Annual Report 2015

AYESHA
TEXTILE MILLS LIMITED

Vision
& Mission

VISION

To earn the reputation of a reliable manufacturer and supplier of high quality yarn both in Pakistan and abroad.

MISSION

To achieve market leadership through technological edge, distinguished by quality and customer satisfaction and emphasis on employees' long term welfare and ensure adequate return to shareholders. Contributing to development of the society and the country through harmonized endeavour.

AYESHA TEXTILE MILLS LIMITED

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Company Information

Board Of Directors

Chairman/Chief Executive	Mr. Muhammad Rafi
Directors	Mr. Tariq Rafi Mr. Arif Rafi Mr. Anjum Rafi Mr. Abdullah Rafi Mr. Waseem Lodhi Mr. Nasir Anwar
Company Secretary/ CFO	Mr. Saqib Hameed Khokhar
Audit Committee	
Chairman	Mr. Nasir Anwar
Members	Mr. Tariq Rafi Mr. Arif Rafi
Human Resource And Remuneration Committee	
Chairman	Mr. Muhammad Rafi
Members	Mr. Nasir Anwar Mr. Arif Rafi
Auditors	Mushtaq & Co. Chartered Accountants
Legal Advisor	Syed Zaheer Ahmed Shah Advocate
Bankers	United Bank Limited Bank Al-Habib Limited National Bank of Pakistan Faysal Bank Limited Allied Bank Limited Habib Bank Limited Bank of Punjab Silk Bank Limited
Registered Office	97-B, Gulberg II, Lahore. Tel: 35756707 - 35756710 - 35757861 Fax: 35712151 - 35761378
Mills	Sheikhupura - Lahore Road, Sheikhupura (Ismailabad Unit) Sheikhupura - Faisalabad Road, Sheikhupura (Kharianwala Unit)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 50th Annual General Meeting of the Shareholders of Ayesha Textile Mills Limited, will be held at the registered office of the Company at 97-B, Gulberg II, Lahore on Friday, October 30, 2015 at 11:00 a.m. to transact the following business:-

1. To confirm the minutes of the last Annual General Meeting held on October 30, 2014.
2. To receive, consider and adopt the audited Financial Statements of the Company for the year ended June 30, 2015 together with the Directors' and Auditors' reports thereon.
3. To appoint auditors for the year ending June 30, 2016 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

Lahore
October 08, 2015

By order of the Board
(CHIEF EXECUTIVE)

NOTES :

1. Any member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies must be received at the registered office of the Company not less than 48 hours before the time of holding meeting.
2. Members are requested to promptly notify the Company of any change in their addresses.
3. The share transfer books of the Company will remain closed from October 24 to October 30, 2015 (both days inclusive).

DIRECTORS' REPORT

On behalf of the directors, it is my pleasure to present the 50th annual report with audited financial statements of the company and auditors' report thereon for the year ended June 30, 2015 which reflects the affairs of the company.

Financial highlights	**2015**	**2014**
	(Rupees '000)	
Loss before Taxation	(37059)	(72,833)
Share of loss of associate	(7,856)	(4,273)
	(44,915)	(77,106)
Taxation	29,188	(9,892)
Loss after taxation	(15,727)	(86,998)

The above data for the year shows a net loss after tax of Rs. 15.727 Million compared to last year after tax loss of Rs. 86.998 Million. The losses incurred are due to spinning units facing unscheduled and unprecedented energy crises in Punjab and unbearable conversion cost which negatively affected the company.

The company is restructuring its operations by reducing fixed costs and expenses at the mill sites and ensuring that it achieves optimum levels of production under the supervision of highly qualified and experienced Management team. The directors have also waived off the loans in an attempt to boost the company's profitability as it is part of the strategy to streamline the company to bring it in profit.

The directors are fully committed in bringing the company to its full capacity by managing the company efficiently and effectively.

We draw your attention to the last paragraph of the auditors' report and note 1.1 to these financial statements in which it has been explained that the company incurred net losses of Rs. 15.727 million during the year ended June 30, 2015 and current liabilities exceed current assets by Rs. 433.529 Million, we would like to add that the company is actively pursuing its long term strategy to revitalize its operations by revamping its strategy by effectively utilizing it facilities optimally and is confident in improving the financial position of the company.

Earning Per Share

Loss per share for the year is Rs. 11.23 as compared to earning per share of Rs. 62.14 in the previous year.

Dividend

Though the company liquidity position is marginally favorable the directors have not recommended any payment of dividend for the period as it intends to use the resources for settling of its debts and expansion.

Future prospects

The textile sector undoubtedly has a positive outlook but it depends directly on cotton crop size, the prices, its yield and quantity as cotton is the main raw material for the manufacturing of yarn.

In order to confront international competition the Government must restructure its policies ensuring uninterrupted supply of gas and electricity to the spinning industry around the year. Unless the energy requirements of the industry are met this sector will lack competition in the international market. It should also be noted that Cost of Production is increasing due to increasing tariffs of Electricity and Gas making it difficult to compete internationally along with the unpredictable nature of load shedding.

In the prevalent unfavorable state of affairs any positive change in the future financial position cannot be predicted. However, the management is focusing on exploring new sales's avenues in the international and local market to sell its quality yarn at profitable rates.

Related parties

The board of directors has approved the policy for transaction/contract between Company and its related parties on an arm's length basis and relevant rate to be determined as per the "comparable un-controlled price method".

Taxation

Provision for taxation in respect of export proceeds and other income has been fully provided. For outstanding taxes and levies, please refer to note 36 and 22.2 to the annexed audited financial statements.

Statement of compliance with the best practices on transfer pricing

The Company has fully complied with the best practices of transfer pricing as contained in the listing regulation of Stock Exchanges.

Environment, health, safety and social action

Ayesha Textile Mills Ltd provides and maintains, so far as reasonably practicable, plant equipment, systems and working conditions which are safe and without risk to the health of all employees and public. Management has maintained safe environment in all its operations throughout the year.

Compliance with the code of Corporate Governance

The Board of Directors have pleasure to inform you that the Company has taken necessary steps to comply with the provisions of the code of Corporate Governance as incorporated in the listing regulations of the Karachi and Lahore Stock Exchanges. Statement of Compliance with the Code of Corporate Governance is annexed.

Statement on Corporate & Financial Reporting Framework

The Company complies with the Code in the following manner.

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

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

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

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

e. The Board has set-up an effective internal audit function internally / and has outsourced some internal audit function to M/s Fazal Mahmood and Company Chartered Accountants, who are considered suitable qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they (or their Representatives) are involved in their internal audit function on a full time basis.

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

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

h. We have prepared and circulated statement of ethics and business strategy among directors and employees.

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

j. As required by the code of corporate governance, we have included the following information in this report:

Statement of pattern of shareholding
Statement of shares held by associate undertaking and related parties
Statement of the board meetings held during the year and attendance by each director
Key operation and financial statistics for last six years.

Board of Directors

Since the last report, there has been no change in the composition to the Board. During the year under review, seven board meetings were held and the number of meetings attended by each Director is given hereunder:-

Name of Director	No. Of Meetings Attended
Mr. Muhammad Rafi (CEO)	5
Mr. Tariq Rafi	4
Mr. Arif Rafi	5
Mr. Anjum Rafi	7
Mr. Abdullah Rafi	6
Mr. Waseem Lodhi	7
Mr. Nasir Anwar	5

AUDIT COMMITTEE

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee. The Name of its member are given in the Company profile.
The terms of reference of the Audit Committee is based on the scope as defined by the Securities and Exchange Commission of Pakistan (SECP) and the guidelines given by the Board of Directors form time to time to improve the systems with in the framework of terms of reference determined by the Board of Directors, the Audit Committee, among other things, will appointment of external auditors and review of periodic accounts.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The board of directors in compliance to the code of corporate governance has established human resource and remuneration committee during the financial year. The Name of its member are given in the Company profile.

AUDITORS

The present auditors M/s Mushtaq and Company, Chartered Accountants, Karachi, retire and being eligible, offer themselves for re-appointment under the terms of the Code of Corporate Governance.

ACKNOWLEDGEMENTS

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

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

SIX YEARS AT A GLANCE

(Rupees in thousand)

	2015	2014	Restated `2013	Restated 2012	2011	2010
Capital	**14,000**	14,000	14,000	14,000	14,000	14,000
Reserve and Surplus	**1,817,503**	1,788,341	1,861,832	1,291,349	1,382,357	1,380,550
Net worth	**1,831,503**	1,802,341	1,875,832	1,305,349	1,396,357	1,394,550
Non Current Liabilities	**451,904**	727,442	773,123	691,073	673,395	736,499
Current liabilities	**949,708**	972,914	828,433	846,344	904,190	729,368
Total Equity and Liabilities	**3,233,115**	3,502,698	3,487,448	2,848,639	2,973,942	2,860,417
Non Current Assets	**2,716,936**	2,776,817	2,889,163	2,240,474	2,305,139	2,320,542
Current assets	**516,179**	725,881	598,285	608,165	668,803	539,875
Total Assets	**3,233,115**	3,502,698	3,487,448	2,848,639	2,860,417	2,860,417
Sales	**2,005,360**	3,256,947	3,370,749	3,019,911	3,772,568	2,371,233
Cost of Sales	**(2,090,608)**	(3,143,450)	(3,144,209)	(2,918,631)	(3,642,103)	(2,194,076)
Gross Profit/(Loss)	**(85,248)**	113,497	226,540	101,280	130,465	177,157
Other operating income	**(3,148)**	(2,651)	(775)	(56)	(2,845)	(512)
Administrative and Selling Expenses	**33,889**	48,416	59,226	44,333	41,495	31,567
Other Charges	---	63,876	6,336	21,606	6,911	13,449
Financial Cost	**70,807**	76,689	94,503	115,271	127,962	119,379
Directors and sponsors loan waived off	**(149,737)**	---	---	---	---	---
Share of (profit) / loss in associate	**7,856**	4,273	(7,450)	4,338	(2,000)	(696)
Taxation	**(29,188)**	9,892	(19,531)	923	(42,865)	11,649
Net profit / (loss)	**(15,727)**	(86,998)	94,231	(85,135)	1,807	2,321
Gross Margin (% age)	**(4.25)**	3.48	6.72	3.35	3.46	7.47
Net margin (% age)	**(0.78)**	(2.67)	2.80	(2.82)	0.05	0.10
Current Ratio *	**0.64:1**	0.84:1	0.82:1	0.81:1	0.84:1	0.86:1
Leverage (Total Liabilities/Net Worth)	**0.57**	0.51	0.54	0.46	0.47	0.49
Equity : Debt	**57:43**	51:49	54:46	46:54	47:53	49:51
Earnings / (loss) per share: (Rs)	**(11.23)**	(62.14)	67.31	(60.81)	1.29	1.66

* Current maturity of long term loans has been excluded from current liabilities in order to calculate current ratio.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The entire organization of Ayesha Textile Mills Limited will be guided by the following principles in its pursuit of excellence in all activities for attainment of the company's objectives:

AS DIRECTOR

Foster a conducive environment through responsive policies.
Maintain organizational effectiveness for the achievement of the company goals.
Encourage and support compliance of legal and industrial requirements.
Protect the interest and assets of the company.

AS EXECUTIVE AND MANAGERS

Ensure the profitability of operations.
Provide the direction and leadership to the organization.
Ensure total customer's satisfaction through excellent products and services.
Promote a culture of excellence, conservation, and continual improvements.
Cultivate work ethics and harmony among colleagues and associates.
Encourage initiatives and self realization among employees through meaningful empowerment.
Ensure an equitable method of working and reward system.

AS EMPLOYEE AND STAFF

Devote productive time and efforts.
Observe company's policies and regulations.
Exercise prudence in using company's resources.
Strive for excellence and quality.
Must avoid making personal gain (other than authorized salary and benefits) at the Company's expense, participating in or assisting activities which compete with Ayesha Textile Mills Limited, working for any customer or suppliers of Ayesha Textile Mills Limited and to hold any ownership interest in a customer, supplier, distributor or competitor.

FINANCIAL INTEGRITY

Compliance with accepted accounting rules and procedures required at all time.

In addition to being duly authorized, all transactions must be properly and fully recorded. No entry or document may be false or misleading and no undisclosed and unrecorded account, fund or asset may be established or maintained. No corporate payment may be requested, approved or made with the intention that any part of such payment is to be used for any purpose other than as described in the document supporting it.

All information supplied to the auditors must be complete and not misleading.

Ayesha Textile Mills Limited will not knowingly assist fraudulent activities (e.g. tax evasion) by others. If you have any reason to believe that fraudulent activities are taking place (whether in Ayesha Textile Mills Limited or by others with whom we do business), you must report it to your manager immediately.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

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

Category	Names
Independent Directors	**Mr. Nasir Anwar**
Executive Directors	**Mr. Anjum Rafi** **Mr. Abdullah Rafi** **Mr. Waseem Lodhi**
Non-Executive Directors	**Mr. Muhammad Rafi** **Mr. Tariq Rafi** **Mr. Arif Rafi**

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

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

4. Casual vacancy occurring in the board of directors of the company during the year was duly filled up..

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

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A 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 condition of employment of the CEO and other executive directors, have been taken by the Board/Shareholders.

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

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

10. The new appointment of CFO was according to the terms and conditions of employment which has been approved by the board of directors.

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

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

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

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

15. The Board has formed an audit committee. It comprises three member, all of them are non-executive directors including the chairman of the committee.

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

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

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

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

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

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

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

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

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING FOR THE YEAR ENDED JUNE 30, 2015.

The Company has fully complied with the best practices on transfer pricing as contained in the relating listing regulations of the Karachi and Lahore Stock Exchanges of Pakistan.

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH 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 **Ayesha Textile Mills Limited** for the year ended June 30, 2015 to comply with the requirements of Listing Regulation of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the company's personnel and review of various documents prepared by the company to comply with the Code.

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

The Code requires the company to place before the audit committee and upon recommendation of audit committee, places before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

LAHORE:
October 08, 2015

MUSHTAQ & CO.
Chartered Accountants
Engagement Partner
Abdul Qadoos, ACA

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Ayesha Textile Mills Limited** as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

(a) in our opinion, proper books of accounts 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 accounts and are further in accordance with accounting policies consistently applied;

  (ii) the expenditure incurred during the year was for the purpose of the company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

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

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

(E) Without qualifying our opinion, we draw attention to note 1.1 in the financial statements which indicates that the company incurred a net loss of Rupees 15.727 million during the year ended June 30, 2015 and, as of that date, the company's current liabilities exceeds its current assets by Rupees 433.529 million. These conditions, along with other matters as explained in note 1.1 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. These financial statements, however, have been prepared on the going concern basis on the assumptions as detailed in aforesaid note.

LAHORE:
October 08, 2015

MUSHTAQ & CO.
Chartered Accountants
Engagement Partner
Abdul Qadoos, ACA

BALANCE SHEET AS AT JUNE 30, 2015

	NOTE	2015 (Rupees '000)	2014
ASSETS			
Non current assets			
Property, plant and equipment	5	2,663,952	2,716,687
Long term investment	6	42,405	50,261
Long term loans and advances	7	1,277	1,767
Long term deposits	8	9,302	8,102
Current assets			
Stores, spare parts and loose tools	9	131,569	123,842
Stock in trade	10	273,562	366,965
Trade debts	11	45,173	119,149
Loans and advances	12	5,882	45,248
Trade deposits and short term prepayments	13	19	783
Tax refund due from Government	14	58,768	68,270
Cash and bank balances	15	1,206	1,624
		516,179	725,881
TOTAL ASSETS		**3,233,115**	**3,502,698**
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
5,000,000 (2014 : 5,000,000) ordinary shares of Rs. 10/- each		50,000	50,000
Issued, subscribed and paid up share capital	16	14,000	14,000
Reserves	17	303,924	291,203
		317,924	305,203
Surplus on revaluation of property, plant and equipment	18	1,513,579	1,497,138
Non current liabilities			
Long term financing from banking companies	19	197,115	241,337
Long term financing from associated undertakings	20	---	29,837
Long term financing from directors and sponsors	21	---	124,397
Deferred liabilities	22	254,789	331,871
Current liabilities			
Trade and other payables	23	308,655	356,044
Accrued interest / mark up	24	29,037	16,002
Short term borrowings from banking companies	25	430,862	451,746
Short term borrowings from associated undertakings	26	29,293	---
Current portion of non current liabilities	27	144,559	111,415
Provision for taxation		7,302	37,707
		949,708	972,914
Contingencies and commitments	28	—	—
TOTAL EQUITY AND LIABILITIES		**3,233,115**	**3,502,698**

The annexed notes from 1 to 47 form an integral part of these financial statements.

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

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

	NOTE	2015	2014
		(Rupees '000)	
Sales - net	29	2,005,360	3,256,947
Cost of sales	30	(2,090,608)	(3,143,450)
Gross (loss)/ profit		(85,248)	113,497
Other income	31	3,148	2,651
Distribution cost	32	(6,069)	(16,480)
Administrative expenses	33	(27,820)	(31,936)
Other operating expenses	34	---	(63,876)
Finance cost	35	(70,807)	(76,689)
Directors and sponsors loan waived off	21	149,737	---
Share of loss from associate	6	(7,856)	(4,273)
Loss before taxation		(44,915)	(77,106)
Taxation	36	29,188	(9,892)
Loss for the year		(15,727)	(86,998)
Loss per share - basic and diluted (Rupees)	37	(11.23)	(62.14)

The annexed notes from 1 to 47 form an integral part of these financial statements.

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

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

	NOTE	2015 (Rupees '000)	2015
Loss for the year		(15,727)	(86,998)
Other comprehensive income for the year			
Item that will not be reclassified to Profit and Loss Account:			
Remeasurement recognized on staff retirement benefits		2,515	(1,601)
Impact of deferred tax		(615)	411
Total other comprehensive loss - net of tax		1,900	(1,190)
Total comprehensive loss for the year		(13,827)	(88,188)

The annexed notes from 1 to 47 form an integral part of these financial statements.

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	NOTE	2015	2014
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	71,999	126,773
Finance cost paid		(43,022)	(60,631)
Staff retirement benefits - gratuity paid		(5,116)	(6,866)
Taxes paid		(17,872)	(24,097)
		(66,010)	(91,594)
Net cash generated from operating activities		5,989	35,179
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceeds of property, plant and equipment		---	9,528
Property, plant and equipment acquired		(4,664)	(21,239)
Long term deposits		(1,200)	(2,550)
Long term loans and advances		490	(950)
Net cash used in investing activities		(5,374)	(15,211)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(25,829)	(68,769)
Long term financing from directors and sponsors		25,340	29,375
Long term financing from associated undertakings		---	10,781
Short term borrowings from associated undertakings		(544)	---
Net cash used in financing activities		(1,033)	(28,613)
Decrease in cash and cash equivalents		(418)	(8,645)
Cash and cash equivalents at the beginning of the year		1,624	10,269
Cash and cash equivalents at the end of the year	16	1,206	1,624

The annexed notes from 1 to 47 form an integral part of these financial statements.

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2015

(Rupees '000)

	Share Capital	Reserves	Un-appropriated profit	Total
Balance as at July 01, 2013	14,000	77,627	243,682	335,309
Total comprehensive loss for the year - restated	–	–	(88,188)	(88,188)
Surplus realized on disposal of property, plant and equipment - net of tax	–	–	30,614	30,614
Transfer from surplus on revaluation of property plant and equipment in respect of incremental depreciation charged in current year - net of tax	–	–	25,466	25,466
Share of associate transfer from surplus on revaluation of property, plant and equipments in respect of incremental depreciation charged in current year	–	–	2,002	2,002
Balance as at June 30, 2014	14,000	77,627	213,576	305,203
Total comprehensive loss for the year	–	–	(13,827)	(13,827)
Transfer from surplus on revaluation of property plant and equipment in respect of incremental depreciation charged in current year - net of tax	–	–	24,617	24,617
Share of associate transfer from surplus on revaluation of property, plant and equipments in respect of incremental depreciation charged in current year	–	–	1,930	1,930
Balance as at June 30, 2015	14,000	77,627	226,297	317,924

The annexed notes from 1 to 47 form an integral part of these financial statements.

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

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

1. STATUS AND ACTIVITIES

Ayesha Textile Mills Limited is a public limited company incorporated under the Companies Act, 1913 (now Companies Ordinance, 1984) and listed at Karachi and Lahore stock exchanges of Pakistan. The registered office of the company is situated at 97 - B, Gulberg II, Lahore. The company is engaged in the manufacturing and sale of cotton and PC yarn.

1.1 GOING CONCERN ASSUMPTION

Spinning units located in the province of Punjab suffered severe energy crisis in the form of unscheduled and unprecedented gas and electricity load shedding which catastrophically impaired the production of the company resulting in a major production short fall as compared to the last year. During the year, the company has ceased the production of unit - II situated at nine kilometer, Faisalabad Road, Kharianwala, Sheikhupura since April 2015. Employee and other technical staff of the Kharianwala unit have been fired by the company. The company had incurred a loss for the year ended June 30, 2015 of Rupees 15.727 million. The current liabilities exceeded its current assets by Rupees 433.529 million as of that date. These conditions along with adverse key financial ratios, company's inability to comply with loan agreements and inability to pay long term financing amounting to Rupees 74.226 million on due dates indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements, however, have been prepared under the going concern assumptions based on the following mitigating factors:

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

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

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

(d) During the year directors and sponsors have waived off their loans in the best interest of the company.

(e) Unit - 1 located at 32 KM Lahore road, Ismail Abad Sheikhupura is running on full capacity. Management is also considering different options to revive the production of closed units and management is very much confident that production of the closed units will be revived in few months.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan.

Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Functional and presentation currency

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

2.3 Standards, interpretations and amendments to published approved accounting standards

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

During the year certain amendments to standards or new interpretations became effective; however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that freehold land, factory building on freehold land, plant and machinery have been included at the revalued amount as referred to in note 5, revaluation of certain financial instruments at fair value and recognition of certain staff retirement benefits at net present value.

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

3.1 Provision for taxation

The company takes into account the current income tax law and decisions taken by the appellate

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

3.2 Staff retirement benefits - gratuity

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

3.3 Financial instruments

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

3.4 Property, plant and equipment

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

3.5 Stocks in trade and stores, spares and loose tools

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

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

Provision for doubtful debts
Computation of deferred taxation
Disclosure of contingencies

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Staff retirement benefits - gratuity

Defined benefit plan

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

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

4.2 Taxation

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

Current

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

Deferred

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

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

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

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

4.3 Trade and other payables

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

4.4 Borrowings and borrowing costs

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on an accrual basis and are included in markup accrued on loans and other payables to the extent of amount remaining unpaid.

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

4.5 Property, plant and equipment - owned

Recognition

Property, plant and equipment except for freehold land are stated at cost / revaluation less accumulated depreciation and impairment in value, if any. Freehold land is stated at revalued amount less any identified impairment loss.

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

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off historical cost of an asset over its estimated useful life at the rates as disclosed in note 5. Depreciation on additions is charged from the day at which the asset is acquired or capitalized, while on disposals depreciation is charged up to the day of disposal.

Derecognition

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

4.6 Investments in equity instruments of associated companies

Associates are all entities over which the company has significant influence but not control, investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

The company's share of its associate's post acquisition profits or losses is recognized in the income statement, and its share of post acquisition movements in reserves is recognized in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Distribution received from an associate reduce the carrying amount of the investment.

4.7 Capital work in progress

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

4.8 Long term deposits

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

4.9 Stores, spare parts and loose tools

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

4.10 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined as under.

Raw material	Weighted average cost except items in transit which are valued at cost comprising invoice value plus other charges incurred thereon.
Work in process and finished goods	Raw material cost plus appropriate manufacturing overheads
Waste	Net realizable value

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

4.11 Trade debts and other receivables

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

4.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and cash with banks.

4.13 Financial instruments

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

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

4.14 Off setting of financial assets and liabilities

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

4.15 Impairment

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

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

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

4.16 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, and it is probable that an out flow of resource embodying economic benefits will be

Required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.17 Foreign currency

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

4.18 Revenue Recognition

Sales are recorded on dispatch of goods to customers. Dividend income is recognized when right to receive dividend is established. Profit on bank deposits is recognized on accrual basis.

4.19 Related party transactions and transfer pricing

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with Comparable Uncontrolled Price Method .

4.20 Dividend

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

5. PROPERTY PLANT AND EQUIPMENT (Ismailabad and Kharianwala Units)

	NOTE	2015 (Rupees '000)	2014
Operating assets	5.1	2,716,687	2,716,687

5.1 Operating assets

	Owned								Total
	Freehold land	Building on freehold land	Plant and machinery	Vehicles	Furniture and fixture	Office Computers	Office equipment	Tools and equipment	
	(Rupees '000)								
Cost									
Balance as at July 01, 2013	469,085	579,524	1,773,271	30,056	3,534	1,428	2,861	814	2,860,573
Additions during the year	-	363	18,825	1,932	87	-	32	-	21,239
Disposals	-	-	(74,528)	-	-	-	-	-	(74,528)
Balance as at June 30,2014	469,085	579,887	1,717,568	31,988	3,621	1,428	2,893	814	2,807,284
Balance as at July 01, 2014	469,085	579,887	1,717,568	31,988	3,621	1,428	2,893	814	2,807,284
Additions during the year	-	801	3,704	-	159	-	-	-	4,664
Balance as at June 30,2015	469,085	580,688	1,721,272	31,988	3,780	1,428	2,893	814	2,811,948
Depreciation									
Balance as at July 01, 2013	-	-	-	25,670	2,692	1,034	2,234	683	32,313
Charge for the year	-	14,495	43,746	886	86	118	64	13	59,408
Depreciation on disposals	-	-	(1,124)	-	-	-	-	-	(1,124)
Balance as at June 30, 2014	-	14,495	42,622	26,556	2,778	1,152	2,298	696	90,597
Balance as at July 01, 2014	-	14,495	42,622	26,556	2,778	1,152	2,298	696	90,597
Charge for the year	-	14,146	41,919	1,086	94	83	59	12	57,400
Balance as at June 30, 2015	-	28,641	84,541	27,642	2,872	1,235	2,357	708	147,997
Written down value as at June 30, 2014	469,085	565,392	1,674,946	5,432	843	276	595	118	2,716,687
Written down value as at June 30, 2015	469,085	552,047	1,636,731	4,346	908	193	536	106	2,663,952
Rate of depreciation - June 30, 2014	-	2.5%	2.5%	20%	10%	30%	10%	10%	
Rate of depreciation - June 30, 2015	-	2.5%	2.5%	20%	10%	30%	10%	10%	

5.2 Depreciation for the year has been allocated as under:

	NOTE	2015 (Rupees '000)	2014
Cost of sales	30.1	55,711	57,879
Administrative expenses	33	1,323	1,154
Rental income - generator	31.2	366	375
		57,400	59,408

5.3 Freehold land, building on freehold land, plant and machinery were revalued as on June 30, 2013 by independent valuers M/S Unicorn International Surveyors. This revaluation resulted in surplus - net amounted to Rs. 643.438 million which was credited to surplus on revaluation of Property, plant and equipment account to comply with the requirements of section 235 of Companies Ordinance, 1984. Previously revaluation were carried out in June 30, 2009 which resulted in surplus of Rs. 591.116 million. Freehold land was revalued at market value and building on freehold land, plant and machinery were revalued at depreciated replacement cost.

5.4 Had there been no revaluation , the carrying amount of the specific class of assets would have been as follows:

	Cost	Accumulated depreciation	Written down value
	Rupees '000		
Freehold land	47,316	--	47,316
Building on freehold land	147,319	101,238	46,081
Plant and Machinery	1,370,179	756,099	614,080
Total 2015	1,564,814	857,337	707,477
Total 2014	1,560,672	840,467	720,205

5.5 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written Down Value	Sale proceed	Loss	Mode of Disposal	Particulars of buyer
	Rupees '000						
Total 2015	---	---	---	---	---		
Total 2014	74,528	1,124	73,404	9,528	(63,876)		

5.6 Unit wise break up of Property, plant and equipment

(i) Ismailabad Unit

(Rupees '000)

	Owned								Total
	Freehold land	Building on freehold land	Plant and machinery	Vehicles	Furniture and fixture	Office Computers	Office equipment	Tools and equipment	
Cost									
Balance as at July 01,2014	333,920	369,478	802,104	19,479	2,380	686	1,724	814	1,530,585
Additions during the year	-	801	2,235	-	151	-	-	-	3,187
Balance as at June 30, 2015	333,920	370,278	804,340	19,479	2,531	686	1,724	814	1,533,772
Depreciation									
Balance as at July 01, 2014	-	9,235	19,975	16,062	2,006	619	1,450	696	50,043
Charge for the year	-	9,017	19,570	683	46	20	27	12	29,376
Balance as at June 30, 2015	-	18,252	39,545	16,745	2,052	639	1,478	708	79,419
Written down value as at June 30,2015	333,920	352,026	764,795	2,734	479	47	246	106	1,454,353
Rate of depreciation	-	2.5%	2.5%	20%	10%	30%	10%	10%	

(Rupees '000)

(ii) Kharianwala Unit

	Owned								
	Freehold land	Building on freehold land	Plant and machinery	Vehicles	Furniture and fixture	Office Computers	Office equipment	Tools and equipment	Total
Cost									
Balance as at July 01,2014	135,165	210,409	915,464	12,509	1,241	742	1,169	-	1,276,699
Additions during the year	-	-	1,469	-	8	-	-	-	1,477
Balance as at June 30, 2015	135,165	210,409	916,933	12,509	1,249	742	1,169	-	1,278,176
Depreciation									
Balance as at July 01, 2014	-	5,260	22,647	10,494	772	533	848	-	40,554
Charge for the year	-	5,129	22,349	403	48	63	32	-	28,024
Balance as at June 30, 2015	-	10,389	44,996	10,897	820	596	880	-	68,578
Written down value as at June 30,2015	135,165	200,020	871,937	1,612	429	146	289	-	1,209,598
Rate of depreciation	-	2.5%	2.5%	20%	10%	30%	10%	10%	

	NOTE	2015 (Rupees '000)	2014

6. LONG TERM INVESTMENT - Associates

	NOTE	2015	2014
725,000 (June 30, 2014 : 725,000) fully paid ordinary shares of Rs. 10/- each in Bashir Cotton Mills (Pvt) Limited. Equity held 11.30% (June 30, 2014 : 11.30%)		50,261	54,534
Share of post acquisition loss		(7,856)	(4,273)
		42,405	50,261

The summarized financial information of the associated company "Bashir Cotton Mills (Pvt.) Limited" where there is significant influence (common directorship), based on the financial statements for the year ended June 30 is as follows.

	NOTE	2015 (Rupees '000)	2014
Equity as at June 30,		17,582	70,016
Total assets as at June 30,		1,093,886	1,216,524
Revenue for the year ended June 30,		961,609	1,234,879
Profit for the year ended June 30,		(69,518)	(37,813)

7. LONG TERM LOANS AND ADVANCES

	NOTE	2015	2014
Long term loans - employees	7.1	1,277	1,767
7.1 Long term loans - employees		3,093	4,307
Less: current portion shown under short term loan and advances	12	1,816	2,540
		1,277	1,767

7.2 This represents interest free loans provided as per terms and conditions of employment. These loans are secured against gratuity of employees and are recoverable in monthly equal installments. The maximum aggregate balances of loan to employees at the end of any month during the year was Rs.4.08 million (2014 : Rs. 4.591 million).

8. LONG TERM DEPOSITS

	NOTE	2014 (Rupees '000)	2015
Opening balance		8,102	5,552
Addition during the year		1,200	2,550
		9,302	8,102

	NOTE	2014 (Rupees '000)	2015
9. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		103,367	96,394
Spare parts		28202	27,304
Store items in transit		---	144
		131,569	123,842
10. STOCK IN TRADE			
Raw material		226,269	277,025
Work in process		23,118	40,971
Finished goods		9,779	34,518
Raw material in transit		14,396	14,451
		273,562	366,965

10.1 Stock in trade includes pledge stock amounting to Rs. 130.855 million (2014 : Rs. 78.731 million).

	NOTE	2014 (Rupees '000)	2015
11. TRADE DEBTS			
Considered good			
Local - unsecured		45,173	119,149
		45,173	119,149
12. LOAN AND ADVANCES			
Considered good			
Current portion of long term loans and advances - employees	7.1	1,816	2,540
Advances to / against			
Letters of credit		28	120
Suppliers, contractors and others		3,934	41,735
Associated undertakings	12.1	104	853
		5,882	45,248

12.1 The maximum aggregate debit balance with associated undertakings at the end of any month during the year was Rs. 0.571 million (2014 : Rs. 13.585 million). These are of trading nature.

	NOTE	2015 (Rupees '000)	2014
13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Prepayments		19	783
		19	783
14. TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax refundable		36,693	33,133
Advance income tax		22,075	35,137
		58,768	68,270
15. CASH AND BANK BALANCES			
Cash in hand		1,047	1,073
Cash with banks :			
In current account		159	551
		1,206	1,624

	NOTE	2015 (Rupees '000)	2015
16. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
350,000 (June 30, 2014: 350,000) ordinary shares of Rs. 10/- each fully paid in cash		3,500	3,500
1,050,000 (June 30, 2014: 1,050,000) ordinary shares of rs. 10/- each issued as bonus shares		10,500	10,500
		14,000	14,000

16.1 Associated companies Amin Textile Mills (Pvt.) Limited and Surriya Textile Mills (Pvt.) Limited held 342,824 (2014 : 342,824) and 61,600 (2014 : 61,600) ordinary shares of the company respectively.

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

	NOTE	2015 (Rupees '000)	2014
17. RESERVES			
Capital reserves		6,124	6,124
Special reserves U/S 15BB		267	267
General reserves		70,550	70,550
Investment in associate		686	686
Unappropriated profit		226,297	213,576
		303,924	291,203
18. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENTS - NET OF TAX			
Surplus on revaluation of property, plant and equipment - net of tax	18.1	1,469,020	1,450,649
Surplus on revaluation of property, plant and equipment relating to associate - net of tax	18.2	44,559	46,489
		1,513,579	1,497,138

18.1 Surplus on revaluation of property, plant and equipment- net of tax

	2015	2014
Surplus on revaluation of property, plant and equipment as at the beginning of the year	1,935,638	2,020,608
Transfer to unappropriated profit in respect of :		
Disposal of property, plant and equipment	---	30,614
Incremental depreciation on revalued assets	24,617	25,466
Related deferred tax liability	12,125	28,890
	36,742	84,970
	1,898,896	1,935,638
Related deferred tax liabilities on:		
Revaluation at the beginning of the year	484,989	528,576
Effect of change in tax rate	(42,988)	(14,697)
Incremental depreciation on revalued assets	(12,125)	(13,119)
Disposal of property, plant and equipment	---	(15,771)
	429,876	484,989
	1,469,020	1,450,649

	NOTE	2015 (Rupees '000)	2014

18.2 Surplus on revaluation of property, plant and equipments relating to associate

Bashir Cotton Mills (Pvt) limited		46,489	48,491
Less : incremental depreciation for the year -net of tax		(1,930)	(2,002)
		44,559	46,489

19. LONG TERM FINANCING FROM BANKING COMPANIES

SECURED	NOTE	2015	2014
Allied Bank Limited	19.1	265,992	252,919
Bank of Punjab	19.2	73,780	90,852
United Bank Limited	19.3	1,902	8,981
		341,674	352,752
Less: Current portion shown under current liabilities	27	70,333	78,237
Overdue portion shown under current liabilities		74,226	33,178
		197,115	241,337

19.1 Allied Bank Limited

Demand finance I	19.1.1	158,087	159,763
Demand finance II	19.1.2	12,925	12,925
Demand finance III	19.1.3	2,636	2,636
Demand finance IV	19.1.4	92,344	77,595
		265,992	252,919

19.1.1 The loan is repayable in 72 unequal monthly installments started from March 31, 2011. It carries markup at three months kibor. Accrued markup will be transferred to frozen markup II as described in note 19.1.4. The loan is secured against first pari passu charge over plant and machinery of the company of Rs. 204.38 million situated at Kharianwala, Sheikhupura Faisalabad Road, specific charges over plant and machinery of the company amounting to Rs. 133.616 million, mortgage of un-encumbered land of unit II of the company situated at kharianwala, sheikhupura Faisalabad road measuring 82 kanals and 1 Marla and personal guarantees of sponsor directors. It includes overdue installments Rs. 56.762 million.

19.1.2 Demand finance II (Frozen markup) is payable in 45 equal monthly installments commenced from March 31, 2011. It stands overdue.

19.1.3 Demand finance III (frozen markup) was payable on December 31, 2012. It stands overdue.

19.1.4 It represents markup accrued on demand finance I after March 01, 2011. The markup on demand finance I facility will accrue over a period of six years and will be transferred to frozen markup account. Frozen markup will be repaid in 36 equal monthly installments commenced from March 31, 2017 (after repayment of principal amount of demand finance I).

	NOTE	2015 (Rupees '000)	2014
19.2 Bank of Punjab			
Demand finance I	19.2.1	51,256	68,328
Demand finance II - frozen markup	19.2.2	22,524	22,524
		73,780	90,852

19.2.1 During the year Bank of Punjab has rescheduled / restructured the demand finance I facility. According to rescheduled agreement the loans is repayable in seventeen equal quarterly installments started from June 30, 2015. previously the loan was repayable in eighteen equal quarterly installments commencing from November 30, 2012. It carries markup at three months kibor plus 50 BPS with a floor of 7 percent (June 30, 2014: three months kibor plus 50 BPS with a floor of 10 percent) payable quarterly. The loan is secured against exclusive charge on the specific machinery of Rupees 107 million installed at unit 1, ranking charge over specific machinery of amounting Rupees 230.2 million, ranking charge over all the present and future current assets of unit 1 of the company of amounting Rupees 208 million and personal guarantees of sponsoring directors of the company.

19.2.2 The frozen markup is repayable in 24 equal monthly installments starting from March 2017 after the repayment of principal installments mentioned in note 19.2.1 above. Securities against frozen markup is mentioned in note 19.2.2 above.

		NOTE	2015	2014
			(Rupees '000)	
19.3	**United Bank Limited**			
	Demand finance I	19.3.1	291	4,148
	Demand finance II	19.3.2	1,611	4,833
			1,902	8,981

19.3.1 The loan is payable in ten equal quarterly installments commencing from October 10, 2012. It carries markup at three months kibor plus 1.95% (2014 : three months kibor plus 1.95%) payable quarterly. The loan is secured against 1st charge of Rs. 155 million on land of unit # 1 of the company and plant and machinery installed thereon located at 32 KM Lahore, Sheikhupura and letter of guarantee and NIDF-I. It stands overdue.

19.3.2 Previously loan is repayable in twenty equal quarterly installments commenced from April 30, 2009. The loan is repayable in ten equal quarterly installments commencing from October 19, 2012. It carries markup at three months kibor plus 1.95% (2014 : three months kibor plus 1.95%) payable quarterly. The loan is secured against 1st charge of Rs. 155 million on land of unit # 1 of the company and plant and machinery installed thereon located at 32 KM Lahore, Sheikhupura and letter of guarantee and NIDF-I. It stands overdue.

20. LONG TERM FINANCING FROM ASSOCIATED UNDERTAKINGS

Unsecured - from related parties

20.1 These are unsecured, interest free and as at June 30, 2014 these were not due for repayment within next twelve months.

20.2 These are unsecured, interest free. During the year amount payable to associated undertaking is transferred to short term borrowings. The written agreement regarding repayment of loan does not specify the contractual right to deferred the loan payment and the loan amount is payable on demand with mutual consent of management of the company, therefore, the loan is clubbed in short term borrowings and classified under current liabilities.

21. LONG TERM FINANCING FROM DIRECTORS AND SPONSORS

Unsecured - from related parties

These are unsecured, interest free and not due for repayment within next twelve months. Loan amount of Rupees 95.022 million are subordinated to loans from banking companies. During the period Mr. Muhammad Rafi (Chief executive), Mrs. Surriya Beghum (Sponsor), Mr. Tariq Rafi (Director) Mr. Arif Rafi (Director), Mr. Anjum Rafi (Director), Mrs. Asma Anjum (Sponsors), Mr. Abdullah Rafi (Director) have waived off Rupees 37.115 million, Rupees 37.394 million, Rupees 5.660 million, Rupees 8.521 million, Rupees 24.010 million, Rupees 17.950 million and 19.086 million respectively, total amount of Rs. 149.737 million of long term financing from directors in the best interest of the company by way of gift to Ayesha Textile Mills Limited. The above directors have acknowledged in gift deed that they have forgone all rights in the gift, the amount is irrevocable and the company may utilize the gift amount in any manner.

	NOTE	2015	2014
		(Rupees '000)	
22. DEFERRED LIABILITIES			
Staff retirement benefits- gratuity	22.1	15,897	20,888
Deferred taxation	22.2	238,893	310,983
		254,789	331,871

22.1 Staff retirement benefits- gratuity

22.1.1 Movement in the net liability recognized in the balance sheet

	2015	2014
Opening liability	20,888	18,966
Charge to profit and loss account	4,785	7,187
Remeasurments (gains)/ losses	(2,515)	1,601
Benefits paid during the year	(5,116)	(6,866)
Liability transferred to trade and other payables	(2,146)	---
Closing liability	15,897	20,888

	NOTE	2015	2014
		(Rupees '000)	
22.1.2 The movement in the present value of defined benefit obligation			
Present value of defined benefit Obligation		20,888	18,966
Current service cost		3,702	5,372
Interest cost		1,083	1,815
Remeasurments (gains)/losses		(2,515)	1,601
Benefits paid during the year		(5,116)	(6,866)
		18,042	20,888

22.1.3 Historical information

	2015	2014	2013	2012	2011
					(Rupees '000)
Present value of defined benefit obligation	18,042	20,888	18,966	12,502	28,150
	(2,515)	1,601	6,267		

	NOTE	2015	2014
		(Rupees '000)	
22.1.4 Liability recognized in the balance sheet			
Present value of obligation		18,042	20,888
		18,042	20,888
22.1.5 Expense recognizedin profit and loss			
Service cost		3,702	5,372
Interest cost		1,083	1,815
		4,785	7,187
In other comprehensive income			
Remeasurement recognized - gains / (losses)		2,515	(1,601)
22.1.6 Expense recognized for the year has been allocated as under:			
Cost of goods manufacturing		3,698	6,238
Administrative expenses		1,087	949
		4,785	7,187

22.1.7 General description

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

22.1.8 Principal actuarial assumption

Following are few important actuarial assumption used in the valuation.

	2015	2014
Discount rate	9.75%	13.25%
Rate of increase of salary	10.00%	12.25%

22.1.9 Sensitivity analysis of actuarial assumptions

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

	Increase in assumption	Decrease in assumption
	(Rupees '000)	
Discount rate	32	(233)
Rate of increase of salary	(230)	31

22.1.10 Expected gratuity expense for the year ending June 30, 2016 works out Rs. 5.102 million.

		NOTE	2015 (Rupees '000)	2014
22.2	**Deferred Taxation**			
	The net liability of deferred taxation comprises of temporary differences.			
	Deferred tax liabilities on taxable temporary differences			
	Accelerated depreciation on owned assets		47,994	21,818
	Surplus on revaluation of property, plant and equipment		429,876	484,989
			477,870	506,807
	Deferred tax asset on deductible temporary differences			
	Staff retirement benefits - gratuity		(3,885)	(5,369)
	Tax losses / excess tax adjustable under section 113 of Income Tax Ordinance, 2001		(235,093)	(190,455)
			238,893	310,984

In view of applicability of presumptive tax regime on major portion of taxable income, deferred tax liability has been worked out after taking effect of income covered under presumptive tax regime.

		NOTE	2015 (Rupees '000)	2014
23.	**TRADE AND OTHER PAYABLES**			
	Creditors		275,724	246,398
	Advances from customers		5,744	85,393
	Accrued expenses		19,425	18,840
	Payable against staff retirement benefits - gratuity		2,146	---
	Sales tax		774	556
	Workers welfare fund		1,613	1,613
	Tax deducted at source		3,194	3,209
	Unclaimed dividend		35	35
			308,655	356,044
24.	**ACCRUED INTEREST / MARKUP**			
	Interest/mark up on:			
	Long term financing		3,171	3,087
	Short term borrowings		25,866	12,915
			29,037	16,002
25.	**SHORT TERM BORROWINGS**			
	Secured - from banking companies			
	Running finance	25.1	427,953	449,858
	Book overdraft	25.2	2,909	1,888
			430,862	451,746

25.1 Various banks have sanctioned credit facilities of Rs. 1,006 million (2014 : Rs. 1,058 million). These facilities carry mark up ranging from 8.50% to 20.00% percent (2014 : from 10.05 to 20 percent) per anum. These facilities are secured against pledge of cotton with 10 to 20 percent margin, pledge of polyester, lien on import documents, lien over local documents, lien over export documents , first pari passu charge on current assets of the company, parri passu charge over fixed assets of unit II, ranking charge over all the present and future current assets of the company, first charge over fixed assets of the company, ranking charge over fixed assets (plant and machinery) of the company, ranking hypothecation charge over present and future current assets of the company and personal guarantees of directors.

25.2 This represents cheque issued in excess of bank balance. Since there was no bank facility, this has been grouped under book overdraft.

26. These are interest free loans payable to the associated undertakings. The term and condition are fully explained in the note 20.2.

		NOTE	2015	2014
			(Rupees '000)	
27.	**CURRENT PORTION OF NON CURRENT LIABILITIES**			
	Long term financing from banking companies	19	144,559	111,415
			144,559	111,415

28. CONTINGENCIES AND COMMITMENTS

Contingencies

Bank guarantee is issued in favor of Sui Northern Gas Pipeline Limited of Rs. 26.154 million (June 30, 2014 : Rs. 26.073 million).

Bank guarantee is issued in favor of Excise and Taxation of Rs. 20.00 million (June 30, 2014: Rs. 18.80 million).

During the year Honorable Lahore High Court, Lahore has passed the order against suit C.O.S No. B117/2011. Honorable High Court, Lahore, has decided the case against company and passed decree in favor of the National Bank of Pakistan in the sum of Rs. 55.969 million. The company has accounted for the decree amount in these financial statements.
The company has filed a suit C.O.S No. 9/2012 against the bank before the Honorable Lahore High court, Lahore against the claim of 109.334 million due to their charging excess markup and markup over markup on long term loans. The company withheld payment of Rs. 50 million to the bank outstanding as on December 31, 2008 in running finance. The management is confident to receive the claim as it is based on solid grounds. The outcome of the case is not ascertainable as at June 30, 2015.

Commitments:

Commitments for capital expenditure are Rs. 1.155 million (June 30, 2014 : Rs. 0.662 million).

Commitments for other than capital expenditure are Rs. 13.113 million (June 30, 2014 : Rs. 83.318 million).

		NOTE	2015	2014
			(Rupees '000)	
29.	**SALES - NET**			
	Yarn			
	Local		1,824,170	2,745,095
	Export	29.2	95,093	515,392
	Raw cotton		90,902	25,660
	Waste		5,059	8,752
			2,015,224	3,294,899
	Less: Sale returns		---	12,919
	Net sales		2,015,224	3,281,980
	Less: Commission			
	Local		8,573	7,268
	Export		1,291	17,765
			9,864	25,033
			2,005,360	3,256,947

29.1 Local sales excludes sales tax amounted to Rs. 39.07 million (June 30, 2014: 55.762 million).

29.2 It included exchange loss of Rs. 0.000 million (June 30, 2014: Rs. 0.212 million).

	NOTE	2015 (Rupees '000)	2014
30. COST OF SALES			
Cost of goods manufactured	30.1	2,053,076	3,122,657
Finished goods - opening		34,518	18,197
Cost of finished goods purchased		12,793	37,114
Finished goods - closing		(9,779)	(34,518)
		37,532	20,793
		2,090,608	3,143,450

30.1 Cost of goods manufactured

	NOTE	2015	2014
Raw material - opening stock		277,025	246,670
Purchases		1,373,537	2,225,783
		1,650,562	2,472,453
Raw material sold		(45,026)	(25,342)
		1,605,536	2,447,111
Raw material - closing stock		(226,269)	(277,025)
Raw material consumed		1,379,267	2,170,086
Cost of raw material sold		45,026	25,342
Salaries, wages and other benefits	30.2	171,096	246,052
Fuel power and gas		305,143	509,709
Store, spare parts and loose tools consumed		59,814	85,121
Carriage		441	1,291
Repair and maintenance		11,703	16,662
Insurance		3,172	6,094
Other expenses		3,850	6,645
Depreciation	5.2	55,711	57,879
		655,956	954,795
Total manufacturing cost		2,035,223	3,124,881
Work in process - opening		40,971	38,747
Work in process - closing		(23,118)	(40,971)
		17,853	(2,224)
		2,053,076	3,122,657

30.2 Salaries, wages and other benefits include Rs. 3.698 million (2014 : Rs. 6.238 million) in respect of staff retirement benefits.

	NOTE	2015 (Rupees '000)	2014
31. OTHER OPERATING INCOME			
From financial assets			
Interest on saving accounts		30	36
Insurance claim received		---	104
Exchange gain		---	122
Scrap sale	31.1	8	50
Rental income - generator	31.2	2,846	1,756
From other than financial assets			
Creditors balances written back		264	583
		3,148	2,651

31.1 Scrape sales excludes sales tax amounting to Rs. 0.001 million (2014 : Rs. 0.009 Million).

	NOTE	2015 (Rupees '000)	2014
31.2 Rental income - generator			
Rental income - generator			
Direct cost of rental income - generator		5,100	5,100
Salaries wages and other benefits		600	600
Stores and spares consumed		1,209	1,944
Repair and maintenance		79	425
Depreciation		366	375
		2,254	3,344
Net income/(loss) from generator		2,846	1,756

32. DISTRIBUTION COST

Truck freight on local sales		651	86
Packing and forwarding charges		1,113	5,249
Shipping freight on export		979	4,051
Selling and distribution expenses		2,859	5,654
Export development surcharge		467	1,440
		6,069	16,480

33. ADMINISTRATIVE EXPENSES

Directors' remuneration		3,295	3,247
Directors' traveling		733	261
Salaries and other benefits	33.1	10,466	10,583
Fee and subscription		428	851
Postage and telex		755	943
Rent, rate and taxes		---	1,200
Legal and professional charges		2,098	2,527
Auditors' remuneration	33.2	720	672
Charity and donations	33.3	22	28
Printing and stationery		416	499
Entertainment expenses		2,056	2,084
Motor vehicles up keep		3,207	4,189
Electricity and gas expenses		715	745
Advertisement expenses		45	166
Office maintenance		626	1,465
Traveling and conveyance expenses		868	1,267
Depreciation	5.2	1,323	1,154
Others		47	55
		27,820	31,936

33.1 Salaries and other benefits include Rs. 1.087 million (2014: Rs. 0.949 million) in respect of staff retirement benefits.

	NOTE	2015 (Rupees '000)	2014
33.2 Auditors' remuneration			
Statutory Audit fee		650	600
Half yearly and other reviews		65	65
		720	665

33.3 Charity and Donations

The directors or their spouses have no interest in the donee institutions directly or indirectly.

		NOTE	2015		2014
34.	**OTHER OPERATING EXPENSES**			(Rupees '000)	
	Loss on disposal of property, plant and equipment		---		63,876
			---		63,876
35.	**FINANCE COST**				
	Interest / mark up on :				
	Long term financing banking companies and suppliers		20,758		25,365
	Short term borrowings		46,896		40,557
	Interest on workers profit participation fund		---		201
	Bank charges		3,153		10,566
			70,807		76,689
36.	**TAXATION**				
	Current year		529		30,985
	Deferred				
	Current year		(57,988)		(11,882)
	Prior year - effect of rate change		28,271		(10,211)
			(29,188)		9,892

36.1 The assessment of the company will be finalized in respect of export proceeds under presumptive tax regime under section 169. Other than export income, assessment will be finalized under the universal self assessment scheme of Income Tax Ordinance, 2001. During the year company has declared gross loss before set off of depreciation and other inadmissible expenses under the Income Tax Ordinance, 2001. Therefore, provision for current taxation under section 113 of Income Tax Ordinance, 2001 is not made in these financial statements.

36.2 Income tax return of the company has been filed up to Tax Year 2014. The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements as the company has taxable losses and tax expense is provided under section 169 of Tax ordinance, 2001.

37. EARNING / (LOSS) PER SHARE - BASIC AND DILUTED

		2015	2014
(Loss) for the year	(Rupees '000)	(15,727)	(86,998)
Weighted average number of ordinary shares outstanding during the year	(Number '000)	1,400	1,400
(Loss) / earnings per share - basic	(Rupees)	(11.23)	(62.14)

There is no dilutive effect on basic earnings / (loss) per share.

38. REMUNERATION TO CHIEF EXECUTIVE & DIRECTORS

	2015			2014		
	Chief Executive	Directors	Total	Chief Executive	Directors	Total
	(Rupees '000)			(Rupees '000)		
Remuneration and allowances	300	1,800	2,100	300	1,800	2,100
Utility bills	128	1,067	1,195	103	977	1,147
Others	—	733	733	—	261	261
	428	3,600	4,028	403	3,038	3,508
Number of persons	1	2	3	1	2	3

38.1 The company provides pool cars to chief executive and directors of the company.

38.2 No employee of the company falls under the definition of executive as defined in the Companies Ordinance, 1984.

	NOTE	2015 (Rupees '000)	2014
39. CASHFLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(44,915)	(77,106)
Adjustments for:			
Depreciation		57,400	59,408
Provision for staff retirement, benefit- gratuity		4,785	7,187
Loss on disposal of property, plant & equipments		---	63,876
Financial cost		70,807	76,689
Directors and sponsors loan waived off		(149,737)	---
Share of loss from associate		7,856	4,273
		(8,890)	211,433
Cash flows before changes in working capital		(53,804)	134,327
(Increase)/decrease in current assets			
Stores, spare parts and loose tools		(7,727)	(6,718)
Stock in trade		93,403	(63,351)
Trade debts		73,976	(46,616)
Loan and advances		39,366	(21,499)
Trade deposits and short term prepayments		764	(205)
Other receivable		---	3,208
Tax refunds due from Government		(3,560)	3,482
		196,222	(131,699)
(Decrease) / Increase in current liabilities			
Short term borrowings		(20,884)	13,904
Trade and other payables		(49,535)	110,241
		(70,419)	124,145
Cash generated from operations		71,999	126,773

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

40.1 Credit risk
40.2 Liquidity risk
40.3 Market risk

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

40.1 Credit risk

40.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 58.878 million (June 30, 2014 : Rs.134.035 million), financial assets which are subject to credit risk aggregate to Rs. 57.672 million (June 30, 2014: Rs. 132.411 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	NOTE	2015 (Rupees '000)	2014
Long term loans and advances		1,277	1,767
Long term deposits		9,302	8,102
Trade debts		45,173	119,149
Loans and advances		1,920	3,393
Cash and bank balances		1,206	1,624
		58,878	134,035

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

	2015	2014
	(Rupees '000)	
Domestic	45,173	119,149
	45,173	119,149

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

	2015	2014
Yarn	45,173	117,823
Waste	---	1,326
	45,173	119,149

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

	2015	2014
Past due 0 - 30 days	44,403	104,544
Past due 31 - 90 days	211	13,235
Past due 90 days - 1 year	559	435
More than one year	---	935
	45,173	119,149

40.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2015					
Non - derivative Financial liabilities	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	(Rupees '000)					
Long term financing	341,674	351,492	109,061	38,906	203,526	---
Trade and other payables	298,378	298,378	298,378	---	---	---
Accrued mark up / interest	29,037	29,037	29,037	---	---	---
Short term borrowings	430,862	461,022	461,022	---	---	---
Short term borrowings - related parties	29,293	29,293	29,293	---	---	---
	1,099,951	1,169,222	897,498	38,906	203,526	---

	2014					
Non - derivative Financial liabilities	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	(Rupees '000)					
Long term financing	352,752	385,936	77,185	40,409	268,342	---
Long term financing form associated undertakings	29,837	29,837	---	---	29,837	---
Long term financing from directors and others	124,397	124,397	---	---	124,397	---
Trade and other payables	268,482	268,482	268,482	---	---	---
Accrued mark up / interest	16,002	16,002	16,002	---	---	---
Short term borrowings	451,746	470,680	470,680	---	---	---
	1,243,216	1,295,334	832,349	40,409	422,576	---

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

40.3 Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

40.3.1 Currency risk

Exposure to currency risk

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar. The currencies in which these transactions primarily are denominated is US Dollar. The company is not exposed to currency risk as at year end.

40.3.2 Interest rate risk

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

	2015	2014
	(Rupees '000)	
Fixed rate instruments		
Financial liabilities	---	---
Variable rate instruments		
Financial liabilities	772,536	804,498

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2014.

	Profit and loss and equity	
	100 bp increase	100 bp decrease
	(Rupees '000)	
Cash flow sensitivity - variable rate instruments 2015	(677)	677
Cash flow sensitivity - variable rate instruments 2014	(661)	661

40.4 Fair value of financial assets and liabilities

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

40.5 Off balance sheet items

	2015	(Rupees '000)	2015
Bank guarantees issued in ordinary course of business	46,154		44,873
Letters of credit for raw material	13,113		83,318
Letters of credit for stores and spares	1,155		662

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

41 Capital risk management

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowing divided by total capital employed. Borrowing represents long term financing from banking companies and suppliers, long term financing from associated undertakings, long term financing from directors and sponsors, and long term portion of liabilities against assets subject to finance lease. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

	2015	(Rupees '000)	2014
Total borrowings	772,536		958,732
Total equity	317,924		305,204
Total capital	1,090,460		1,263,936
Gearing ratio	70.84%		75.85%

42. RELATED PARTIES

The related parties comprise associated companies, directors and key management personnel.

42.1 Transactions with related parties

	2015	(Rupees '000)	2014
Purchase of raw material	16,538		30,221
Purchase of store items	111		---
Sale of raw material	21,316		---
Sale of yarn	599		14,982
Sale of store items	127		---
Loan from directors and sponsors - receipts	27,795		30,125
Loan from directors and sponsors - payments	2,455		750
Long term financing from associated undertakings - receipts	3,925		33,159
Long term financing from associated undertakings - payments	2,500		21,704

42.2 Balances with related parties

	2015		2014
Amin Textile Mills (pvt) Ltd	(15,606)		(16,978)
Ali Leather Works (pvt) Ltd	(508)		(508)
Rafi Fibres (pvt) Ltd	24		24
Bashir Cotton Mills (Pvt) Limited	(9,090)		8,513
Surriya Textile Mills (pvt) Ltd	(4,008)		(3,009)
	(29,188)		(11,958)

42.3 No interest has been charged as these transactions have arisen due to trade dealings and were valued at arm's length price generally determined in accordance with "Comparable Uncontrolled Price Method". Reimbursement of expenses to / from associated undertakings were on actual basis.

		2015	2014
43.	**PLANT CAPACITY AND ACTUAL PRODUCTION**		
	Rated annual capacity after conversion into 20's count (Kgs.)	18,754,967	18,754,967
	Actual production of yarn after conversion into 20's count (Kgs.)	13,544,313	18,691,566
	Total number of spindles installed	59,472	59,472
	Average number of spindles worked per shift	40,215	50,113
	Number of shifts worked during the year	936	994
	Number of shifts worked per day	3	3

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindle speed, twist per inch and raw material used etc. It would also vary according to the pattern of production adopted in a particular year. Unit-II is also remained closed since April 2015, therefore actual production is lower then budgeted capacity.

		2015	2014
44.	**NUMBER OF EMPLOYEES**		
	Number of employees as at year end	453	793
	Average employees during the year	654	859

45. POST BALANCE SHEET EVENTS

There are no post balance sheet events.

46. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **October 08, 2015** by the board of directors of the company.

47. GENERAL

Figures have been rounded off to the nearest thousand of rupees.

Muhammad Rafi
Chairman/Chief Executive

ABDULLAH RAFI
Director

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2015

Number of Shareholders	From	To	Total Shares Held
52	1	100	259
1	101	500	165
–	501	1,000	0
12	1,001	5,000	44,008
19	5,001	10,000	156,024
1	10,001	15,000	12,004
1	60,001	65,000	61,600
–	65,001	70,000	0
–	70,001	75,000	0
–	75,001	80,000	0
–	80,001	85,000	0
–	85,001	90,000	0
6	90,001	145,000	783,116
1	145,001	345,000	342,824
93			1,400,000

Categories of Shareholders	Number	Shares Held	Percentage
CEO, DIRECTORS, & THEIR SPOUSE:			
Mr. Muhammad Rafi s/o Late Muhammad Ismail	1	113,852	8.13
Mrs. Surriya Begum w/o Muhammad Rafi	1	117,804	8.41
Mr. Tariq Rafi s/o Muhammad Rafi	1	137,920	9.85
Mr. Arif Rafi s/o Muhammad Rafi	1	137,908	9.85
Mr. Anjum Rafi s/o Muhammad Rafi	1	137,936	9.85
Mr. Abdullah Rafi s/o Muhammad Rafi	1	137,696	9.84
Mr. AGK Lodhi s/o M. Yousaf Khan Lodhi	1	10,000	0.71
Mr. Nasir Anwar s/o Muhammad Anwar	1	8,004	0.57
Mrs. Komal Nasir w/o Nasir Anwar	1	8,004	0.57
ASSOCIATED COMPANIES:			
Amin Textile Mills (Pvt.) Ltd.	1	342,824	24.49
Surriya Textile Mills (Pvt.) Ltd.	1	61,600	4.40
FINANCIAL INSTITUTIONS:			
National Bank of Pakistan-Trustee Department	1	165	0.01
Individuals	81	188,291	13.45
	93	1,400,000	100.00

SHAREHOLDERS HOLDING 10% OR MORE VOTING INTEREST	Shares Held	Percentage
Amin Textile Mills (Pvt.) Ltd.	342,824	24.49

AYESHA TEXTILE MILLS LIMITED

FORM OF PROXY

The Secretary,
Ayesha Textile Mills Limited
97-B, Gulberg II,
Lahore.

I/We ....

of ....

being Member/s of Ayesha Textile Mills Limited hereby appointed ....

of .... as my/our proxy to vote for me/us ....

on my/our behalf at the 50th Annual General Meeting of the Company to be held on October 30, 2015 and at any adjournment thereof.

In witness my hand this .... day of...2015

Signature on Rs. 5 Revenue Stamp

Notes:-

1. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote on his behalf. This form of proxy, duly completed, must be deposited at the Company's Registered Office not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.

2. Signature should agree with the specimen signatures registered with the Company.

AYESHA TEXTILE MILLS LTD.

97-B GULBERG II, LAHORE.
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Website: www.ayeshagroup.com