیں۔

اکاؤنٹس کی کُتب:

کمپنی نے صحیح اکاؤنٹس کی کُتب مرتب کی ہوئی ہیں۔

اکاؤنٹنگ پالیساں:

مالیاتی نتائج کی تیاری میں اکاؤنٹنگ پالیسیوں کو تسلسل سے لاگو کیا جاتا ہے۔

بین الاقوامی اکاؤنٹنگ معیار کے ساتھ مطابقت :

مالیاتی نتائج کی تیاری میں پاکستان میں رائج بین الاقوامی اکاؤنٹنگ معیار کو لاگو کیا جاتا ہے۔

اندرونی نگرانی کا نظام:

کمپنی کا اندرونی نگرانی کا نظام اچھا بنایا گیا ہے اور اسے مؤثر طور پر لاگو و جانچا جاتا ہے۔

ہمیشہ جاری رہنے والا کاروبار:

کمپنی کی مالی حالت نہ صرف اچھی ہے بلکہ اس بات کو یقینی بناتی ہے کہ اس کا کاروبار پروان چڑھتا رہے گا۔

ڈائریکٹران کی رپورٹ

شروع کرتا ہوں اللہ کے نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے۔

محترم حصص داران!

یہ میرے لیے اعزاز کی بات ہے کہ میں کمپنی کی 59ویں سالانہ رپورٹ بشمول آڈٹ شدہ حسابات ونتائج برائے مالی سال مختتمہ ۳۰ جون ۲۰۱۶ء پیش کر رہا ہوں۔

کارکردگی:

پیش کردہ مالی سال کی رپورٹ کے مطابق کمپنی کی مجموعی کارکردگی دباؤ کا شکار رہی۔ بین الاقوامی اقتصادی ومالی سرد بازاری جاری رہی۔ جسکی وجہ سے ٹیکسٹائل شعبہ کی نہ صرف برآمدات زوال کا شکار رہی بلکہ مقامی مارکیٹ بھی متاثر ہوئی۔ مزید براں لاگت میں اضافہ مثلاً کم سے کم شرحِ اجرت نے کمپنی کے منافع کو بری طرح سے متاثر کیا۔ جسکی وجہ سے کمپنی کو مالی سال مختتمہ ۳۰ جون ۲۰۱۶ء میں بعداز ٹیکس خسارے کا سامنا ہوا ہے۔ پیش کردہ مالی سال کے دوران دھاگے کی کل پیداوار بیس سنگل کاؤنٹ کی بنیاد پر ۱۲،۶۷۹،۲۶۸ کلوگرام ہے جو کہ پچھلے سال میں ۱۱،۸۹۶،۶۲۸ کلوگرام تھی۔ موجودہ مالی سال آمدنی (سیلز) کے کل محصولات مبلغ ۱،۶۷۳،۱۵۶،۸۶۹ روپے (۷،۲۷۷،۳۹۳.۵۲ کلوگرام) ہیں جو کہ پچھلے سال مبلغ ۱،۷۵۹،۱۶۴،۴۵۱ روپے (۷،۳۸۱،۷۹۵.۶۸ کلوگرام) تھے۔ آمدنی (سیلز) کے محصولات میں کمی درج بالا عوامل کی وجہ سے ہوئی ہے۔ تاآنکہ کمپنی کا ابتدائی منافع مبلغ ۵۰،۵۴۱،۷۰۳ روپے ہے جو کہ پچھلے سال مبلغ ۱۳،۶۵۷،۴۹۳ روپے تھا۔ ابتدائی منافع میں اضافہ ایندھن وتوانائی کی لاگت اور عمارت ومشینری کی ٹوٹ پھوٹ کی منہائی کی شرح میں کمی کی وجہ سے ہوا ہے۔ جبکہ کل خسارہ بعداز ٹیکس مبلغ ۳۷،۷۹۹،۰۹۸ روپے ہے جو کہ پچھلے سال مبلغ ۱۹،۵۸۲،۸۶۴ روپے تھا۔

موجودہ مالی سال مختتمہ ۳۰ جون ۲۰۱۶ء اور پچھلے مالی سال کے متناسب مالیاتی نتائج اکاؤنٹنگ ہیڈز کی ترتیب کے ساتھ ذیل میں دیے گئے ہیں۔

اکاؤنٹس:

	سال مختتمہ ۳۰ جون ۲۰۱۶ء	سال مختتمہ ۳۰ جون ۲۰۱۵ء
	روپے	روپے
آمدنی (سیلز۔نیٹ)	۱،۶۷۳،۱۵۶،۸۶۹	۱،۷۵۹،۱۶۴،۴۵۱
لاگت فروخت کردہ اشیاء	(۱،۶۲۲،۶۱۵،۱۶۶)	(۱،۷۴۵،۵۰۶،۹۵۸)
ابتدائی منافع	۵۰،۵۴۱،۷۰۳	۱۳،۶۵۷،۴۹۳
دیگر آمدنی	۷۵۵،۴۰۸	۸۶،۱۴۶
	۵۱،۲۹۷،۱۱۱	۱۳،۷۴۳،۶۳۹
ترسیل ومارکیٹنگ اخراجات	(۱۱،۸۳۱،۰۳۸)	(۱۳،۸۴۷،۳۰۸)
انتظامی اخراجات	(۶۱،۶۶۸،۴۲۹)	(۴۳،۱۹۵،۰۶۴)
فنانس لاگت	(۱۳،۴۴۱،۲۹۹)	(۱۳،۴۴۶،۲۷۶)
خسارہ قبل از ٹیکس	(۳۵،۶۴۳،۶۵۵)	(۵۶،۷۴۵،۰۰۹)
ٹیکس کی پیش بینی	(۲،۱۵۵،۴۴۳)	۳۷،۱۶۲،۱۴۵
سالانہ خسارہ	(۳۷،۷۹۹،۰۹۸)	(۱۹،۵۸۲،۸۶۴)
دیگر مجموعی آمدنی	-	-
کل حتمی سالانہ خسارہ	(۳۷،۷۹۹،۰۹۸)	(۱۹،۵۸۲،۸۶۴)
خسارہ فی حصص۔بنیادی وڈائی لیوٹڈ	(۴۷.۲۵)	(۲۴.۴۸)

پراکسی فارم

میں (نام وفولیونمبر) .... رہائشی ....

بحثیت ممبر اللہ وسایا ٹیکسٹائل اینڈ فنشنگ ملز لمیٹڈ اور حاملِ عام حصص بمطابق (نام وفولیونمبر) ....

کو بطور اپنے/ ہمارے ایماء پر مختار (پراکسی) مقرر کرتا/ کرتی ہوں تا کہ وہ میری جگہ کمپنی کے سالانہ اجلاسِ عام/ غیر معمولی اجلاسِ عام میں

جو بتاریخ .... کو منعقد ہو رہا ہے۔ میں اور یا اِس کے کسی ملتوی شدہ اجلاس میں شرکت کرے/ حقِ رائے دہی

استعمال کرے بالکل اس طرح جیسے اگر مَیں خود اس جگہ موجود ہوتا/ ہوتی۔

دستخط بتاریخ ۲۰۱۶ء

پانچ روپے کا رسیدی ٹکٹ چسپاں کریں۔

گواہ نمبر1

نام ....

پتہ ....

شناختی کارڈ نمبر..

دستخط..

گواہ نمبر2

نام ....

پتہ ....

شناختی کارڈ نمبر..

دستخط..

اہم نوٹ : پُر شدہ مکمل پراکسی فارم اجلاس کے آغاز سے ۴۸ گھنٹے قبل کمپنی کے رجسٹرڈ آفس واقع اللہ وسایا سکوائر، ممتاز آباد انڈسٹریل ایریا، وہاڑی روڈ، ملتان، پاکستان میں پہنچ جانا چاہیے۔

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 / and 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 2016

Please affix Rs. 5/-
Revenue Stamps

Signed by the said

In presence of

Witness No.1	Witness No.2
Name:________________________________	Name:________________________________
Address:______________________________	Address:______________________________
CNIC No.:_____________________________	CNIC No.:_____________________________
Signature:____________________________	Signature:____________________________

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.

www.allawasaya.com

Allawasaya Square
Mumtazabad Industrial Area
Vehari Road Multan - PAKISTAN
Ph # : +92 61 423 3624 - 3 Lines
Fax # : +92 61 652 5202
E-mail: atm@allawasaya.com