26th Annual Report

of

Ahmad Hassan Textile Mills Limited

for the year ended June 30, 2015

CONTENTS

VISION

To be a world class and leading organization continuously providing high quality textile products.

MISSION

To be a model diversified textile organization exceeding expectations of all stakeholders. We will achieve this by utilizing best blend of state-of-the-art technologies, excellent business processes, high performing people, and synergetic organizational culture.

CORE VALUES

Our success will not be a matter of chance but of commitment to the following enduring beliefs and values that are engrained in the way we think and take actions to pursue a climate of excellence:

Integrity & Ethics Integrity, honesty and high ethical, legal & safe standards are corner stones of our business practices.

Quality We pursue quality as a way of life. It is an attitude that affects everything we do for relentless pursuit of excellence. Our aim is:

To achieve and sustain good reputation in both domestic and international market by manufacturing quality yarn / fabric with organized training and implementation of quality system as per our valued customers needs to ensure the achievement of our aim.

Social Responsibility We believe in respect for the community and preserving the environment for our future generations and keeping National interests paramount in all our action.

Learning & Innovations We embrace lifelong learning and innovation as an essential catalyst for our future success. We believe in continuous improvement and to seize opportunities inherent in change to shape the future.

Team Work We believe that competent and satisfied people are the company's heart, muscle and soul. We savours flashes of genius in organization's life by reinforcing attitude of teamwork and knowledge sharing based on mutual respect, trust and openness.

Empowerment We flourish under and ecosystem of shared understanding founded on the concept of empowerment, accountability and open communication in all directions.

STRATEGIC PLAN

To achieve the above objectives, the Company has made strategic plans to enhance and upgrade its installed capacity over the next 10 years to maintain and expand its market. Further plans are to excel in social responsibilities by implementing related projects and community developments.

COMPANY PROFILE

BOARD OF DIRECTORS	
Chairman	Mian Muhammad Javed Anwar
Chief Executive Officer	Mian Muhammad Parvez
Directors	Mr. Muhammad Haris
	Mr. Muhammad Aurangzeb
	Mrs. Salma Javed
	Mr. Muhammad Jahanzeb
	Mr. Syed Raza Abbas Jaffari *(Rep. N.I.T)*
AUDIT COMMITTEE	
Chairman	Mr. Muhammad Jahanzeb
Members	Mrs. Salma Javed
	Mr. Muhammad Aurangzeb
HR & R COMMITTEE	
Chairman	Mr. Muhammad Jahanzeb
Members	Mrs. Salma Javed
	Mian Muhammad Parvez
CHIEF FINANCIAL OFFICER	Mr. Abdul Sattar (FCA)
HEAD OF INTERNAL AUDIT	Mr. Waqas Qureshi
COMPANY SECRETARY	Mr. Abdul Sattar, FCA
AUDITORS	M/s F.R.A.N.T.S & Co. Chartered Accountants, Multan.
BANKERS	Bank Al-Habib Limited Allied Bank Limited United Bank Limited Bank Al-Falah Limited Habib Bank Limited Soneri Bank Limited Meezan Bank Limited National Bank of Pakistan
REGISTERED OFFICE	46 - Hassan Parwana Colony, Multan.
MILLS	M.M. Road, Chowk Sarwar Shaheed, Distt. Muzaffargarh.
SHARES REGISTRAR	M/s Vision Consulting Limited 3-C, LDA Flats, Lawarnce Road, Lahore.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the Company will be held at its Registered Office, 46-Hassan Parwana Colony, Multan, on Saturday 31st October, 2015, at 10:00 A.M., to transact the following business.

1. To confirm the minutes of the Annual General Meeting held on 31st October, 2014.
2. To receive, consider and adopt the Audited Accounts together with Directors' and Auditors' Reports for the year ended June 30, 2015.
3. To appoint Auditors of the Company for the financial year 2015-2016 and to fix their remuneration. The present Auditors Messrs. F.R.A.N.T.S & CO., Chartered Accountants, retire and being eligible offer themselves for re-appointment.
4. To elect Independent Director, under Section 178(1) of the Companies Ordinance, 1984, as fixed by the Board of Directors.
5. To consider any other matter with the permission of the Chair.

BY ORDER OF THE BOARD OF DIRECTORS
Sd/
(Mr. Abdul Sattar, FCA)
Company Secretary

Multan: 08.10.2015

NOTES:

i) The Share Transfer Books of the Company will remain closed from 24th October, 2015 to 31st October, 2015 (both days inclusive). Physical transfers/CDC transaction IDs received in order at shares registrar of the company i.e vision consulting Ltd 3-C, LDA flats, 1st floor, Lawrence road, Lahore, up to October 23, 2015, will be considered in time.

ii) A Member entitled to attend and vote at the meeting may appoint another member of the Company as a proxy to attend and vote instead of him/her. Proxy forms duly completed should reach the Registered Office of the Company at least 48 hours before the time of the meeting. A copy of shareholders' attested CNIC must b attached with the proxy form.

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

iv) Members, who have not yet submitted photo copies of their CNIC to share registrar, are requested to send the same at earliest.

V) Members are requested to notify immediately any change in their address, directly to our share registrar address above.

DIRECTORS' REPORT

In the name of Allah the Most Beneficent and the Merciful

Dear Shareholders

Yours Directors are pleased to present before you, the 26th Annual Report on the affairs of your Company and Financial Results for the year ended June 30, 2015 together with the Directors Report and Auditors Report thereon;

SUMMARIZED FINANCIAL RESULTS:

	2015	2014
	(Rupees)	(Rupees)
Sales-Net	**3,248,868,354**	3,977,310,044
Gross Profit	**209,347,096**	372,335,241
Profit/(Loss after taxation	**(19,974,925)**	96,096,122G
G.P. Ratio	**6.44%**	9.36%
EPS	**(1.39)**	(6.67)

REVIEW OF OPERATIONS:

During the year under review, our operational results remain satisfactory, due to our BMR and enhancement in production capacity in spinning and weaving units. Energy cost was also controlled by installing new Gas Generator in spinning unit. But in spite of all these efforts for cost control, improving production efficiency, the second half of the year under review has been very challenging and worse for the whole textile industry. Financial results remain unsatisfactory due to depressed demand in export as well as local market, exchange rates down fall of Dollar and energy crises in the country. As a result of all these factors, the margin on our sales were squeezed, so gross profit of the Company has been decreased by 2.94% from 9.36% to 6.44% as compared to last year.

BOARD MEETINGS AND ATTENDANCE BY DIRECTOR:

Total No. of Board Meeting held during the year under review	4
Attendance by each Director	
Mian Muhammad Javed Anwar	4
Mian Muhammad Parvez	4
Mrs. Salma Javed	4
Mr. Muhammad Haris	4
Mr. Muhammad Jahanzeb	4
Mr. Muhammad Aurangzeb	4
Mr. Raza Abbas Jaffari (Nominee N.I.T)	3

FUTURE OUTLOOK

Since start of this calendar year textile industry is under immense pressure due to international market situation. The depressed situation still continues and nothing can be predicted at this stage. As we cannot control the market situation, purchase prices of raw material, power tariffs and sales prices of finished goods so we can only make our operations efficient and in this area we are focusing hard and expect to achieve good results in coming year.

Management is striving very hard to make the future business profitable. In this regard management is mainly focusing on controlling / reducing the energy cost by enhancing our gas generated power capacity and other cost of production by efficient use of available resources.

CORPORATE GOVERNANCE

The directors of your company state further that:

1. The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Compliance report of corporate governance is attached.

AUDITORS

M/s F.R.A.N.T.S. & Co., Chartered Accountants, Multan being eligible and offering themselves for re-appointment, are recommended for re-appointment as Auditors of the Company for a term of one year as suggested by the Audit Committee.

PATTERN OF SHAREHOLDING

Pattern of holding of shares by the shareholders of the Company as on June 30, 2015 as required under Section 236(2) (d) of the Companies Ordinance, 1984, is enclosed.

ACKNOWLEDGMENT

Your Directors place on record their deep appreciation for the efforts made by the workers and staff of the Company for their deep devotion to their work.

Your Directors would also like to express their thanks to the Shareholders and Financial Institutions, specially Bank Al Habib Ltd, Bank Al Falah Ltd, Allied Bank Ltd, National Bank,United Bank Ltd & Soneri Bank Ltd, for their support and assistance.

On behalf of the Board of Directors

Multan
Dated: October 05, 2015

Mian Muhammad Javed Anwar
Chairman

Six Years Growth at Glance (2010 - 2015)

Particulars	2010	2011	2012	2013	2014	2015
OPERATIONAL PERFORMANCE:						
Weaving						
Number of Looms Installed	130	130	130	130	136	150
Number of Looms Worked	130	130	130	130	136	150
Installed Capacity after conversion into 60 picks						
Sq. Meter (000)	41,538	41,538	41,538	41,538	43,455	46,011
Actual Production after conversion into 60 picks						
Sq. Meter (000)	32,489	37,814	34,850	35,244	34,914	37,664
Spinning						
Number of Spindles Installed	38,400	20,760	20,760	20,760	22,872	24,984
Number of Spindles Worked	38,400	20,760	20,760	20,760	22,872	24,984
No. of Shifts Worked	1,095	1,095	1,095	1,095	1,095	1,095
Installed Capacity (after conversion						
into 20/s count) (1095 shifts) KGS (000)	12,988	7,821	7,821	7,821	8,205	8,771
Actual yarn Production (after con. 20/s count)						
KGS (000)	11,837	7,793	7,442	6,993	6,900	7,075
PROFIT AND LOSS:						
Net Sales Rs. (000)	3,311,020	3,991,815	3,376,915	4,015,813	3,977,310	3,248,868
Cost of Sales Rs. (000)	2,900,127	3,409,318	2,951,995	3,568,467	3,604,975	3,039,521
Gross Profit Rs. (000)	410,893	582,497	424,920	447,346	372,335	209,347
Operating ProfitRs. (000)	284,393	412,658	284,667	268,016	186,178	35,862
Profitbefore Tax Rs. (000)	58	235,894	167,614	182,259	81,624	81,624
Profit /(loss) after Tax Rs. (000)	58,712	172,217	96,222	143,998	96,096	(19,974)
BALANCE SHEET:						
Share Capital and Reserves Rs. (000)						
Shareholders Equity	839,920	1,012,137	1,090,349	1,860,753	1,870,180	1,850,205
Property Plant & Equipment Rs. (000)	1,665,880	1,600,881	1,612,312	2,336,860	2,494,300	2,665,839
CurrentAssets Rs. (000)	902,267	1,092,832	899,568	905,757	1,100,794	961,355
Current Liabilities Rs.	1,234,835	1,085,949	916,144	899,726	1,100,711	1,061,290
Long Term Liabilities Rs. (000)	652,812	470,414	358,635	331,086	663,367	755,943
INVESTOR INFORMATION:						
Per Share (Rs.)						
Cash Dividend	-	12.50%	12.50%	15.00%	-	-
Earning/(Loss) Per Share	4.07	11.95	6.68	9.99	6.67	(1.39)
FINANCIAL RATIOS:						
Gross Profit Ratio (%age)	12.41	14.59	12.58	11.14	9.36	6.44
Net Profit Ratio (%age)	1.77	4.31	3.47	3.59	2.42	(0.61)
Inventory Turnover (times)	4.37	6.35	6.00	6.66	5.71	5.62
Fixed Assets Turnover (times)	1.83	2.44	2.04	1.53	1.63	1.22
Total Assets Turnover (times)	1.14	1.44	1.32	1.09	1.09	0.89
Return on Capital Employed (%age)	0.18	0.26	0.18	0.10	0.07	0.01
Leverage Ratio	1.90	1.21	1.53	1.15	1.40	1.50
Current Ratio	0.73	1.01	0.98	1.01	1.01	0.91
Interest Coverage Ratio (times)	1.26	2.33	2.43	3.13	1.78	0.34

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company: Ahmad Hassan Textile Mills Limited

Year ended: June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the listing Regulation No.35 of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. However, none of the directors on the board represents minority at present the board includes:

Executive Directors:

- Mr.Muhammad Javed Anwar
- Mr. Muhammad Parvez
- Mr. Muhammad Haris

Non-Executive Directors:

- Mr. Muhammad Aurangzeb
- Mr. Muhammad Jahanzeb
- Mrs. Salma Javed
- Syed Raza Abbas Jaffari

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the company.
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. The elections of the directors were held on October 31, 2014 in which six directors were elected for a term of three years. No casual vacancy occurred on the Board during the year ended June 30, 2015.
5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment

and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive Directors, have been taken by the board/shareholders.

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

9. Three directors of the Company are exempted from the Directors Training Program on the basis of their level of education and length of experience as provided in the CCG. The company arranges training program of other directors as provided under CCG requirement, this year Mr. Muhammad Aurangzeb attended the director training program held by 'Institute of Chartered Accountants of Pakistan' (ICAP).

10. The board has approved Head of Internal Audit including their remuneration and terms and conditions of employment.

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

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

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

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

15. The board has formed an Audit Committee. It comprises of three (3) members, all are non-executive directors including 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 CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has also formed Human Resource and Remuneration Committee. It comprises of CEO and two (2) non-executive directors. The Chairman of the Committee is non-executive director.

18. The board has set up an effective internal audit function headed by Head of Internal Audit. The staff is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

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

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

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

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

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

24. Following are the requirements of the Code which could not be complied with due to the different reasons

a- No independent director has been appointed.

The company made its best efforts to elect an independent director in last AGM which was held on October 31, 2014, but could not find any suitable person with required experience and expertise as per the requirements of CCG. However the management is confident to appoint independent director in the AGM to be held on October 31, 2015.

b- Executive directors are more than 1/3rd (50%) of the elected directors.

Currently the company has more than 1/3rd of the elected directors of the company working as executive directors, but the company intends to ensure the compliance w.e.f. November 01, 2015.

c- The Chairman of the Board is an Executive Director.

The chairman of the Company's board of directors is an executive director, which is a non-compliance of CCG; the company will ensure the compliance very soon and intends to comply with the requirement w.e.f. November 01, 2015.

d- The Chairman of the Audit Committee is not an Independent Director because no independent director has been appointed.

The company is going to appoint an independent director in AGM of October 31, 2015, all the legal requirements are fulfilled and it will be elected in the said meeting, this requirement will be complied with from the same date.

Mian Muhammad Parvez
Chief Executive Officer

October 05, 2015

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Ahmad Hassan Textile Mills Limited (the Company) for the year ended June 30, 2015 to comply with the requirements of Listing Regulation no. 35 of the respective Stock Exchanges where the Company is listed.

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

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

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

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

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraphs where these are stated in the Statement of Compliance:

Sr.	Paragraph reference	Description	Relevant Section of the Code
i)	24 (a)	No independent director has been appointed.	(i)(b)
ii)	24 (b)	Executive directors are more than 1/3rd (50%) of the elected directors.	(i)(d)
iii)	24 ©	The Chairman of the Board is an Executive Director.	(vi)
iv)	24 (d)	The Chairman of the Audit Committee is not an Independent Director because no independent director has been appointed.	(xxiv)

F.R.A.N.T.S. & Co.
Chartered Accountants
Multan
October 05, 2015

AUDITORS' REPORT TO THE MEMBERS

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

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material 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 management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

b) in our opinion:

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

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

F.R.A.N.T.S. & Co.
Chartered Accountants
Multan
October 05, 2015
Engagement Partner: Muhammad Talib

BALANCE SHEET
AS AT JUNE 30, 2015

	Note	June 30, 2015 Rupees	June 30, 2014 Re-stated Rupees	June 30, 2013 Re-stated Rupees
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	4	**2,665,839,338**	2,494,300,059	2,336,860,177
Intangible assets	5	**960,000**	-	-
Long term investments	6	**-**	-	259,272
Long term deposits	7	**39,284,610**	39,180,010	39,180,010
		2,706,083,948	2,533,480,069	2,376,299,459
CURRENT ASSETS				
Stores, spare parts and loose tools	8	**46,412,656**	45,458,241	42,421,206
Stock-in-trade	9	**540,956,157**	586,406,095	492,998,541
Trade debts	10	**207,484,177**	337,488,604	227,255,138
Loans and advances	11	**68,277,186**	70,820,838	94,885,564
Tax refunds due from Government	12	**81,579,363**	44,915,515	22,590,804
Other receivables	13	**6,972,291**	9,971,019	7,669,591
Current portion of long term investments	6	**-**	259,272	104
Short term investment	14	**5,114,098**	-	-
Cash and bank balances	15	**4,559,063**	5,474,903	17,936,655
		961,354,991	1,100,794,487	905,757,603
TOTAL ASSETS		**3,667,438,939**	3,634,274,556	3,282,057,062
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital	16	**200,000,000**	200,000,000	200,000,000
Issued, subscribed and paid up share capital	16	**144,082,488**	144,082,488	144,082,488
Capital reserve	17	**32,746,284**	32,746,284	32,746,284
Revenue reserve - unappropriated profit		**777,435,634**	758,945,475	643,411,496
		954,264,406	935,774,247	820,240,268
Surplus on revaluation of property, plant and equipment	3 & 18	**895,941,592**	934,406,676	975,456,906
NON-CURRENT LIABILITIES				
Long term financing	19	**450,704,678**	302,706,378	226,086,668
Subordinated loans	20	**105,000,000**	105,000,000	105,000,000
Deferred taxation	3 & 21	**200,238,796**	255,661,124	255,546,447
		755,943,474	663,367,502	586,633,115
CURRENT LIABILITIES				
Trade and other payables	22	**163,054,680**	163,857,122	229,315,518
Finances under markup arrangements and other credit facilities	23	**758,444,002**	763,803,893	492,155,903
Current portion of non-current liabilities	24	**112,832,914**	141,139,181	119,296,349
Accrued finance cost	25	**24,383,122**	29,398,747	20,516,985
Provision for taxation	26	**2,574,749**	2,527,188	38,442,018
		1,061,289,467	1,100,726,131	899,726,773
CONTINGENCIES AND COMMITMENTS	27			
TOTAL EQUITY AND LIABILITIES		**3,667,438,939**	3,634,274,556	3,282,057,062

The annexed notes from 1 to 49 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Pervez	Muhammad Haris	Abdul Sattar
Chairman	Chief Executive Officer	Director	Chief Financial Officer

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

	Note	2015 Rupees	2014 Rupees
Sales - net	**28**	**3,248,868,354**	3,977,310,044
Cost of sales	**29**	**(3,039,521,258)**	(3,604,974,803)
Gross profit		**209,347,096**	372,335,241
Other income	**30**	**5,255,071**	2,063,192
(Loss) / profit on trading	**31**	**(963,418)**	71,435
Distribution cost	**32**	**(120,986,589)**	(135,524,196)
Administrative expenses	**33**	**(56,606,986)**	(48,558,811)
Other operating expenses	**34**	**(183,155)**	(8,744,572)
		(173,485,077)	(190,692,952)
Profit from operations before finance cost		**35,862,019**	181,642,289
Finance cost	**35**	**(106,332,770)**	(100,033,203)
(Loss) / profit before taxation		**(70,470,751)**	81,609,086
Taxation	**36**	**50,495,826**	14,487,036
(Loss) / profit after taxation for the year		**(19,974,925)**	96,096,122
Basic (loss) / earnings per share	**37**	**(1.39)**	6.67

The annexed notes from 1 to 49 form an integral part of these financial statements.

Sd/- Mian Muhammad Javed Anwar Chairman	Sd/- Mian Muhammad Pervez Chief Executive Officer	Sd/- Muhammad Haris Director	Sd/- Abdul Sattar Chief Financial Officer

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

	2015 Rupees	2014 Rupees
(Loss) / profit after taxation for the year	**(19,974,925)**	96,096,122
Other comprehensive income for the year	**-**	-
Total comprehensive (loss) / income for the year	**(19,974,925)**	96,096,122

The annexed notes from 1 to 49 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Pervez	Muhammad Haris	Abdul Sattar
Chairman	Chief Executive Officer	Director	Chief Financial Officer

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	**38**	**352,898,764**	55,770,744
Income tax paid		**(36,618,820)**	(26,293,034)
Finance cost paid		**(111,225,399)**	(95,105,520)
Long term deposits		**(104,600)**	-
Paid to Workers' Welfare Fund		**(188,818)**	-
Paid to Workers' Profit Participation Fund		**(4,427,761)**	(10,174,070)
		(152,565,398)	(131,572,624)
Net cash generated from / (used in) operating activities		**200,333,366**	(75,801,880)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(314,838,064)**	(289,357,529)
Purchase of computer software		**(1,200,000)**	-
Proceeds from disposal of property, plant and equipment		**2,675,000**	400,000
Redemption of long term investments		**259,272**	104
Profit on long term investments		**78,282**	32,157
Short term investment made		**(4,288,558)**	-
Mark-up on security deposit with SNGPL		**1,729,676**	3,449,898
Net cash used in investing activities		**(315,584,392)**	(285,475,370)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances obtained		**257,014,649**	217,758,828
Repayment of long term finances		**(137,322,616)**	(119,296,286)
Finances under markup arrangements and other credit facilities - net		**(44,413,125)**	240,908,196
Dividend paid		**(1,053,348)**	(21,295,034)
Net cash generated from financing activities		**74,225,560**	318,075,704
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(41,025,466)**	(43,201,546)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**(158,822,665)**	(115,621,119)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**38.1**	**(199,848,131)**	(158,822,665)

The annexed notes from 1 to 49 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Pervez	Muhammad Haris	Abdul Sattar
Chairman	Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2015

	Share Capital	Reserves		Total
		Capital	Revenue	
	Issued, subscribed and paid up capital	Share premium	Unappropriated profit - (Re-stated)	Total (Re-stated)
	Rupees			
Balance as at June 30, 2013 as previously reported	144,082,488	32,746,284	643,073,455	819,902,227
Effect of retrospective restatement - note 3	-	-	338,041	338,041
Balance as at June 30, 2013 (re-stated)	144,082,488	32,746,284	643,411,496	820,240,268
Total comprehensive income for the year	-	-	96,096,122	96,096,122
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax) - as previously reported	-	-	43,823,409	43,823,409
Effect of retrospective restatement - note 3	-	-	(2,773,179)	(2,773,179)
	-	-	41,050,230	41,050,230
Transactions with owners of the Company recognized directly in equity:				
Final dividend for the year ended June 30, 2013 @ Rs. 1.50 per share	-	-	(21,612,373)	(21,612,373)
Balance as at June 30, 2014 (re-stated)	**144,082,488**	**32,746,284**	**758,945,475**	**935,774,247**
Total comprehensive income for the year:				
Total comprehensive loss for the year	**-**	**-**	**(19,974,925)**	**(19,974,925)**
Incremental depreciation arising due to surplus on revaluation of property, plant and equipment (net of deferred tax)				
	-	**-**	**38,465,084**	**38,465,084**
Balance as at June 30, 2015	**144,082,488**	**32,746,284**	**777,435,634**	**954,264,406**

The annexed notes from 1 to 49 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-	Sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Pervez	Muhammad Haris	Abdul Sattar
Chairman	Chief Executive Officer	Director	Chief Financial Officer

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. STATUS AND ACTIVITIES

Ahmad Hassan Textile Mills Limited (the Company) was incorporated in Pakistan on December 03, 1989 as a Public Limited Company under the Companies Ordinance, 1984. Its shares are quoted on all Stock Exchanges in Pakistan. It is principally engaged in the manufacturing and sale of yarn and fabric. During the year, the Company also started cotton ginning business by taking ginning factory on lease from its associated undertaking.

The registered office of the Company is situated at 46-Hassan Parwana Colony, Multan. The spinning and weaving mills are located at M. M. Road, Chowk Sarwar Shaheed, District Muzaffargarh. The ginning factory is located at Chowk Naseer Abad, Tehsil Jatoi, District Muzaffargarh.

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 Standards Board (the IASB) as are notified under the Ordinance, the provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Ordinance. Wherever the requirements of the Ordinance or the directives issued by SECP differ with the requirements of IFRS, the requirements of the Ordinance and the said directives prevail.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention, except otherwise disclosed in respective accounting policies and notes.

2.3 Functional and presentation currency

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

2.4 Significant accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

Significant accounting estimates and judgments - continued

Property, plant and equipment

The Company reviews the rates of depreciation, useful lives, residual values and values of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Inventories

The Company reviews the net realizable value of inventories, including stock-in-trade, stores, spares and loose tools, to assess any diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of inventories with a corresponding effect on related cost and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past.

2.5 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation were either not relevant to the Companys operations or were not expected to have any significant impact on the Companys financial statements.

2.6 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after July 01, 2015 but are considered not to be relevant or to have any significant effect on the Companys operations and are, therefore, not detailed in these financial statements.

2.7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are set out below:

2.7.1 Property, plant and equipment

Owned

Property, plant and equipment except freehold land and capital work-in-progress (CWIP) are stated at cost or revalued amount less accumulated depreciation and any identified impairment in value. Freehold land is stated at revalued amount and CWIP is stated at cost less any recognized impairment loss. Borrowing costs pertaining to erection / construction of qualifying assets are capitalized as part of the historical cost as stated in *Note 2.7.14.*

All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are available for use.

Property, plant and equipment - continued

Depreciation on all items of property, plant and equipment except for freehold land and capital work-in-progress is charged to income by applying reducing balance method so as to write-off the depreciable amounts over estimated remaining useful life of the assets. The useful life and depreciation method are consistent with the expected pattern to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of operating property, plant and equipment. Rates of depreciation are stated in *Note 4.1* . Depreciation is charged on additions from the month in which an asset is acquired or capitalized and no depreciation is charged for the month in which asset is disposed of. The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Surplus arising on revaluation of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment after netting off the related deferred tax. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets and revaluation surplus pertaining to assets disposed of during the year are transferred to unappropriated profit.

Subsequent costs are included in the assets 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. The assets so replaced, if any, other than those kept as stand-by, are retired. All other repair and maintenance cost is charged to income during the period in which it is incurred.

Leased

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligation of leases is accounted for as liability. Finance cost is allocated to accounting periods in a manner so as to provide a constant periodic rate of finance cost on the remaining balance of principal for each period.

Depreciation is charged to income by applying reducing balance method to write-off the depreciable amounts of the assets over their estimated useful life in view of certainty of ownership of the assets at the end of lease period.

Finance cost and depreciation on leased assets are charged to current year's income.

2.7.2 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprises purchase price and other directly attributable expenditures relating to their implementation and customization. It includes costs incurred in acquiring scientific or technical knowledge, systems, licenses, intellectual property, market knowledge and trademarks. These costs are amortized over their estimated useful life using straight line method at rates given under Note 5 starting from the month of capitalization of assets.

2.7.3 Impairment of assets

The management assesses at each balance sheet date whether there is any indication that an asset except deferred tax asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the year.

Impairment of assets - continued

Where the impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying value based on initial cost of the asset. Reversal of impairment loss is recognized as income.

2.7.4 Investments

Investments - held to maturity

Held to maturity investments are initially recognized at cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Investments - at fair value through profit and loss

Short term investments which are acquired principally for generating profit from short term price fluctuation are classified as investments at fair value through profit and loss account. These are initially measured at cost being the fair value of consideration given. Subsequent to initial recognition, these investments are measured at fair value with resulting gain or loss charged directly to income. The fair value of such investments is determined on the basis of prevailing market rates. In case of investments in unquoted mutual funds, fair value is determined on the basis of Net Assets Value (NAV) announced by the Fund Manager.

Investments are treated as short term when intention is to hold them for less than twelve months from the balance sheet date.

2.7.5 Stores, spare parts and loose tools

These are valued at the lower of cost and net realizable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated up to the balance sheet date. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

2.7.6 Stock-in-trade

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

Raw material at warehouse	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Waste	Net realizable value

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

Net realizable value signifies the selling price in the ordinary course of business less cost of completion and cost to be incurred to make such sale.

2.7.7 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

2.7.8 Foreign currency translations

Transactions in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the exchange rates prevailing on the balance sheet date except for those covered by forward contracts, if any. All exchange fluctuations are charged to profit and loss account.

2.7.9 Loans, advances, deposits and prepayments

Loans, advances, deposits and prepayments paid by the Company are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

2.7.10 Trade and other payables

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

2.7.11 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the year in which the dividends are approved.

2.7.12 Related party transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

2.7.13 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration, net of sales tax, received or receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue from various transactions is recognized as follows:

- Local sales are recorded when goods are delivered to customers and invoices are raised.
- Processing income is recognized when goods are delivered to customers and invoices are raised.
- Export sales are recorded on shipment basis.
- Export rebate is booked on receipt basis.
- Profit on deposits is accrued on time proportion basis by reference to the principal outstanding and applicable rate of return.
- Markup income is accrued on time basis by reference to the principal outstanding and at the agreed markup rate applicable.

2.7.14 Borrowing costs

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

All other borrowing costs are charged to profit or loss in the period in which these are incurred.

2.7.15 Provisions

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

2.7.16 Provision for gratuity

The Company operates an un-funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Provision and payment of gratuity is made annually based on service period completed by each employee.

2.7.17 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation on income and decisions taken by appellate authorities. The charge for current tax is calculated at the prevailing rates of taxation after taking into account tax credits, rebates and exemption available, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Taxes paid during the year or withheld at source are shown as advance payments and are adjusted at the time of filing of Income Tax Return. Amount of tax paid in excess of tax payable as per Income Tax Return is booked as refundable.

Deferred

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

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

2.7.18 Financial assets and liabilities

All financial assets and 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.

All purchases and sales of financial assets are recognized on the trade date when the Company becomes party to the contractual provision.

2.7.19 Off-setting of financial instruments

Financial assets and liabilities are off-set and the net amounts are reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.7.20 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are re-measured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

2.7.21 Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

2.7.22 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks and running finances that are repayable on demand and form an integral part of the Company's cash management.

2.7.23 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition within one year of the date of its classification as assets held for sale. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Gain / loss on sale of assets classified as held for sale is recognized in profit and loss account.

2.7.24 *Segment Reporting*

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, stores, spares and loose tools, stock-in-trade and trade and other debts. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The transactions between reporting segments are carried at arm's length basis and are net off in preparing the entity's financial information.

3. RE-STATEMENT

In the year 2013, the Company revalued its land, building and plant & machinery and the full amount of resultant revaluation surplus was credited to the account of 'surplus on revaluation of property plant and equipment' instead of crediting it net off related deferred tax liability. As a result, the balance on account of 'Surplus on revaluation of property, plant and equipment' was overstated and the deferred tax liability was understated. These balances have been re-stated to comply with the requirements of IAS-12 (Income Taxes) and the relevant impact of such re-statement in accordance with the requirements of IAS-8 (Accounting Policies, Changes in Accounting Estimates and Errors) is as follows:

Impact of re-statement on financial statements for the year ended June 30, 2013:	June 30, 2013 Re-stated Rupees	June 30, 2013 As previously reported Rupees	**Impact of Re-statement Rupees**
Surplus on revaluation of property, plant and equipment	975,391,068	1,040,851,547	**(65,460,479)**
Transfer from revaluation surplus to retained earnings on account of incremental depreciation (net of deferred tax)	20,311,211	20,245,373	**65,838**
Impact on revaluation surplus			**(65,394,641)**
Deferred tax liability	255,546,447	190,489,847	**65,056,600**
			(338,041)

Net impact on retained earnings:	
Effect of incremental depreciation on revaluation carried out during the year	**(272,203)**
Effect of incremental depreciation on previous revaluation	**(65,838)**
	(338,041)

Impact of re-statement on financial statements for the year ended June 30, 2014:	June 30, 2014 Re-stated Rupees	June 30, 2014 As previously reported Rupees	**Impact of Re-statement Rupees**
Surplus on revaluation of property, plant and equipment			
Opening balance	975,456,906	1,040,851,547	**(65,394,641)**
Transfer from revaluation surplus to retained earnings on account of incremental depreciation (net of deferred tax)	(41,050,230)	(43,823,409)	**2,773,179**
Closing balance	934,406,676	997,028,138	**(62,621,462)**
Deferred tax liability			
Opening balance	255,546,447	190,489,847	**65,056,600**
Charge for the year	114,678	114,678	**-**
Closing balance	255,661,125	190,604,525	**65,056,600**
			2,435,138

Net accumulated impact on retained earnings:	
Impact of re-statement in 2013	**(338,041)**
Impact of re-statement in 2014	**2,773,179**
	2,435,138

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2015 Rupees	2014 Rupees
Operating property, plant and equipment	4.1	**2,607,728,322**	2,434,363,351
Capital work-in-progress	4.2	**58,111,016**	59,936,708
		2,665,839,338	2,494,300,059

for
basis of
out on

4.1 Operating property, plant and equipment

PARTICULARS	COST / REVALUED AMOUNTS					DEPRECIATION CHARGE				BOOK VALUE	RATE
	As at June 30, 2014	Additions	Transfer from capital work-in-progress	Disposals / Adjustments	As at June 30, 2015	Accumulated as at June 30, 2014	For the year	Accumulated depreciation on disposals	Accumulated as at June 30, 2015	As at June 30, 2015	
	Rupees					Rupees					
Owned assets:											
Land - freehold	60,615,000	-	-	-	**60,615,000**	-	-	-	-	**60,615,000**	
Buildings on freehold land:											
- Factory building	392,698,977	728,195	-	-	**393,427,172**	99,899,389	14,643,013	-	114,542,402	**278,884,770**	5%
- Residential building	89,214,936	-	-	-	**89,214,936**	21,826,949	3,369,400	-	25,196,349	**64,018,587**	5%
	481,913,913	728,195	-	-	**482,642,108**	121,726,338	18,012,413	-	139,738,751	**342,903,357**	
Plant and machinery including generators	2,620,240,911	165,694,211	139,159,359	-	**2,925,094,481**	727,337,381	109,269,679	-	836,607,060	**2,088,487,421**	5% and 10%
Power grid station	100,516,512	-	-	-	**100,516,512**	34,169,155	6,634,736	-	40,803,891	**59,712,621**	10%
Gas Installations	18,739,816	-	-	-	**18,739,816**	2,320,419	820,970	-	3,141,389	**15,598,427**	5%
Electric installations	48,918,518	5,505,496	-	-	**54,424,014**	35,036,271	2,502,842	-	37,539,113	**16,884,901**	15%
Factory equipments	1,567,019	-	-	-	**1,567,019**	140,331	142,668	-	282,999	**1,284,020**	10%
Office equipments	3,744,377	265,500	-	-	**4,009,877**	1,419,242	246,436	-	1,665,678	**2,344,199**	10%
Computer equipments	838,233	57,600	-	-	**895,833**	237,188	204,681	-	441,869	**453,964**	33%
Telephone installations	458,224	106,000	-	-	**564,224**	351,735	13,207	-	364,942	**199,282**	10%
Furniture and fittings	1,139,536	-	-	-	**1,139,536**	760,648	37,889	-	798,537	**340,999**	10%
Arms and ammunition	27,800	-	-	-	**27,800**	18,841	896	-	19,737	**8,063**	10%
Weighing scale	210,000	1,078,275	-	-	**1,288,275**	153,558	14,630	-	168,188	**1,120,087**	10%
Tube well	45,000	-	-	-	**45,000**	31,929	1,307	-	33,236	**11,764**	10%
Vehicles (note 4.1.3)	36,761,218	4,069,120	-	(3,914,712)	**36,915,626**	17,669,690	3,954,198	(2,472,479)	19,151,409	**17,764,217**	20%
	3,375,736,077	**177,504,397**	**139,159,359**	**(3,914,712)**	**3,688,485,121**	**941,372,726**	**141,856,552**	**(2,472,479)**	**1,080,756,799**	**2,607,728,322**	

Operating property, plant and equipment
For comparative year ended June 30, 2014

PARTICULARS	COST / REVALUED AMOUNTS					DEPRECIATION CHARGE				BOOK VALUE	RATE
	As at June 30, 2013	Additions	Transfer from capital work-in-progress	Disposals / Adjustments	As at June 30, 2014	Accumulated as at June 30, 2013	For the year	Accumulated depreciation on disposals	Accumulated as at June 30, 2014	As at June 30, 2014	
	Rupees					Rupees					
Owned assets:											
Land - freehold	60,615,000	-	-	-	60,615,000	-	-	-	-	60,615,000	
Buildings on freehold land:											
- Factory building	374,131,043	-	18,567,934	-	392,698,977	85,384,706	14,514,683	-	99,899,389	292,799,588	5%
- Residential building	89,214,936	-	-	-	89,214,936	18,280,213	3,546,736	-	21,826,949	67,387,987	5%
	463,345,979	-	18,567,934	-	481,913,913	103,664,919	18,061,419	-	121,726,338	360,187,575	
Plant and machinery including generators	2,280,268,049	178,254,237	161,718,625	-	2,620,240,911	629,187,804	98,149,577	-	727,337,381	1,892,903,530	5% to 10%
Power grid station	100,516,512	-	-	-	100,516,512	26,797,226	7,371,929	-	34,169,155	66,347,357	10%
Gas Installations	18,739,816	-	-	-	18,739,816	1,456,240	864,179	-	2,320,419	16,419,397	5%
Electric installations	43,698,201	5,220,317	-	-	48,918,518	33,080,892	1,955,379	-	35,036,271	13,882,247	15%
Factory equipments	417,019	1,150,000	-	-	1,567,019	35,051	105,280	-	140,331	1,426,688	10%
Office equipments	3,316,151	428,226	-	-	3,744,377	1,188,537	230,705	-	1,419,242	2,325,135	10%
Computer equipments	-	312,943	525,290	-	838,233	-	237,188	-	237,188	601,045	33%
Telephone installations	458,224	-	-	-	458,224	339,902	11,833	-	351,735	106,489	10%
Furniture and fittings	1,139,536	-	-	-	1,139,536	718,549	42,099	-	760,648	378,888	10%
Arms and ammunition	27,800	-	-	-	27,800	17,846	995	-	18,841	8,959	10%
Weighing scale	210,000	-	-	-	210,000	147,287	6,271	-	153,558	56,442	10%
Tube well	45,000	-	-	-	45,000	30,477	1,452	-	31,929	13,071	10%
Vehicles (note 4.1.3)	37,927,678	-	-	(1,166,460)	36,761,218	13,956,809	4,779,978	(1,067,097)	17,669,690	19,091,528	20%
	3,010,724,965	185,365,723	180,811,849	(1,166,460)	3,375,736,077	810,621,539	131,818,284	(1,067,097)	941,372,726	2,434,363,351	

4.1.1 Depreciation for the year has been allocated as follows:

	Note	2015 Rupees	2014 Rupees
Cost of sales	**29**	**133,887,177**	122,863,470
Administrative expenses	**33**	**7,969,375**	8,954,814
		141,856,552	131,818,284

4.1.2 Net book value of plant and machinery includes Rs. 38.017 million (2014: Rs. 25.258 million) representing net book value of spare parts capitalized.

4.1.3 Vehicles include a vehicle whose title is jointly in the name of the Company and one of its Bankers.

4.1.4 Costs of plant and machinery include borrowing costs capitalized during the year amounting to Rs. 9.390 million (2014: Rs. 9.736 million). Interest rates used to determine borrowing cost eligible capitalization range from 9.81% to 12.18% (2014: 11.10% to 12.11%)

4.1.5 Revaluation of freehold land, building on freehold land and plant and machinery was carried out on June 22, 2013 by an independent valuer (M/s Iqbal A. Nanjee & Co. (Pvt.) Ltd., Karachi) on the evaluated present values. Revaluation surplus net of related deferred tax had been credited to surplus on revaluation of property, plant and equipment (note 18). Previously, the revaluation was carried June 22, 2010 by an independent valuer (M/s Pirsons Associates, Multan).

4.1.6 Had there been no revaluations, the related carrying values of freehold land, buildings on freehold land and plant and machinery including generators would have been as follows:

	2015 Rupees	2014 Rupees
Freehold land	**2,577,758**	2,577,758
Buildings on freehold land	**111,308,206**	116,403,204
Plant and machinery including generators	**1,481,405,008**	1,253,869,421
3.1.7	**1,595,290,972**	1,372,850,383

4.1.7 ***The following assets were disposed of during the year:***

Description of assets disposed of		*Cost*	*Accumulated depreciation*	*Book value*	*Sale proceeds*	*Mode of disposal*	*Particulars of buyer*
		Rupees					
VEHICLE QX - 729		1,875,418	1,107,247	768,171	1,150,000	Negotiation	Saqib Riaz s/o Riaz Ahmad, Lahore
HONDA CITY LE-2711		1,369,654	760,529	609,125	1,000,000	Negotiation	Muhammad Hammad Bhutta Multan
Master Mazda MLE-8311		669,640	604,703	64,937	525,000	Negotiation	Muhammad Bilal s/o Allah Dad Snawan Muzaffargarh
	2015	**3,914,712**	**2,472,479**	**1,442,233**	**2,675,000**		
Vehicles	*2014*	1,166,460	1,067,097	99,363	400,000		

4.2 ***Capital work-in-progress***

	Note	As at June 30, 2014	Additions during the year	Transfer to operating property, plant and equipment	As at June 30, 2015
		Rupees			
Plant and machinery including generators	**4.2.1**	59,467,002	131,857,031	(139,159,359)	52,164,674
Factory building		469,706	5,476,636	-	5,946,342
		59,936,708	**137,333,667**	**(139,159,359)**	**58,111,016**

4.2.1 It includes borrowing cost capitalized during the year amounting to Rs. 0.468 million (2014: Rs. 0.267 million). Interest rates used to determine borrowing cost eligible for capitalization range from 7.50% to 8.70% (2014: 11.10% to 12.11%).

	Note	2015 Rupees	2014 Rupees
5. INTANGIBLE ASSETS			
Computer Software			
Purchased during the year		**1,200,000**	-
Rate of amortization		20%	-
Amortization charged during the year		**240,000**	-
Book value as on June 30		**960,000**	**-**

	Note	2015 Rupees	2014 Rupees
6. LONG TERM INVESTMENTS			
Held to maturity			
Term Finance Certificates		**-**	259,272
Less: Current maturity shown under current assets		**-**	(259,272)
		-	-

On March 07, 2007, the Company had purchased second tranche of TFCs of Bank Al-Habib Limited having face value of Rs. 260,000. The investment was matured during the year as on February 07, 2015. These certificates carried mark up at a rate of KIBOR+1.5%.

	Note	2015 Rupees	2014 Rupees
7. LONG TERM DEPOSITS			
Security deposits against:			
Utilities	**7.1**	**39,208,610**	39,154,010
Others		**76,000**	26,000
		39,284,610	39,180,010

7.1 These include security deposit of Rs. 34.593 million (2014: Rs. 34.593 million) deposited with Sui Northern Gas Pipelines Limited (SNGPL) against Gas Connection at mills. The principal amount of deposit (Rs. 34.390 million) bears markup @ 5% (2014: 5%) per annum.

	Note	2015 Rupees	2014 Rupees
8. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		**28,092,152**	26,476,995
Spare parts		**17,849,340**	18,702,549
Loose tools		**522,925**	330,458
Less: allowance for obsolescence and slow moving items		**(51,761)**	(51,761)
	8.1	**46,412,656**	45,458,241

8.1 Stores and spare parts held for specific capitalization amount to Rs. 9.675 million (2014: Rs. 2.745 million).

	Note	2015 Rupees	2014 Rupees
9. STOCK-IN-TRADE			
Raw material		**286,476,695**	245,306,018
Work-in-process		**40,072,191**	63,914,578
Finished goods		**214,407,271**	277,185,499
		540,956,157	586,406,095

Stock-in-trade has been measured at net realisable value. Adjustments amounting to Rs. 22.614 million (2014: Rs. 36.947 million) have been made to closing inventory to write down stocks to their net realisable value.

	Note	2015 Rupees	2014 Rupees
10. TRADE DEBTS			
Considered good			
Foreign - secured against letter of credits	**10.1**	**133,720,938**	235,256,786
Local - unsecured	**10.2**	**73,763,239**	102,231,818
		207,484,177	337,488,604

10.1 Trade debts are non-interest bearing and are generally on 30 to 90 days terms.

10.2 These include Rs. 6.560 million (2014: Rs. Nil) due from the associated undertaking of the Company (Ahmad Cotton Industries) on account of sale of cotton seed during the year.

10.3 Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, where appropriate. Ageing of trade debts is as follows:

Year	Neither past due nor impaired (less than 90 days)	Past due but not impaired		
		90-180 days	180-365 days	1 to 2 Years
	Rupees			
2015	**70,776,905**	**1,165,453**	**1,820,881**	**-**
2014	98,092,922	1,615,254	2,523,642	-

	Note	2015 Rupees	2014 Rupees
11. LOANS AND ADVANCES - considered good			
Advance payments:			
To employees			
Executives	**11.1**	**340,734**	849,597
Others		**353,887**	850,098
To suppliers and against expenses		**30,966,785**	31,288,098
Income tax		**36,465,413**	37,795,722
Letter of credit		**150,367**	37,323
		68,277,186	**70,820,838**

11.1 These advances are given to executives to meet their unusual personal expenses. The maximum aggregate amount due from executives at any month end during the year was Rs. 0.770 million (2014 Rs. 0.535 million). Reconciliation of these advances is as follows:

	2015	2014
Opening balance	**849,597**	770,514
Disbursements during the year	**725,000**	651,737
Repayments during the year	**(1,233,863)**	(572,654)
	340,734	**849,597**

	2015	2014
12. TAX REFUNDS DUE FROM GOVERNMENT		
Sales tax	**27,420,875**	23,827,215
Income tax	**54,158,488**	21,088,300
	81,579,363	**44,915,515**

	Note	2015 Rupees	2014 Rupees
13. OTHER RECEIVABLES			
Markup receivable on deposit with SNGPL	**7.1**	**1,729,676**	1,719,500
Others	**13.1**	**5,242,615**	8,251,519
		6,972,291	**9,971,019**

13.1 These include Rs. 3.576 million (2014: Rs. 3.576 million) paid to Excise and Taxation Department as mentioned in Note 27.1.1.

	Note	2015 Rupees	2014 Rupees
14. SHORT TERM INVESTMENT			
At fair value through profit and loss account - held for trading			
Quoted shares:			
Habib Bank Limited (HBL)			
Purchased 17,836 ordinary shares @ Rs. 168 per share		**2,920,878**	-
Fair value @ Rs. 215.15 per share		**3,740,598**	-
Unrealized gain		**819,720**	-
Meezan Bank Limited (MBL)			
Purchased 18,000 ordinary shares @ Rs. 41.76 per share		**751,680**	-
Fair value @ Rs. 41.00 per share		**738,000**	-
Unrealized loss		**(13,680)**	-
Lalpir Power Limited (LPL)			
Purchased 4,000 ordinary shares @ Rs. 29 per share		**116,000**	-
Fair value @ Rs. 30.50 per share		**122,000**	-
Unrealized gain		**6,000**	-
Un-Quoted shares:			
NIT - Islamic Equity Funds (IEF)			
Purchased 50,000 units @ Rs. 10 per unit		**500,000**	-
Fair value @ Rs. 10.27 per unit		**513,500**	-
Unrealized gain		**13,500**	-
Total cost of investments		**4,288,558**	-
Total Fair Value of investments		**5,114,098**	-
Total unrealized gain	**14.1**	**825,540**	-

14.1 Quoted shares have been valued at the market price prevailing on Karachi Stock Exchange as at the balance sheet date. Units of NIT-IEF have been valued at the Net assets value per unit prevailing at the balance sheet date as quoted by the IEF. The gain has been booked as income through profit and loss account.

	2015 Rupees	2014 Rupees
15. CASH AND BANK BALANCES		
Cash in hand	**173,022**	340,877
Cash at banks in current accounts	**4,386,041**	5,134,026
	4,559,063	5,474,903

	2015 Rupees	2014 Rupees
16. SHARE CAPITAL		
Authorised share capital:		
20,000,000 (2014: 20,000,000) ordinary shares of Rs. 10 each.	**200,000,000**	200,000,000
Issued, subscribed and paid up share capital:		
14,408,248.8 (2014: 14,408,248.8) ordinary shares of Rs. 10 each issued for cash.	**144,082,488**	144,082,488

16.1 There is no movement in share capital during the reporting years.

16.2 The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally.

17. CAPITAL RESERVE

This includes share premium received during the previous years as detailed below:

	2015 Rupees	2014 Rupees
Rs. 4 per share on issue of 2,989,920 ordinary shares of Rs. 10 each issued during the year 2001	**11,959,680**	11,959,680
Rs. 10 per share on issue of 1,138,992 ordinary shares of Rs. 10 each issued during the year 2004	**11,389,920**	11,389,920
Rs. 5 per share on issue of 1,879,336.8 ordinary shares of Rs. 10 each issued during the year 2007	**9,396,684**	9,396,684
	32,746,284	32,746,284

	2015 Rupees	2014 Rupees ***Re-stated***
18. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Balance as at June 30, 2014 as previously reported	**934,406,676**	1,040,851,547
Effect of retrospective application of changes in accounting policies - note 3	**-**	(65,394,641)
Less: Transferred to unappropriated profit on account of:		
Incremental depreciation (net of deferred tax)	**(43,781,295)**	(45,833,807)
Relevant deferred tax	**5,316,211**	4,783,577
	(38,465,084)	(41,050,230)
Closing balance	**895,941,592**	934,406,676

19. *LONG TERM FINANCING*

From banking companies - secured

Name of the Bank / Type of Facility	2015 Rupees	2014 Rupees	Collaterals / Securities	Total no. of installments	Remaining no. of installments	Frequency of payment	Repayment commenced from	Rate of markup
Habib Bank Limited (HBL)								
Demand Finance	4,067,497	48,067,497	- Joint pari passu charge on present and future fixed assets of the Company.	64	1	Monthly	28-Feb-10	Average 6 Months KIBOR + 0.75%
Demand Finance	7,500,004	16,666,671	- Personal guarantees of sponsoring directors of the Company. - Subordination of directors' loan.	60	9	Monthly	31-Mar-11	Average 6 Months KIBOR + 0.75%
	11,567,501	64,734,168						
Allied Bank Limited (ABL)								
LTF - EOP	7,962,108	26,458,119	- Joint pari passu charge of Rs. 187 million on present and future fixed assets of the Company inclusive of 25% margin.	12	1	Half yearly	24-Dec-09	SBP base rate + 0.5%
Term Finance	51,618,294	-	- Personal guarantees of sponsoring directors of the Company. - Subordination of directors' loan.	12	12	Half yearly	23-Dec-16	SBP base rate
	59,580,402	26,458,119						
United Bank Limited (UBL)								
Demand Finance (note 19.2)	**100,000,000**	-	- Joint pari passu charge on present and future fixed assets of the Company. - Personal guarantees of sponsoring directors of the Company.	12	12	Half yearly	After June 30, 2016 (note 19.2)	6 Month KIBOR + 1.50% (note 19.2)
Bank Alfalah Limited (BAFL)								
Term Finance	71,981,479	83,816,982	-1st exclusive charge over specific machinery imported through BAFL whereas 25% margin shall be covered vide pari passu charge over Fixed Assets of the company.	20	18	Quarterly	5-Mar-15	6 Month KIBOR + 1.50%
Term Finance	52,665,600	-	- Subordination of sponsoring directors' loan.	20	20	Quarterly	5-Mar-16	6 Month KIBOR + 1.50%
Long term Finance - LTFF	50,911,486	-	- Personal Guarantees of working directors of the Company.	20	18	Quarterly	5-Mar-15	SBP Rate + 3%
	175,558,565	83,816,982						
Bank Al Habib Limited (BAHL)								
Term Finance - II	26,055,555	40,944,444	- First exclusive charge over specific machineries and allied parts imported through BAHL.	18	7	Quarterly	09-Oct-12	Average 6 Months KIBOR + 1.50%
Term Finance - III	79,425,569	93,441,846	- Hypothecation charge over imported vehicle duly registered and insured in the joint name of the Bank and the Company.	20	17	Quarterly	16-Nov-14	Average 6 Months KIBOR + 1.50%
Term Finance - LTFF-II	36,450,000	40,500,000	- Personal Guarantees of sponsoring directors of the Company.	20	18	Quarterly	17-Mar-15	SBP base rate + 2%
Term Finance - IV	3,900,000	5,200,000		20	12	Half yearly	19-Jul-13	Average 6 Months KIBOR + 1.50%
Long Term Finance - LTFF	71,000,000	88,750,000		20	16	Half yearly	21-Aug-14	SBP rate + 2%
	216,831,124	**268,836,290**						
TOTAL FINANCES	**563,537,592**	443,845,559						
Less: Current portion classified under current liabilities (note 24)	**(112,832,914)**	(141,139,181)						
LONG TERM FINANCES	**450,704,678**	302,706,378						

19.1 Effective rate of mark up on long term loans ranges from 5.50% to 12.18% (2014: 5.50% to 12.15%) per annum.

19.2 The Company is in the process to get this finance converted into LTFF under SBP scheme. The repayment schedule has not yet been finalized. However, the Company is intended to start repayment of this loan after June 30, 2016. The markup rate will also be revised accordingly.

20. SUBORDINATED LOANS

Unsecured- from related parties	Note	2015 Rupees	2014 Rupees
Mian Muhammad Javed Anwar		**27,500,000**	27,500,000
Mian Muhammad Parvez		**27,500,000**	27,500,000
Dr. Muhammad Haris		**35,000,000**	35,000,000
Mrs. Waheeda Parvez		**15,000,000**	15,000,000
		105,000,000	105,000,000

20.1 These interest free subordinated loans were obtained during the years ended June 30, 2008 and 2009. These loans are subordinated to long term finances from Habib Bank Limited, Allied Bank Limited and Bank Alfalah Limited. These are stated at historical cost. Repayment terms of these loans are not yet decided. However, the loans from banks, against which these loans are subordinated, are payable fully by May, 2022.

20.2 These loans could not be stated at amortized cost as required by IAS-39 due to following reasons:

a) Repayment terms are not yet agreed with the directors;
b) After repayment of existing loans from banks, the Company may continue subordination of these loans for further borrowings; as is being done in the past.
c) These loans are interest free hence no comparable instruments are available for reliable measurement of amortized cost; and
d) The Company is in discussion with the directors to convert these loans into equity after obtaining consent from relevant banks and complying with requirements of applicable laws.

21. DEFERRED TAXATION

		Re-stated
The deferred taxation liability comprises of temporary differences arising due to:		
Credit balance arising in respect of		
- Accelerated tax depreciation allowances and surplus on revaluation of property, plant and equipment	**227,479,478**	255,326,099
Debit balance arising in respect of		
- Unused tax losses	**(14,907,191)**	-
- Minimum tax paid in excess of normal tax	**(12,327,206)**	-
- Provisions	**(6,285)**	335,025
	200,238,796	255,661,124

21.1 The change in deferred tax liability due to change in future tax rates amounts to Rs. 6.643 million (June 30, 2014: Rs. 5.776 million)

22. TRADE AND OTHER PAYABLES

		2015 Rupees	2014 Rupees
Creditors		**83,509,043**	72,141,372
Accrued liabilities		**66,428,572**	72,009,979
Advances from customers		**8,804,335**	9,180,503
Taxes deducted at source		**1,010,048**	1,503,410
Workers' Profit Participation Fund	22.1	**-**	4,304,765
Workers' Welfare Fund	22.2	**280,575**	469,393
Unclaimed dividend		**3,022,107**	4,075,455
Other payables		**-**	172,245
		163,054,680	163,857,122

TRADE AND OTHER PAYABLES - continued

	Note	2015 Rupees	2014 Rupees
22.1 **Workers' Profit Participation Fund**			
Balance at the beginning of the year		**4,304,765**	9,607,757
Add: Allocation for the year		**-**	4,304,765
Interest on Workers' Profit Participation Fund		**122,996**	566,313
		4,427,761	14,478,835
Less: Payment made during the year		**(4,427,761)**	(10,174,070)
		-	4,304,765

	Note	2015 Rupees	2014 Rupees
22.2 **Workers' Welfare Fund**			
Balance at the beginning of the year		**469,393**	287,952
Add: Provision for the year		**-**	181,441
		469,393	469,393
Less: Payment made during the year		**(188,818)**	-
		280,575	469,393

23. FINANCES UNDER MARKUP ARRANGEMENTS AND OTHER CREDIT FACILITIES

From banking companies - Secured

	Note	2015 Rupees	2014 Rupees
Short term running finances	**23.1**	**204,407,194**	164,297,568
Short term loans (other than running finances)	**23.1**	**310,722,212**	270,216,998
Export finances	**23.2**	**243,314,596**	329,289,327
		758,444,002	763,803,893

23.1 Short term finance facilities available from commercial banks under markup arrangements aggregate to Rs. 1,921.00 million (2014: Rs. 1,373.13 million) of which facilities aggregating Rs. 1,406.41 million (2014: Rs. 919.89 million) remained unutilized at the year end. These facilities, during the year, carried markup at the rates ranging from 7.44% to 11.93% (2014: 9.52% to 11.94%) per annum. These facilities are expiring, if not renewed, on various dates by January 31, 2016.

23.2 The Company has obtained export finance facilities from commercial banks aggregating to US$ 12.00 million (2014: US$ 10.5 million) of which facilities aggregating US$ 9.60 million (2014: US$ 7.36 million) remained unutilized at the year end. These facilities, during the year, carried markup at the rates ranging from 1.60% to 2.80% (2014: 2.00% to 2.80%) per annum. These facilities are expiring, if not renewed, on various dates by January 31, 2016.

These include foreign currency balances aggregated US$ 1.33 million (2014: US$ 3.14 million) which have been converted into Pak rupees at the exchange rate of Rs. 101.70 (2014: Rs. 98.75) prevailing on the balance sheet date.

23.3 Facilities available for opening letters of credit and guarantee aggregate Rs. 600.00 million (2014: Rs. 1,330.91 million).

23.4 The aggregate facilities are secured against pledge of stocks, first pari passu charge on present and future current assets of the Company, lien on import/export documents, trust receipts and personal guarantees of sponsoring directors of the Company. The facilities of Bank Alfalah Limited are also secured by 1st joint pari passu charge over current assets of the Company. The carrying value of pledged goods as on June 30, 2015 is Rs. 461.476 million (2014: Rs. 429.20 million).

	Note	2015 Rupees	2014 Rupees
24. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term financing from banking companies:			
Habib Bank Limited		**11,567,501**	58,067,497
Allied Bank Limited		**7,962,108**	18,495,970
Bank Alfalah Limited		**32,576,048**	12,572,550
Bank Al Habib Limited		**60,727,257**	52,003,164
	19	**112,832,914**	141,139,181
25. ACCRUED FINANCE COST			
Long term financing		**13,804,135**	11,406,176
Finances under markup arrangements and other credit facilities		**10,578,987**	17,992,571
		24,383,122	29,398,747
26. PROVISION FOR TAXATION			
Opening Balance		**2,527,188**	38,442,018
Add: Provision made during the year	**36**	**2,574,749**	2,527,188
Less: Prior year adjustment	**36**	**2,351,753**	(17,128,901)
Payments / adjustments against completed assessments		**(4,878,941)**	(21,313,117)
Closing balance		**2,574,749**	2,527,188

26.1 Income tax returns of the Company have been filed up to the Tax Year 2014 and deemed assessed. The Company has been selected for audit for tax year 2013, the proceedings of which are in process.

26.2 On June 06, 2013 Inland Revenue Audit Officer passed an order levying default surcharge amounting to Rs. 154,236 for late deposit of tax deducted on account of dividend. The Company did not account for default surcharge and filed an appeal before the Commissioner of Income Tax (Appeals), Multan who decided the case in favour of the Company. During the previous year, the Tax Department filed an appeal before the Appellate Tribunal which is pending for adjudication. However, the Company is of firm view that the decision will be in favour of the Company.

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

27.1.1 During the previous years, the Excise and Taxation Department Karachi imposed excise duty of Rs. 7.152 million on account of machinery imported by the Company. The Company did not accept it and filed a suit in Sindh High Court Karachi against said levy. The Honourable High Court issued order that "Till the next date, the respondent may not recover impugned levy upon the appellants furnishing bank guarantee for the amount demanded". A bank guarantee amounting to Rs. 7.152 million had been given by the Company in favour of the Director Excise and Taxation Karachi. In 2013, on the basis of interim order passed by Sindh High Court, the Company paid Rs. 3.576 million (50% of the disputed amount) to Excise and Taxation Department, that is classified as receivable in these financial statements.

Contingencies - continued

27.1.2 During the year ended, June 30, 2014, the Company issued postdated cheques of Rs. 110.891 million to Collector of Customs, Multan against the amount of Sales Tax, Customs Duty and Income Tax on import of cotton yarn, chemical and packing material under Duty and Tax Remission for Exports (DTRE) Scheme. These cheques will be returned to the Company after complying with the formal requirements.

27.1.3 During the year the Company has issued various postdated cheques amounting to Rs. 20.396 million and pay orders of Rs. 1.232 million to Collector of Customs, Multan against the amount of Sales Tax, Customs Duty and Income Tax on import of machinery under Duty and Tax Remission for Exports (DTRE) Scheme. These cheques will be returned to the Company after complying with the formal requirements.

27.1.4 During the year the Multan Electric Power Company Limited (MEPCO) levied various charges including fixed charges, NJ Surcharge, DS Surcharge, EQ Surcharge and TR Surcharge in the monthly electricity bills. The Company did not pay some of these amounts and obtained stay orders against levy of such charges. The aggregate amount not accounted for in these financial statements amounts to Rs. 19.361 million. The Company is strongly contesting the case and is of the firm view that decision will be made in favour of the Company.

27.1.5 Three employees of the Company had file application to the Authority under Payment of Wages Act, 1935 for recovery of their outstanding dues along with compensation. After the proceedings, the learned Authority had passed orders against the Company and ordered to clear the outstanding dues of employees along with four times compensation. The learned Authority asked the Company to deposit post dated cheques amounting to Rs. 407,110 which have been given. The Company has filed an appeal before the Punjab Labour Court, D.G.Khan against the order of the Authority under the Payment of Wages Act, 1935. The Company is strongly contesting the case and is of the firm view that decision will be made in favour of the Company.

27.1.6 Through the Finance Act, 2006 an amendment was made in section 2(i) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'total income' had been amended, the effect of the amendment is that the term "total income" for the purposes of the WWF Ordinance is deemed to be 'profit before taxation' as per the accounts or declared income as per the return, whichever is higher.

Further, through Finance Act, 2008 amendments were made in the WWF Ordinance, and in section 4(5) the term "assessed income" had been substituted with the term "total income" which means that purportedly the WWF is to be charged at 2% of the "total income", as defined and amended in section 2(i) through Finance Act, 2006.

The Honourable Lahore High Court vide its judgment dated August 19, 2011 on a similar case had declared the amendments introduced vide Finance Act, 2006 and Finance Act, 2008 in the WWF Ordinance as unconstitutional and therefore struck down on the basis that the contribution paid towards the fund under the WWF Ordinance is a fee and not a tax. However FBR has filed an appeal with the Supreme Court of Pakistan which had been granted leave but the decision is still pending.

Moreover in similar cases, the Honourable Lahore High Court restrained FBR to recover the disputed / differential amount of WWF unless authoritative pronouncement is made on the question raised before the Divisional Bench of the Honourable Lahore High Court and Honourable Supreme Court of Pakistan. Based on the above facts, the Company is booking its liability against WWF @2% of assessable income.

Contingencies - continued

The Deputy Commissioner Inland Revenue, Multan, relying on contrary Judgment of Honorable Sindh High Court, passed the order u/s 4(4) of WWF Ordinance, raising demand of amount aggregating to Rs. 8.07 million for tax year 2010, 2011 and 2012. The Company did not accept the demand and filed an appeal before the Commissioner Inland Revenue (Appeals) as the demand was contrary to clear instructions of the Honourable Lahore High Court. The Commissioner Inland Revenue (Appeals) decided the appeal in favour of the Company.

However, various cases of similar nature are pending in higher courts of Pakistan, on which basis, the Tax Department may file an Appeal against the decision of the Commissioner Inland Revenue (Appeals). Yet, the Company expects favourable outcome. The aggregate unrecognised disputed amount of WWF till June 30, 2015 works out to be Rs. 14.515 million (June 30, 2014 Rs. 12.887 million).

27.1.7 Counter guarantees issued by the Company to one of its bankers outstanding as at June 30, 2015 amount to Rs. 4.576 million (2014: Rs. 4.576 million).

27.1.8 During the previous year the Company has given a bank guarantee of Rs. 1.00 Million to the Director Excise and Taxation, Karachi against 50% disputed amount of infrastructure Cess for release of imported goods. The decision of Sind High Court on Infrastructure cess is pending. The Company expects favorable decision.

27.1.9 The Company has not accounted for the disputed liability against default surcharge as mentioned in Note 26.2.

	2015 Rupees	*2014 Rupees*
27.2 Commitments		
27.2.1 Aggregate amount of contractual commitments for capital expenditure and property, plant and equipment against:		
Letter of credits	**37,395,962**	201,461,508
Other contracts	**9,538,314**	4,018,760

27.2.2 The Company's commitments other than capital expenditure; against letter of credit outstanding as at June 30, 2015 amount to Rs. Nil (2014: Rs. 4.8 million).

27.2.3 Foreign bills discounted outstanding as at June 30, 2015 aggregated Rs. 134.457 million (2014: Rs. 191.494 million).

28. SALES - NET

	2015	**2014**
Local:		
Yarn (net of sales tax of Rs. 4,641,816 (2014: Rs. 7,427,636))	**194,890,800**	367,824,970
Fabric (net of sales tax of Rs. 26,894,451 (2014: Rs. 26,755,671))	**879,657,105**	978,164,773
Waste (net of sales tax of Rs. 884,205 (2014: Rs. 1,736,324))	**61,190,596**	76,862,965
Cotton seed	**73,736,400**	-
Processing income (net of sales tax of Rs. 140,620 (2014: Rs. Nil))	**7,032,663**	960,000
	1,216,507,564	1,423,812,708
Export:		
Yarn	**747,773,032**	1,022,923,129
Fabric	**1,280,142,540**	1,515,375,051
Waste	**4,445,218**	15,199,156
	2,032,360,790	2,553,497,336
	3,248,868,354	3,977,310,044

Export sales include sales of approximately Rs. 37.200 million (2014: Rs. 170.00 million) sold through Standardized Purchase Orders.

	Note	2015 Rupees	2014 Rupees
29. COST OF SALES			
Raw material consumed	29.1	2,030,306,064	2,792,324,807
Salaries, wages and benefits	29.2	183,649,966	165,418,092
Stores and spare parts consumed		79,921,175	75,036,532
Packing materials consumed		38,170,416	36,549,295
Chemicals consumed		27,708,799	31,004,280
Rent, rates and taxes		594,470	-
Processing charges		1,252,589	5,528,424
Power and fuel		439,769,229	449,857,283
Repair and maintenance		9,859,932	8,449,883
Insurance		7,475,623	9,187,381
Other expenses		305,203	955,500
Depreciation	4.1.1	133,887,177	122,863,470
		2,952,900,643	3,697,174,947
Adjustment of work-in-process:			
Opening stock		63,914,578	54,763,962
Closing stock	9	(40,072,191)	(63,914,578)
		23,842,387	(9,150,616)
Cost of goods manufactured		2,976,743,030	3,688,024,331
Adjustment of finished goods:			
Opening stock		277,185,499	194,135,971
Closing stock	9	(214,407,271)	(277,185,499)
		62,778,228	(83,049,528)
Cost of sales		3,039,521,258	3,604,974,803

29.1 Raw material consumed

	Note	2015 Rupees	2014 Rupees
Opening stock		245,306,018	244,098,608
Purchases including direct expenses		2,071,476,741	2,793,532,217
		2,316,782,759	3,037,630,825
Less: Closing stock	9	(286,476,695)	(245,306,018)
		2,030,306,064	2,792,324,807

29.2 These include Rs. 3,763,600 (2014: Rs.4,800,000) in respect of staff gratuity.

30. OTHER INCOME

	2015 Rupees	2014 Rupees
Income from financial assets:		
Profit on long term investments	78,282	32,157
Unrealized gain on short term investments	825,540	-
Mark-up on security deposit with SNGPL	1,739,852	1,730,398
Exchange rate fluctuation gain	1,378,630	-
	4,022,304	1,762,555
Income from non-financial assets:		
Gain on disposal of property, plant and equipment	1,232,767	300,637
	5,255,071	2,063,192

	Note	2015 Rupees	2014 Rupees
31. (LOSS) / PROFIT ON TRADING			
Local sale of yarn		**1,694,000**	4,938,000
Less: Purchase and related expenses		**(2,657,418)**	(4,866,565)
		(963,418)	71,435
32. DISTRIBUTION COST			
Commission on:			
Local sales		**7,212,962**	7,617,684
Export sales		**57,555,799**	68,895,004
Freight, forwarding and others		**34,139,621**	40,747,175
Export development surcharge		**5,500,448**	5,672,446
Foreign bank charges and other export expenses		**16,577,759**	12,591,887
		120,986,589	135,524,196
33. ADMINISTRATIVE EXPENSES			
Director's meeting fee		**4,000**	3,000
Staff salaries and benefits	**33.1**	**30,530,614**	24,357,615
Vehicles running and maintenance		**4,191,774**	4,059,679
Utilities		**938,360**	932,908
Travelling and conveyance		**2,628,098**	2,291,375
Printing and stationery		**475,897**	386,202
Communication		**1,482,836**	1,672,346
Rent, rates and taxes		**84,785**	81,567
Repair and maintenance		**1,377,502**	1,418,273
Entertainment		**1,596,813**	818,073
Fees and subscription		**3,087,379**	1,288,536
Advertisement		**95,861**	300,940
Depreciation	**4.1.1**	**7,969,375**	8,954,814
Amortization	**5**	**240,000**	-
Auditors' remuneration	**33.2**	**775,000**	730,000
Legal and professional charges		**731,776**	222,500
Others		**396,916**	1,040,983
		56,606,986	48,558,811

33.1 These include Rs. 1,050,000 (2014: Rs.500,000) in respect of staff gratuity.

33.2 Auditors' remuneration		
Annual audit	**500,000**	500,000
Half yearly review	**150,000**	150,000
Taxation services	**120,000**	75,000
Certification	**5,000**	5,000
	775,000	730,000

34. OTHER OPERATING EXPENSES		
Workers' Profit Participation Fund	-	4,304,765
Workers' Welfare Fund	-	181,441
Exchange rate fluctuation loss	-	2,501,602
Charity and donation	**183,155**	1,756,764
	183,155	8,744,572

No director or his spouse had any interest in the donee.

	2015 Rupees	2014 Rupees
35. FINANCE COST		
Markup on:		
Long term financing	**41,784,105**	30,427,645
Finances under markup arrangements	**62,161,050**	68,293,395
Interest on Workers' Profit Participation Fund	**122,996**	566,313
Bank charges	**2,264,619**	745,850
	106,332,770	100,033,203
36. TAXATION		
Current tax:		
Minimum tax payable on local sales	**12,182,016**	12,594,508
Final tax on exports realization	**20,985,918**	24,881,861
	33,167,934	37,476,369
Tax credits under section 65A and 65B of Income Tax Ordinance, 2001	**(30,593,185)**	(34,949,181)
	2,574,749	2,527,188
Prior year adjustment	**2,351,753**	(17,128,901)
Deferred tax - net	**(55,422,328)**	114,677
	(50,495,826)	(14,487,036)

Relationship between tax expense and accounting profit

The provision for current taxation represents the minimum tax and final tax liabilities under section 113 and 169 of the Income Tax Ordinance, 2001. Accordingly tax charge reconciliation has not been prepared and presented.

37. (LOSS) / EARNINGS PER SHARE

37.1 Basic

		2015	2014
(Loss) / profit after taxation	***Rupees***	**(19,974,925)**	96,096,122
Weighted average number of ordinary shares	***No.***	**14,408,248.8**	14,408,248.8
(Loss) / earnings per share	***Rupees***	**(1.39)**	6.67

37.2 Diluted

There is no dilutive effect on the basic (loss) / earnings per share of the Company as at June 30, 2015 and June 30, 2014.

38. CASH FLOWS FROM OPERATING ACTIVITIES

	2015	2014
(Loss) / profit before taxation	**(70,470,751)**	81,609,086
Adjustments for:		
Depreciation on property, plant and equipment	**141,856,552**	131,818,284
Amortization of Intangible assets	**240,000**	-
Provision for gratuity	**-**	-
Provision for Workers' Profit Participation Fund	**-**	4,304,765
Provision for Workers' Welfare Fund	**-**	181,441
Gain on disposal of property, plant and equipment	**(1,232,767)**	(300,637)
Profit on long term investments	**(78,282)**	(32,157)
Unrealized Gain on short term investments	**(825,540)**	-
Mark-up on security deposit with SNGPL	**(1,739,852)**	(1,730,398)
Gain on exchange rate fluctuation	**(1,378,630)**	-
Finance cost	**106,332,770**	104,553,596
	243,174,251	238,794,894
Cash flows before working capital changes carried forward	**172,703,500**	320,403,980

	Note	2015 Rupees	2014 Rupees
Cash flows from operating activities - continued			
Cash flows before working capital changes brought forward		**172,703,500**	320,403,980
Working capital changes:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		**(954,415)**	(3,037,035)
Stock-in-trade		**45,449,938**	(93,407,554)
Trade debts		**130,326,665**	(110,233,466)
Loans and advances (excluding advance income tax)		**34,283,531**	29,044,643
Tax refunds due from Government		**(36,663,848)**	(22,324,711)
Other receivables (excluding profit on deposit with SNGPL)		**3,008,904**	(4,020,928)
Increase / (decrease) in current liabilities:			
Trade and other payables (excluding unclaimed dividend, provision for Workers' Profit Participation Fund and provision for Workers' Welfare Fund)		**4,744,489**	(60,654,185)
		180,195,264	(264,633,236)
CASH GENERATED FROM OPERATIONS		**352,898,764**	55,770,744

38.1 CASH AND CASH EQUIVALENTS

	Note	2015 Rupees	2014 Rupees
Cash and bank balances	**15**	**4,559,063**	5,474,903
Short term running finances	**23.1**	**(204,407,194)**	(164,297,568)
		(199,848,131)	(158,822,665)

39. RELATED PARTY TRANSACTIONS

The related parties comprise of an associated undertaking (Ahmad Cotton Industries), Chief Executive, directors and executives of the Company.

39.1 Following transactions were made with the associated undertaking of the Company, during the year:

Nature of transaction	2015 Rupees	2014 Rupees
- Purchase of cotton	**-**	202,939,806
- Payment against cotton purchased	**-**	202,853,000
- Sale of Cotton seed	**73,736,400**	-
- Receipts against sale of cotton seed	**67,176,251**	-
- Lease rental against ginning factory	**594,470**	-

39.2 Maximum aggregate amount due to the associated undertaking at any month end during the year was Rs. 536,781 (2014: Rs. 86,806).

39.3 No interest was charged on the associated undertaking's balances during the year as these arose due to normal trade dealings.

39.4 Remuneration and benefits to Chief Executive, directors and executives under the term of their employment are disclosed in note 42.

39.5 Advances given to executives under the term of their employment are disclosed in note 11.1.

40. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has loan and advances, trade and other receivables and cash and short term deposits that arise directly from its operations. The Company also holds investments.

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

40.1 Credit risk and concentration of credit risk

The Company is exposed to credit risk from its operating activities (primarily for trade debts, loans and advances as well as other receivables) and from its financing activities, including balances with banks.

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties to the financial instruments fail to perform as contracted. Out of the total financial assets of Rs. 295.226 million (2014: Rs. 425.140 million) the financial assets which are subject to credit risk amounted to Rs. 295.053 million (2014: Rs. 425.058 million). The management monitors and limits the Company's exposure to credit risk through monitoring of clients credit exposure review and conservative estimates of provision for doubtful receivable. The management is of the view that it is not exposed to significant concentration of credit risk.

The maximum exposure to credit risk as at the reporting date is tabulated below:

Financial assets	***2015*** ***Rupees***	*2014* *Rupees*
Long term investments	**-**	259,272
Long term deposits	**39,284,610**	39,180,010
Trade debts	**207,484,177**	337,488,604
Loans and advances	**31,811,773**	33,025,116
Other receivables	**6,972,291**	9,971,019
Short term investments	**5,114,098**	-
Bank balances	**4,386,041**	5,134,026
	295,052,990	425,058,047

The bank balances and investments along with credit ratings of counterparties are tabulated below:

Credit rating	**Bank Balances**	**Short term Investments**	**Long term Investments**
June 30, 2015:		**Rupees**	
A-1+	**100,805**	**4,478,598**	**-**
A1+	**4,285,236**	**122,000**	**-**
Three star	**-**	**513,500**	**-**
	4,386,041	**5,114,098**	**-**
June 30, 2014:			
A1+	5,134,026	-	-
AA	-	-	259,272
	5,134,026	-	259,272

Due to Company's long standing relationship with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

40.1 .1 Credit risk related to receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on past experience with the customers. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit.

At June 30, 2015, the Company has 17 customers (2014: 10 customers) that owed more than Rs. 6.1 million each and accounted for approximately 76% (2014: 77%) of all trade debts. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned in Note 10.

The Company does not hold collateral as security. The ageing analysis of trade debts is given in note 10.3.

40.1 .2 Credit risk related to financial instruments and cash deposits

Credit risk on balances with banks is managed by management in accordance with the Company's policy. Excess funds are placed in deposits with reputable banks and financial institutions.

40.2 Liquidity risk management

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 23 is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

Financial Liabilities in accordance with their contractual maturities are presented as follows:

	Interest/markup bearing			*Non-Interest/markup bearing*			
	Maturity within 1 year	*Maturity after 1 year*	*Sub-total*	*Maturity within 1 year*	*Maturity after 1 year*	*Sub-total*	*Total*
	Rupees						
June 30, 2015							
Financial liabilities							
Long term financing	**112,832,954**	**450,704,638**	**563,537,592**	**-**	**-**	**-**	**563,537,592**
Subordinated loan	**-**	**-**	**-**	**-**	**105,000,000**	**105,000,000**	**105,000,000**
Trade and other payables	**-**	**-**	**-**	**163,054,680**	**-**	**163,054,680**	**163,054,680**
Accrued finance cost	**-**	**-**	**-**	**24,383,122**	**-**	**24,383,122**	**24,383,122**
Short term finances	**758,444,002**	**-**	**758,444,002**	**-**	**-**	**-**	**758,444,002**
	871,276,956	**450,704,638**	**1,321,981,594**	**187,437,802**	**105,000,000**	**292,437,802**	**1,614,419,396**
June 30, 2014							
Financial liabilities							
Long term financing	141,139,181	302,706,378	443,845,559	-	-	-	443,845,559
Subordinated loans	-	-	-	-	105,000,000	105,000,000	105,000,000
Trade and other payables	-	-	-	159,380,112	-	159,380,112	159,380,112
Accrued finance cost	-	-	-	29,398,747	-	29,398,747	29,398,747
Short-term finances	763,803,893	-	763,803,893	-	-	-	763,803,893
	904,943,074	302,706,378	1,207,649,452	188,778,859	105,000,000	293,778,859	1,501,428,311

40.3 Market risk management

Market risk is the risk that changes market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The management of the Company continuously monitors its investments to avoid such risks.

40.3 .1 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short term debt obligations and long term debts having floating interest rates.

40.3 .2 Interest rate sensitivity

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Companys profit before taxation for the year ended June 30, 2015 would increase / decrease by Rs. 6.324 million (2014: Rs. 5.113 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

The Company's sensitivity to interest rates has increased during the current year mainly due to the increase in borrowings and variable rate debts.

40.3 .3 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. As at June 30, 2015, the total foreign currency risk exposure was Rs. 133.721 million (2014: Rs. 235.256 million) in respect of foreign trade debts. However, Rs. 249.515 million (2014: Rs. 314.963 million) were payable in respect of foreign currency borrowing.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

40.3 .4 Foreign currency sensitivity analysis

At June 30, 2015, if the Pak Rupee had strengthened / weakened by 5% against the US dollar with all other variables held constant, profit before taxation for the year would have been increased / decreased by Rs. 0.069 million (2014: Rs. 0.125 million) mainly as a result of foreign exchange gains on translation of foreign currency-denominated trade receivables and foreign exchange losses on translation of foreign currency short term borrowings. Profit is less sensitive to movement in Rupee / foreign currency exchange rates in year 2015 than in year 2014.

40.3 .5 Equity price risk management

The Company is exposed to equity price risk since it has investments in quoted and unquoted equity securities amounting to Rs. 5.114 million (2014: Rs. Nil)

The carrying value of investments subject to equity price risk is based on quoted market prices as of the reporting date. Market prices are subject to flctuation and consequently the amount realized in the subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized in the sale of a particular security may be Affectedbythe relative quantity of the security being sold. The Company's portfolio of short term investments is Diversifiedso as tomitigate the Significant risk ofdecline in prices of securities in particular sector of the market.

40.4 Determination of fair values

Fair value of financial instruments

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

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

40.5 Fair value estimation

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

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

- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. drive from prices).

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

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market or quoted price in an active market and whose fair value cannot be reliably measured. The Company has no financial assets measured at above mentioned levels. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The table below analyses equity instruments measured at fair value at the balance sheet date by the level in the fair value hierarchy into which the fair value measurement is categorized:

	2015 (Rupees)		
	Level 1	**Level 2**	**Total**
Short term investments - held for trading	4,600,598	513,500	**5,114,098**

40.6 Financial instruments by category

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

	Note	***2015 Rupees***	*2014 Rupees*
Financial assets as per balance sheet			
Loan and receivables:			
Long-term deposits	**7**	**39,284,610**	39,180,010
Trade debts	**10**	**207,484,177**	337,488,604
Loans and advances	**11**	**31,811,773**	33,025,116
Other receivables	**13**	**6,972,291**	9,971,019
Short term investment	**14**	**5,114,098**	-
Cash and bank balances	**15**	**4,559,063**	5,474,903
		295,226,012	425,139,652
Financial liabilities as per balance sheet			
Financial liabilities measured at amortized cost :			
Long term financing	**19**	**563,537,592**	443,845,559
Subordinated loans	**20**	**105,000,000**	105,000,000
Trade and other payables		**163,054,680**	159,380,112
Accrued finance cost	**25**	**24,383,122**	29,398,747
Finances under markup arrangements and other credit facilities	**23**	**758,444,002**	763,803,893
		1,614,419,396	1,501,428,311

41. CAPITAL DISCLOSURE

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

- The Company is not subject to any externally imposed capital requirements.
- The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benet for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital and unappropriated profit).
- The debt-to-adjusted capital ratios at June 30, 2015 and June 30, 2014 were as follows:

	2015	*Re-stated 2014*
	Rupees	*Rupees*
Total debt	**1,426,981,594**	1,312,649,452
Less: Cash and bank balances	**(4,559,063)**	(5,474,903)
Net debt	**1,422,422,531**	1,307,174,549
Total equity	**954,264,406**	935,774,247
Adjusted capital	**2,376,686,937**	2,242,948,796
Debt-to-adjusted capital ratio	**0.60**	0.58

42. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2015		*2014*	
	Rupees	**No. of persons**	*Rupees*	*No. of persons*
Managerial remuneration:				
Chief executive	**2,850,000**	**1**	2,400,000	1
Directors	**5,700,000**	**2**	4,800,000	2
Executives	**5,970,000**	**14**	4,176,800	7
	14,520,000		11,376,800	
Other benefits to executives of the Company are as follows:				
Bonus	**431,024**	**8**	595,583	8
Retirement benefits	**1,064,583**	**14**	595,583	10
	1,495,607		1,191,166	

42.1 Meeting fee amounting to Rs. 4,000 (2014: Rs. 3,000) was paid to two (2014: one) non-working director. The chief executive, the two directors and four executives are provided with the Company maintained cars. The chief executive and the two directors are provided with telephone at their residences.

42.2 Certain executives of the Company are also provided with free use of the Company's cars in accordance with their entitlement.

42.3 Remuneration of chief executive, directors and executives has been included in "Staff salaries and benefits" (Note 29 and Note 33).

43. SEGMENT REPORTING

43.1 REPORTABLE SEGMENTS

The management has determined the operating segments of the Company on the basis of the difference in the products produced.

During the year, the Company entered into lease agreement with its associated undertaking to operate on lease the Ginning section of its associated undertaking. The Ginning section was operated by the Company against the consideration of lease rental payment.

The Company's reportable segments are as follows:

- Ginning segment - production of cotton lint from raw cotton.
- Spinning segment - production of different qualities of yarn by using natural and artificial fibers.
- Weaving segment - production of different qualities of fabric using yarn.

Information regarding the Company's reportable segments is presented below:

43.2 SEGMENT REVENUE AND RESULTS

Following is an analysis of the Company's revenue and results by reportable operating segments:

	Ginning Rupees	Spinning Rupees	Weaving Rupees	**2015 Rupees**	2014 Rupees
Sales - net					
External	74,462,878	2,520,440,160	1,191,035,121		
Inter-segment	239,880,345	(776,950,150)	-		
	314,343,223	1,743,490,010	1,191,035,121	**3,248,868,354**	3,977,310,044
Cost of sales - excluding inter-segment purchase	(303,470,316)	(1,428,453,000)	(1,844,667,747)		
Inter-segment purchase	-	(239,880,345)	776,950,150		
	(303,470,316)	(1,668,333,345)	(1,067,717,597)	**(3,039,521,258)**	(3,604,974,803)
Gross profit	**10,872,907**	**75,156,665**	**123,317,524**	**209,347,096**	372,335,241
Other income	-	3,568,687	1,686,384	**5,255,071**	2,063,192
(Loss) / Profit on trading	**-**	(963,418)	-	**(963,418)**	71,435
Distribution and marketing expenses	-	(14,160,456)	(106,826,133)	**(120,986,589)**	(135,524,196)
Administrative expenses	(2,186,973)	(21,018,402)	(33,401,611)	**(56,606,986)**	(48,558,811)
Other operating expenses	-	(124,379)	(58,776)	**(183,155)**	(8,744,572)
Finance cost	(1,787,478)	(79,505,212)	(25,040,080)	**(106,332,770)**	(100,033,203)
Profit / (loss) before tax	**6,898,456**	**(37,046,516)**	**(40,322,691)**	**(70,470,751)**	81,609,086
Taxation - current				**(4,926,502)**	14,601,713
Taxation - deferred				**55,422,328**	(114,677)
Profit / (loss) after taxation				**(19,974,925)**	96,096,122

43.3 SEGMENT ASSETS AND LIABILITIES

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Ginning	Spinning	Weaving	2015	Restated 2014
Segment assets:	Rupees	Rupees	Rupees	**Rupees**	Rupees
Operating property, plant and equipment	-	1,293,884,128	1,313,844,194	**2,607,728,322**	2,434,363,351
Unallocated operating assets				**58,111,016**	59,936,708
Intangible assets	-	480,000	480,000	**960,000**	-
Long term deposits				**39,284,610**	39,180,010
Total operating assets				**2,706,083,948**	2,533,480,069
Stores, spare parts and loose tools	-	19,606,213	32,394,869	**46,412,656**	45,458,241
Stock-in-trade	-	277,870,289	263,085,868	**540,956,157**	586,406,095
Trade debts	6,560,150	66,807,225	134,116,802	**207,484,177**	337,488,604
Other unallocated corporate assets				**166,502,001**	131,441,547
Total assets as per balance sheet				**3,667,438,939**	3,634,274,556
Segment liabilities	-	32,205,526	51,303,517	**83,509,043**	72,141,372
Unallocated corporate liabilities				**1,733,723,898**	1,691,952,261
Total liabilities as per balance sheet				**1,817,232,941**	1,764,093,633

43.4 REVENUE FROM MAJOR PRODUCTS AND SERVICES

	2015	2014
	Rupees	*Rupees*
Fabric export sales	**1,280,142,540**	1,515,375,051
Yarn export sales	**747,773,032**	1,022,923,129
Waste export sale	**4,445,218**	15,199,156
Fabric local sales	**879,657,105**	978,164,773
Yarn local sales	**194,890,800**	367,824,970
Waste local sales	**61,190,596**	76,862,965
Cotton seed	**73,736,400**	-
Revenue from manufacturing	**3,241,835,691**	3,976,350,044
Revenue from processing	**7,032,663**	960,000
Revenue from trading	**1,694,000**	4,938,000
Total sale	**3,250,562,354**	3,982,248,044

43.5 REVENUE FROM MAJOR CUSTOMERS

Revenue from top thirty (30) customers of the Company in each segment is as follows:

Spinning	**954,804,427**	1,089,495,066
Weaving	**1,631,753,086**	2,093,731,345
	2,586,557,513	3,183,226,411

Revenue from two (2014: one) of the customers of the Company exceeded 7% (2014: 10%) of the Company's total revenue and amounted to Rs. 469.711 million (2014: Rs. 463.123 million).

44. GEOGRAPHICAL INFORMATION

The Company's gross revenue from external customers by geographical location is detailed below:

Pakistan	**1,218,201,564**	1,428,750,708
America	**86,041,739**	-
Asia	**1,377,911,724**	1,850,979,090
Europe	**568,407,327**	702,518,246
	3,250,562,354	3,982,248,044

All non-current assets of the Company are located and operating in Pakistan.

45. NUMBER OF EMPLOYEES

Number of permanent employees as at June 30, 2015 was 652 (2014: 645) and average number of employees during the year was 648 (2014: 621).

46. CAPACITY AND PRODUCTION

		2015	2014
Cotton			
Number of sawgins installed		10	-
Total production capacity of sawgins installed (4 months)	***No. of bales***	20,000	-
Actual production of cotton lint	***No. of bales***	10,870	-
Yarn			
Number of spindles installed		24,984	22,872
Installed capacity after conversion into 20's count (1,095 shifts (2014: 1095 shifts))	**Kgs**	8,770,710	8,205,524
Actual production of yarn after conversion into 20's count	**Kgs**	7,075,248	6,900,528
Fabric			
Number of looms installed		150	136
Number of looms worked		150	136
Installed capacity after conversion into 60 picks	**Sq. mtrs**	46,011,988	43,455,766
Actual production of fabric after conversion into 60 picks	**Sq. mtrs**	37,663,659	34,913,667

It is difficult to describe precisely the production capacity in Ginning, Spinning and Weaving Mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed twist, the width and construction of fabric woven etc. It also varies according to the pattern of production adopted in a particular year. Underutilization of capacities is due to electricity shut down, availability of raw material and normal repair & maintenance.

47. RECLASSIFICATION

(a) Comparative figures in these financial statements have been reclassified where necessary for the purpose of comparison. Following material rearrangements have been made:

Previous classification	***Current classification***	**Rupees**
Fiance cost - Foreign bank charges (Note 35)	Distribution cost - Foreign bank charges (Note 32)	4,520,393

(b) As per the requirements of SECP's notification SRO 45(I)/2003 dated January 13, 2003 read with section 235 of the Companies Ordinance, 1984; the incremental depreciation arising due to Surplus on Revaluation of property, plant and equipment has been transferred directly to retained earnings. Previously, it was transferred to retained earnings through statement of comprehensive income.

48. DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 05, 2015 by the Board of Directors of the Company.

49. GENERAL

Figures have been rounded-off to the nearest Pakistani Rupee except stated otherwise.

Sd/-	Sd/-	Sd/-	Sd/-
Mian Muhammad Javed Anwar	Mian Muhammad Pervez	Muhammad Haris	Abdul Sattar
Chairman	Chief Executive Officer	Director	Chief Financial Officer

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number **0020650**
2. Name of Company **Ahmad Hassan Textile Mills Limited**
3. Pattern of holding the shares held by shareholders as at **30.06.2015**

ORDINARY SHARES

Number of ShareHolders	Shareholdings From	To	Total Number of Share Held	Percentage of Total Capital
128	1 -	100	7,110	0.05
433	101 -	500	198,331	1.38
108	501 -	1000	71,785	0.50
45	1001 -	5000	90,954	0.63
5	5001 -	10000	28,261	0.20
5	10001 -	15000	56,430	0.39
1	60001 -	65000	64,000	0.44
1	65001 -	70000	70,000	0.49
1	70001 -	75000	71,400	0.50
1	80001 -	85000	83,593	0.58
2	150001	155000	300,431	2.09
1	175001	180000	177,131	1.23
1	210001 -	215000	214,400	1.49
1	275001 -	280000	276,513	1.92
3	430001	435000	1,296,000	8.99
2	445001 -	450000	900,000	6.25
1	475001	480000	476,500	3.31
2	500001	505000	1,004,485	6.97
1	540001 -	545000	541,879	3.76
1	580001	585000	583,577	4.05
3	645001 -	650000	1,942,734	13.48
1	765001	770000	766,800	5.32
1	800001 -	805000	804,540	5.58
1	895001 -	900000	895,865	6.22
1	910001 -	915000	913,009	6.34
1	2570001 -	2575000	2,572,520	17.85
751			**14,408,248**	**100.00**

Categories of Shareholders
As at 30-Jun-2015

Code	Category	No Of Share Holders	Shares Held	Per% of Capital
1	Directors/Sponsors	10	7,100,929	49.2838
2	Financial Institutions	3	5,013	0.0348
5	Joint Stock Companies	7	1,333	0.0092
7	Funds	1	2,933	0.0204
10	Individual	727	6,301,238	43.7335
11	NIT & ICP	1	200	0.0014
14	Mutual Fund	1	913,009	6.3367
15	Pension Fund	1	83,593	0.5802
	Grand Total:	**751**	**14,408,248**	**100.0000**

Categories Detail

As At :30-June-2015

Catagory Name

Sr No.	Folio/(Par ID-A/C No.)	Name	CNIC/Passport No.	Shares Held	% Total Capital
Directors/Sponsors				**7,100,929**	**49.2838**
1	3	MIAN MOHAMMAD JAVED ANWAR	36302-0305999-5	71,400	0.4955
2	5	SALMA JAVED	36302-0297319-8	804,540	5.5839
3	7	MIAN MOHAMMAD PARVEZ	36302-6002308-1	766,800	5.3220
4	9	MUHAMMAD HARIS	36302-0324913-9	276,513	1,9191
5	10	MUHAMMAD AURENGZEB	36302-03584411-1	647,578	4.4945
6	33	MUHAMMAD JAHANZEB	36302-8910522-5	647,578	4.4945
7	CDC-109 (03525-54113)	MUHAMMAD HARIS	36302-0324913-9	2,572,520	17.8545
8	CDC-113 (03525-76212)	MIAN MUHAMMAD JAVED	36302-0305999-5	450,000	3.1232
9	CDC-114 (03525-76229)	MUHAMMAD AURENGZEB	36302-03584411-1	432,000	2.9983
10	CDC-115 (03525-79159)	MUHAMMAD JAHANZEB	36302-8910522-5	432,000	2.9983
Financial Institutions				**5,013**	**0.0348**
11	6196	NATIONAL BANK OF PAKISTAN		500	0.0035
12	7019	NATIONAL BANK OF PAKISTAN		4,000	0.0278
13	CDC-124 (03889-28)	NATIONAL BANK OF PAKISTAN		513	0.0036
Funds				**2,933**	**0.0204**
14	CDC-99 (03277-82127)	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST		2,933	0.0204
Individual				**6,301,238**	**43.7335**
Joint Stock Companies				**1,333**	**0.0093**
742	6897	ADAM LUBRICATS LIMITED.		500	0.0035
743	CDC-19 (01669-26)	SHAFFI SECURITIES (PVT) LIMITED		25	0.0002
744	CDC-21 (01917-41)	PRUDENTIAL SECURITIES LIMITED		50	0.0003
745	CDC-122 (03525-87235)	MAPLE LEAF CAPITAL MANAGEMENT (PVT) LTD		1	0.0000
746	CDC-123 (03657-25)	CONTINENTAL CAPITAL MANAGEMENT (PVT) LTD		50	0.0003
747	CDC-125 (03939-12463)	CAPITAL VISION SECURITIES PVT LIMITED		75	0.0005
748	CDC-158 (04564-25)	S.Z. SECURITIES (PRIVATE) LIMITED		632	0.0044
Mutual Fund				**913,009**	**6.3367**
749	CDC-231 (14902-21)	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		913,009	6.3367
NIT & ICP				**200**	**0.0014**
750	7106	INVESTMENT CORP. OF PAKISTAN		200	0.0014
Pension Fund				**83,593**	**0.5802**
751	CDC-94 (03277-78335)	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		83,593	0.5802
		Grand Total:		**14,408,248**	**100.0000**

FORM OF PROXY

I, ...

....

of ....

being a member of AHMAD HASSAN TEXTILE MILLS LIMITED, hereby appoint ....

of ....

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

As witness my hand this

day of 2015

Signed by the said

Five Rupees Revenue Stamp

IMPORTANT

This form of proxy, duly completed, must be deposited at the Company's Registered office at 46-Hassan Parwana Colony, Multan not less than 48 hours before the time for holding the meeting (Article 76).