ISO-9002 CERTIFIED

established since 1988

Ashfaq Textile Mills Ltd.

27TH ANNUAL REPORT 2015

بسم الله الرحمن الرحيم

شروع اللہ کے نام سے جو بڑا مہربان اور نہایت رحم والا ہے

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Ashfaq Ahmad
(Chief Executive / Managining Director)

Mr. Nadeem Ashfaq
(Executive Director)

Mr. Waseem Ashfaq
(Executive Director)

Mr. Amjad Aslam
(Non-Executive Director)

Mrs. Shazia Amjad
(Non-Executive Director)

Mrs. Nazia Irfan
(Non-Executive Director)

Mirza Muhammad Idrees
(Non-Executive Director)

Khwaja Muhammad Ilyas
(Independent, Non-Executive Director)

COMPANY SECRETARY

Mr. Waseem Ashfaq

CHIEF FINANCIAL OFFICER (CFO)

Mr. Mohammad Anwar Jawed

AUDITORS

M/s Avais Hyder Liaqat Nauman.
Chartered Accountants

BANKERS

United Bank Limited.

AUDIT COMMITTEE

Kh. Muhammad Ilyas (Chairman)
Mrs. Shazia Amjad (Member)
Mr. Mohammad Idrees (Member)

HUMAN RESOURSE AND REMUNERATION COMMITTEE

Mr. Amjad Aslam (Chairman)
Mrs. Nazia Irfan (Member)
Kh. Muhammad Ilyas (Member)

SHARE REGISTRAR

M/s Consulting One (Pvt) Ltd.
478-D,Peoples Colony 1, Faisalabad.

MAILING ADDRESS

8-A/1, Officers Colony, Susan Road, Faisalabad.

REGISTERED OFFICE

17 K.M. Main Faisalabad, Jaranwala Road, Faisalabad.

CONTACT DETAILS

Phones: 92 (41) 2435101-04

Fax: 92 (41) 2435105

E-mail

info@ashfaqtextile.com

Web-Site

www.ashfaqtextile.com

ASHFAQ TEXTILE MILLS LIMITED.

NOTICE OF MEETING

27th Annual General Meeting of ASHFAQ TEXTILE MILLS LIMITED, will be held at the Registered Office of the Company, 17 K.M. Jaranwala Road, Faisalabad on Saturday, 31st October, 2015 at 09:00 a.m. to transect the following business:-

Ordinary Business:

1. To confirm minutes of the last Annual General Meeting held on October 31, 2014.

2. To receive, consider and adopt audited financial statements of the company for the year ended on 30th June 2015 together with the Directors and Auditors reports thereon.

3. To appoint auditors for the year ending June 30, 2016 and to fix their remuneration.

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

By Order of the Board

Faisalabad: September 30, 2015.

Ashfaq Ahmad
Chief Executive

NOTES:

1. The share transfer books of the Company shell remain closed from 24th October, 2015 to 31st October, 2015 (both days inclusive) and no transfer will be accepted during this period.

2. Share transfer received at the Companies Registrars office, M/s Consulting One (Pvt.) Ltd., 478-D Peoples Colony No. 1, Faisalabad before the close of business on 23rd October 2015 will be treated in time.

3. A member entitled to attend and vote at the general meeting is entitled to appoint another member as proxy. Proxies, in order to be effective, must be received at the Companies registered office not less than 48 hours before the time of meeting.

4. Shareholders are requested to notify the change in their address if any, immediately.

5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1, dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. Attending of Meeting in Person:

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

ii) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

B. Appointment of Proxies:

i) In case of individuals, the Account and sub-account holders and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall submit the proxy form as per the following requirement.

ii) The proxy form shall be witnessed by two members whose names, address and CNIC numbers shall be mentioned on the form.

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

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

v) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted and affixed its common seal (unless it has been provided earlier) along with proxy form to the company.

vi) Members who have not yet submitted copy of their computerized National Identity Card (CNIC) to the company are requested to send at the earliest.

BRIEF HISTORY OF THE COMPANY

Ashfaq Textile Mills Limited was incorporated on January 14, 1988 as a Private Limited Company under the Companies Ordinance 1984 and subsequently converted into a Public Limited Company. Its Shares are quoted on the Karachi Stock Exchange (Guarantee) Limited. The Company is ISO – 9002 certified. The Mills is located at 17–K.M. Jaranwala Road, Faisalabad. The Company is engaged in the Manufacturing and Sale of Textile goods. Ashfaq Textile Mills Limited is a Weaving unit having 234 Sulzer Shuttleless Machines in operation.

At present the average production capacity of the plant is 29.700 Million Sq. Meters on 60 picks per annum three shifts per day. The Company has produced 29.141 Million Sq. Meters on 60 picks on the basis of 359 days three shifts per day.

VISION

To play a meaningful role in the economy of Pakistan by accepting the challenge of barrier free trade as a dynamic force.

MISSION

To serve the customers by providing quality and high standard products and to expand the sales of the Company through quality control measures and good Governance. To serve hard for boosting Exports of the country to earn more foreign exchange for tremendous growth of the economy.

DIRECTORS' REPORT

We are pleased to present our 27th Annual Report and Audited Accounts for the year ended June 30, 2015.

Highlights	2015 Rupees in Million	2014 Rupees in Millio4	Variance %
Sales	384,336	518,405	(25.86)
Gross Profit	38,386	97,471	(60.62)
Profit Before Tax	5,646	41,587	(86.42)
Profit After Tax	5,646	41,587	(86.42)
EPS	0.16	1.19	(86.55)

Your Company earned a net profit of Rs.5.646 Million in comparison to Rs. 41.587 Million during the same period last year. This drop in profit is due to extra ordinary slow down in the textile market arround the world. As reported by Dawn, Pakistan textile exports dropped by almost 6%. This made a huge negative impact on our sale prices as we had a push our products in the market offering reduction in prices to attract customer's attention. Another reason of increase in cost was that almost 1/5th of our looms are very old and are not very efficent in quality and production. This important matter was discussed in the Board Meeting held on September 30, 2015 and after long discussion it was resolved that the less efficent looms/machinery may be scrapped and replaced with the better machines, it was further resolved that this matter may be placed in the AGM which will be held on October 31, 2015 for the general house approval.

Keeping in view the decline in profits and slow down in textile market, the management regrets that no recommendation of payment of dividends or bonus shares can be made this year.

Marketing strategy and future prospects

Our strategy to look at domestic market for small quantity but quick shipments is helping us get a little higher revenue than the export market, which allows the company not only to meet up its expenses but also to keep its nose above water.

Reduction in Remuneration of Directors

As decided in our Board Meeting held on 25th July 2014, The Chief Executive and two Executive Directors voluntarily offered to reduce thir remuneration. The abstract from the minutes of meeting are as follows:-

"The Chairperson described that our admin expenses increased previous year due to increase in remuneration of the staff and Executive Directors of the company. At that stage the Chief Executive Mr. Ashfaq Ahmad and other two Executive Directors, Mr. Nadeem Ashfaq and Mr. Waseem Ashfaq voluntarily offered to reduce their remuneration from July 2014 to onwards. All other members of the Board appreciated the kind gesture of the Executive Directors."

"Resolved" that reduce the remuneration of Chief Executive, Mr. Ashfaq Ahmad with Rs.245,000/- per month and two Executive Directors, Mr. Nadeem Ashfaq and mr. Waseem Ashfaq with rs.200,000/- per month each with effect from July 2014.

Corporate Social Responsibility

We feel proud to have contributed Rs.600,000/- to Liver Foundation Trust, Faisalabad and Rs.50,000/- to Anti TB Association Faisalabad. This contribution is spent for free of charge treatment of needy patients.

Corporate Governance

The statement of compliance with the best practice of Code of Corporate Governance is annexed.

Corporate and Financial Reporting Frame Work

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting frame work:

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

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 of the Karachi Stock Exchange.

8. The Board held five meetings during the year. Attendence by each director was as follows;

Sr.No.	Name of Director	No. of Meetings Attended
1	Mr. Ashfaq Ahmad	05
2	Mr. Nadeem Ashfaq	05
3	Mr. Waseem Ashfaq	05
4	Mr. Amjad Aslam	04
5	Mrs. Shazia Amjad	05
6	Mrs. Nazia Irfan	05
7	Muhammad Idrees	04
8	Khawaja Muhammad Ilyas	05

Leave of absence was granted to directors who could not attend one Board meeting.

9. Key operating and financial data for the last six years are annexed.

10. **Audit Committee**

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee. The composition of Audit Committee is as under.

Khwaja Muhammad Ilyas	(Chairman)
Mrs. Shazia Amjad	(Member)
Mirza Muhammad Idrees	(Member)

The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company. The meeting was also attended by the CFO, Head of Internal Audit and External Auditors as and when it was required.

11. **Human Resources and Remuneration Committee.**

The Board has also farmed an Human Resources and Remuneration Committee, which comprises of the following:

Mr. Amjad Aslam	(Chairman)
Mrs. Nazia Irfan	(Member)
Khwaja Muhammad Ilyas	(Member)

The Human Resources and Remuneration Committee met eight times during the year with an average participation of 92% of its members. The committee makes recommendations to the Board for maintaining a sound organizational plan of the company, an effective employee development programme and sound compensation and benefit plans, policies and practices designed to attract and retain high caliber personnel for effective management of business with a view to achieve set objectives.

12. **Safety and Environments**

The Company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly polices.

13. **Trading in Company's Shares**

Directors, CEO, CFO Company Secretary and their spouses and minor children have not carried out any transaction of company's shares.

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

14. **Auditors**

The present auditors M/S Avais Hyder Liaquat Nauman, Chartered Accountants are due to retire and being eligible offer themselves for re-appointment. The Audit Committee has recommended their re-appointment.

15. **Pattern of Shareholding**

Pattern of share holding of the Company as on June 30, 2015 is annexed.

16. **Acknowledgement**

We also record our sincere thanks and appreciations to the management of our banks M/S United Bank Ltd., who always helped us when needed.

The Directors are pleased to again record their appreciation of the continued hard work and devotion of the staff and workers of the Company.

For and on behalf of Board of Director

(ASHFAQ AHMAD)
Chief Executive Officer

FAISALABAD
DATE: September 30, 2015.

FINANCIAL HIGHLIGHTS

		2015	2014	2013	2012	2011	2010
				(Rupees in Thousand)			
SALES	Rs.	384,695	518,405	795,248	931,187	1,036,471	883,856
GROSS PROFIT	Rs.	38,386	97,471	125,474	159,285	123,627	106,256
NET PROFIT AFTER TAX	Rs.	5,646	41,587	68,501	68,578	29,730	12,751
FIXED ASSTES	Rs.	726,357	747,629	466,235	439,500	431,288	421,332
LONG TERM LIABILITIES (FINANCIAL INSTITUTION)	Rs.	-	-	-	-	-	-
LONG TERM LIABILITIES (DIRECTORS)	Rs.	-	-	50,000	139,740	107,000	107,000
ACCUMULATED PROFIT / (LOSS)	Rs.	184,444	164,855	202,746	181,144	102,769	62,222
GROSS PROFIT RATIO	%	9.98	18.80	15.77	17.11	11.93	11.99
NET PROFIT RATIO	%	1.47	8.02	8.61	7.36	2.87	1.44
DEBT EQUITY RATIO	%	0:100	0:100	10:90	15:85	10:90	11:89
CURRENT RATIO	%	9.66	10.55	1.80	1.35	0.95	0.85
EARNING PER SHARE	%	0.16	1.19	2.26	5.60	4.25	1.82
BONUS SHARES	%	-	-	58.33	-	-	-
DIVIDEND	Rs.	-	-	-	-	-	-

ASHFAQ TEXTILE MILLS LIMITED

PATERN OF SHAREHOLDING
FORM "34"
SHAREHOLDERS STATISTICS
AS AT JUNE 30, 2015

NUMBER OF SHAREHOLDERS	SHARE HOLDING FROM		TO	TOTAL SHARES HELD
30	1	-	100	483
162	101	-	500	47,376
208	501	-	1000	169,756
52	1001	-	5000	128,747
16	5001	-	10000	130,829
2	10001	-	15000	24,166
4	15001		20000	65,665
1	45001		50000	50,000
1	65001		70000	70,000
1	130001	-	135000	133,233
1	140001		145000	141,631
1	1945001	-	1950000	1,946,500
1	2010001	-	2015000	2,015,000
2	3465001	-	3470000	6,936,000
1	5020001	-	5025000	5,022,102
1	5025001	-	5030000	5,026,730
1	5900001	-	5905000	5,902,909
1	7170001	-	7175000	7,173,873
486				34,985,000

S.NO.	CATAGORIES OF SHAREHOLDERS	NUMBER OF SHARE HOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUAL	483	34,976,252	99.97
2	COMPANIES	2	582	0.00
3	FINANCIAL INSTITUTIONS	1	8,166	0.02
		486	34,985,000	100.00

CATEGORIES OF SHARE HOLDING

AS AT JUNE 30, 2015

DIRECTORS AND THEIR SPOUSE:	SHARES HELD	%
Mr. Ashfaq Ahmad	7,173,873	20.51
Mr. Nadeem Ashfaq	5,022,102	14.36
Mr. Waseem Ashfaq	5,026,730	14.37
Mr. Amjad Aslam	70,000	0.20
Mrs. Shazia Amjad	1,946,500	5.56
Mrs. Nazia Irfan	2,015,000	5.76
Mirza Muhammad Idrees	5,000	0.01
Khawaja Muhammad Ilyas	5,000	0.01
Mrs. Musarat Ashfaq	5,902,909	16.87
Mrs. Uzma Nadeem	3,468,000	9.91
Mrs. Memona Waseem	3,468,000	9.91
SHAREHOLDERS HOLDING 10% OR MORE:		
Mr. Ashfaq Ahmad	7,173,873	20.51
Mrs. Musarat Ashfaq	5,902,909	16.87
Mr. Nadeem Ashfaq	5,022,102	14.36
Mr. Waseem Ashfaq	5,026,730	14.37
FINANCIAL INSTITUTIONS:		
IDBP (ICP UNIT)	8,166	0.02
JOINT STOCK COMPANIES:		
Z.S. Investment (Pvt) Limited.	249	0.00
Darsons Securities (Pvt) Ltd.	3,333	0.01
GENERAL PUBLIC:	870,138	2.49
TOTAL	34,985,000	100

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented in compliance with the Code of Corporate Governance (the CCG) contained in listing regulations of Karachi Stock Exchange for the purpose of establishing a framework whereby a listed Company is managed with best practices for good Corporate Governance.

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

1. The Company encourages representations of independent non-executive Directors and Directors representing minority interest on the Board of the Company. At present, the Board comprises of;

CATEGORY	NAMES
Independent Director	Khawaja Muhammad Ilyas
Executive Directors	Mr. Ashfaq Ahmad Mr. Nadeem Ashfaq Mr. Waseem Ashfaq
Non-Executive Directors	Mr. Amjad Aslam Mrs. Shazia Amjad Mrs. Nazia Irfan Mr. Muhammad Idrees

   The independent director meets the criteria of independence under clause i(b) of the CCG.

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

3. All the Directors of the Company are registered tax payers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI.

4. During the year, no causal vacancy occurred in the Board.

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

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

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

9. The Directors are aware of their duties and responsibilities under the relevant laws and regulations and they are regularly appraised with the amendments in the Corporate and other laws if any. Five out of eight directors are exempt from the requirement of certification under the Directors' Training Program. The remaining Directors will complete their certifications till June 30, 2016.

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

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

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

15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and one is an independent director who is the Chairman of the Committee.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been defined and communicated to the Committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors including the Chairman of the committee and one is an independent director.

18. The Board has set-up and effective Internal Audit function with employees, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

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

21. The related parties transaction and pricing methods have been placed before the audit committee and approved by the board of directors. The transactions were made on terms equivalent to those that prevail in arm's length transaction.

22. The "closed period" prior the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's shares were determined and intimated to directors, employees and the Karachi Stock Exchange.

23. Material / price sensitive information has been disseminated among all market participants at once through the Karachi Stock Exchange.

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

On behalf of the Board
(ASHFAQ AHMAD)
Chief Executive Officer

RSM
Audit.Tax.Advisory

RSM Avais Hyder Liaquat Nauman
Chartered Accountants
478-D, Peoples Colony No.1
Faisalabad - Pakistan
T: +92 (41) 854 1165, 854 1965 F: +92 (41) 854 2765
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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2015 prepared by the Board of Directors of Ashfaq Textile Mills Limited (the company) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange, where the Company is listed.

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

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

The Code requires the company to place before the Board of Directors for their consideration and approval of 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

As per clause (xi) of the Code, it is mandatory for all the directors of the company (excluding the directors who are exempted under the Code) to have certification under any director's training program by institutions (local or foreign) that met the criteria specified by SECP. A minumum of one director is required to acquire the said certification every year from June 30, 2012 to June 30, 2016. Five out of eight directors are exempt from requirement of certification under the directors training program. The remaining directors were required to complete their certification. No director of the company has acquired the said certification during the year.

Based on our review, with the exception of the matter described in the preceding paragraph, 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.

Dated: 30 SEP 2015
Place: Faisalabad

Rsm Avais Hyder Liaquat Nauman
RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Other Offices at:
Lahore : 92 (42) 3587 2731/2/3
Karachi : 92 (21) 3565 5975/6
Islamabad : 92 (51) 211 4096/7/8
Peshawar : 92 (91) 527 7205/527 8310
Quetta : 92 (81) 282 9809
Kabul : 93 (799) 058155

RSM
Audit.Tax.Advisory

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Ashfaq 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

Other Offices at:
Lahore : 92 (42) 3587 2731/2/3
Karachi : 92 (21) 3565 5975/6
Islamabad : 92 (51) 211 4096/7/8
Peshawar : 92 (91) 527 7205/527 8310
Quetta : 92 (81) 282 9809
Kabul : 93 (799) 058155

RSM

Audit | Tax | Advisory

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 profit, its comprehensive income, 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.

Rsm Avais Hyder Liaquat Nauman

RSM AVAIS HYDER LIAQUAT NAUMAN

CHARTERED ACCOUNTANTS

Engagement Partner:- Hamid Masood

Dated: 30 SEP 2015

Place: Faisalabad

ASHFAQ TEXTILE MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Authorised capital			
100,000,000 ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	3	349,850,000	349,850,000
Unappropriated profit		184,444,068	164,855,317
		534,294,068	514,705,317
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	4	353,905,407	370,038,231
NON CURRENT LIABILITIES			
Deferred liability			
Staff retirement gratuity	5	20,539,108	15,189,426
CURRENT LIABILITIES			
Trade and other payables	6	16,057,511	15,954,470
Interest / mark up payable on short term bank borrowings		2,328	-
Short term bank borrowings	7	5,000,000	-
Provision for taxation - income tax		-	-
		21,059,839	15,954,470
CONTINGENCY AND COMMITMENT	8	-	-
		929,798,422	915,887,444

	Note	2015 Rupees	2014 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9	721,847,193	743,124,237
Long term security deposits	10	4,509,782	4,504,782
		726,356,975	747,629,019
CURRENT ASSETS			
Stores, spares and loose tools	11	30,546,748	26,898,644
Stock in trade	12	14,696,425	45,327,120
Trade debts	13	62,790,339	39,198,882
Loans and advances	14	29,965,700	12,656,378
Deposit and prepayments	15	283,109	223,076
Other receivables	16	922,414	1,198,501
Tax refunds due from Government	17	28,512,672	24,100,862
Cash and bank balances	18	35,705,040	18,655,262
		203,441,447	168,258,425
		929,798,422	915,887,444

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

ASHFAQ TEXTILE MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales	19	384,694,564	518,405,327
Cost of sales	20	346,308,388	420,934,180
Gross profit		38,386,176	97,471,147
Distribution cost	21	6,836,466	11,188,170
Administrative expenses	22	24,998,558	31,315,779
Other operating expenses	23	352,110	4,139,957
Finance cost	24	552,731	9,239,716
		32,739,865	55,883,622
Profit for the year before taxation		5,646,311	41,587,525
Provision for taxation	25	-	-
Profit for the year		5,646,311	41,587,525
Earnings per share - Basic and diluted	26	0.16	1.19

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Profit for the year		5,646,311	41,587,525
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Incremental depreciation on revalued assets for the year	4	16,132,824	7,453,024
Remeasurement of staff retirement gratuity		(2,190,384)	531,758
		13,942,440	7,984,782
Total comprehensive income for the year		19,588,751	49,572,307

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

ASHFAQ TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
(a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before taxation	5,646,311	41,587,525
Adjustments for:		
Depreciation of property, plant and equipment	33,400,312	35,974,658
Provision for staff retirement gratuity	5,779,240	3,366,780
Loss on disposal of property, plant and equipment	43,559	1,803
Balances written off - net	-	1,836,829
Finance cost	552,731	9,239,716
Operating cash flows before working capital changes	45,422,153	92,007,311
Changes in working capital		
Decrease / (Increase) in current assets		
Stores, spares and loose tools	(3,647,104)	1,611,110
Stock in trade	30,630,695	40,634,328
Trade debts	(23,591,457)	71,307,967
Loans and advances	(18,605,282)	4,018,696
Deposit and prepayments	(60,033)	150,739
Other receivables	276,087	4,880,938
Tax refunds due from Government	1,406,050	(8,498,817)
Increase / (Decrease) in current liabilities		
Trade and other payables	103,041	(10,719,563)
Cash generated from operating activities	31,934,150	195,392,709
Finance cost paid	(550,403)	(9,496,435)
Income tax paid	(4,542,200)	(5,818,159)
Staff retirement gratuity paid	(2,619,942)	(1,944,850)
Net cash generated from operating activities	24,221,605	178,133,265
(b) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(14,316,827)	(51,683,321)
Proceeds from disposal of operating assets	2,150,000	545,000
Addition in long term security deposits	(5,000)	-
Net cash (used in) investing activities	(12,171,827)	(51,138,321)

	2015 Rupees	2014 Rupees
(c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	-	(50,000,000)
Increase / (decrease) in short term bank borrowings	5,000,000	(72,964,000)
Net cash generated from / (used in) financing activities	5,000,000	(122,964,000)
Net increase in cash and cash equivalents (a+b+c)	17,049,778	4,030,944
Cash and cash equivalents at the beginning of the year	18,655,262	14,624,318
Cash and cash equivalents at the end of the year	35,705,040	18,655,262

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

ASHFAQ TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Issued, subscribed and paid up capital	Unappropriated profit	Total
	Rupees		
Balance as at July 01, 2013	262,387,500	202,745,510	465,133,010
Transactions with owners:			
Bonus shares issued during the year (One share for each four shares held)	87,462,500	(87,462,500)	-
Total comprehensive income for the year			
Profit for the year	-	41,587,525	41,587,525
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Incremental depreciation on revalued assets for the year	-	7,453,024	7,453,024
Remeasurement of defined benefit liability	-	531,758	531,758
	-	49,572,307	49,572,307
Balance as at June 30, 2014	349,850,000	164,855,317	514,705,317
Total comprehensive income for the year			
Profit for the year	-	5,646,311	5,646,311
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Incremental depreciation on revalued assets for the year	-	16,132,824	16,132,824
Remeasurement of defined benefit liability	-	(2,190,384)	(2,190,384)
	-	19,588,751	19,588,751
Balance as at June 30, 2015	349,850,000	184,444,068	534,294,068

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

ASHFAQ TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. GENERAL INFORMATION

1.1 Ashfaq Textile Mills Limited (the Company) was incorporated in Pakistan on January 14, 1988 as a private limited company under the Companies Ordinance, 1984 and subsequently converted into a public limited company. The Company is currently listed on Karachi Stock Exchange. The business of the Company is manufacturing and sale of textiles and rendering of sizing and conversion services. The registered office and mills of the Company are located at 17 K.M. Jaranwala Road, Faisalabad in the Province of Punjab.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP), and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards (IASs) / International Financial Reporting Standards (IFRSs) as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by SECP differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

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

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

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2014 and therefore, have been applied in preparing these financial statements.

- **Amendments to IAS 19 Defined Benefit Plans: Employee Contributions**

  The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

  For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

  The management of the Company do not anticipate that the application of these amendments will have a significant impact on the company's financial statements.

- **Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities**

  The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities.

  The application of the amendments is not expected to have any material impact on the Company's financial statements.

- **Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial assets**

The amendments remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal.

The application of these amendments has no material impact on the disclosures in the company's financial statements.

- **IFRIC 21 Levies**

IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for.

The application do not expected to have material impact on the Company's financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/ amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the company's financial statements.

Annual Improvements to IFRSs 2011-2013 Cycle

The Annual Improvements to IFRSs 2011-2013 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the company's financial statements.

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

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2014 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

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

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

- **IFRS 9 Financial Instruments (2014):** IFRS 9 contains accounting requirements for financial instruments in the areas of classification and measurement, impairments, hedge accounting, de-recognition:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at Fair Value Through Other Comprehensive Income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

  With regard to the measurement of financial liabilities designated as at fair value through profit or loss, standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

  In relation to the impairment of financial assets, standard requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

  The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The standard is effective for accounting period beginning on or after January 01, 2018. The management of the company is reviewing the changes to evaluate the impact of application of standard on the financial statements.

IFRS 13, 'Fair Value Measurement'

The standard replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard and requires certain additional disclosures about fair value measurement. The standard is effective for annual reporting periods beginning on or after January 01, 2015. The standard is not expected to have any significant impact on the company's financial statements.

- **IFRS 15 Revenue from Contracts with Customers:** IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The standard is effective for accounting periods beginning on or after January 01, 2017. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.

Amendment to IAS 16 "Property Plant and Equipment" and IAS 38 "Intangible

In this amendment it is clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The amendment is effective for accounting periods beginning on or after January 01, 2016. The application of amendment is not expected to have any material impact on the Company's financial statements.

Annual improvements 2014

These set of amendments impacts 4 standards:

IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.

IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.

IAS 19, 'Employee benefits' regarding discount rates.

IAS 34, 'Interim financial reporting' regarding disclosure of information. Further details see In brief INT2014-12.

The application of the amendments is not expected to have any material impact on the Company's financial statements.

2.2.4 Standards, amendments to standards and interpretations becoming effective in future period

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

2.3 Basis of preparation

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

- certain property, plant and equipment stated at valuation.
- staff retirement benefits carried at present value.

The principal accounting policies adopted are set out below:

2.4 Staff retirement gratuity

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

2.5 Trade and other payables

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

2.6 Provisions

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

2.7 Provision for taxation

Current

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

Deferred

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

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

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

Deferred tax charged or credited in the income statement, except in case of items charged or credited to equity in which case it is included in equity.

2.8 Dividend and other appropriations

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

2.9 Property, plant and equipment

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

Depreciation is charged to income applying the reducing balance method at the rates specified in property, plant and equipment note.

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

Repairs and maintenance costs are charged to income during the period in which they are incurred. Major renewals and improvements are capitalised.

Gains or losses on disposal of assets, if any, are recognised as and when incurred.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

Surplus arising on revaluation of an item of property, plant and equipment is credited to surplus on revaluation of property, plant and equipment, except to the extent of reversal of deficit previously charged to income, in which case that portion of the surplus is recognised in income. Deficit on revaluation of an item of property, plant and equipment is charged to surplus on revaluation of that asset to the extent of surplus and any excess deficit is charged to income. On subsequent sale or retirement of revalued item of property, plant and equipment, the attributable balance of surplus is transferred to unappropriated profit through statement of comprehensive income. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit through statement of comprehensive income.

2.10 Impairment

The company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether these are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account, unless the relevant assets are carried at revalued amounts, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss account.

2.11 Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.12 Stores, spares and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon.

2.13 Stock in trade

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

Raw material	Weighted average cost.
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.

Wastes are valued at net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sales. Average manufacturing cost includes cost of direct material, labour and appropriate manufacturing overheads.

2.14 Trade debts and other receivables

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

2.15 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, books overdrawn and highly liquid short-term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

2.16 Foreign currencies

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

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

2.17 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments and derecognised when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

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

2.18 Offsetting of financial asset and financial liability

A financial asset and financial liability is offset and the net amount reported in the balance sheet, if the Company has a legal enforceable right to offset the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.19 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

2.20 Revenue recognition

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

Sale of goods is recognised when goods are delivered and title has passed.

Sizing and conversion income is recognised as the services are rendered.

2.21 Critical accounting estimates and judgments

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

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

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

3. Issued, subscribed and paid up capital

2014	2015		2015	2014
Number of shares			Rupees	Rupees
20,991,000	20,991,000	Ordinary shares of Rs. 10/- each fully paid in cash	209,910,000	209,910,000
5,247,750	13,994,000	Ordinary shares of Rs. 10/- each fully paid bonus shares	139,940,000	52,477,500
8,746,250	-	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares during the year	-	87,462,500
34,985,000	34,985,000		349,850,000	349,850,000

4. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2015	2014
Opening balance	370,038,231	111,259,531
Surplus arisen-on revaluation carried out during the year	-	266,231,724
	370,038,231	377,491,255
Transferred to Comprehensive Income for the year		
Incremental depreciation for the year	(16,132,824)	(7,453,024)
	353,905,407	370,038,231

4.1 Freehold land, building on freehold land and plant and machinery are carried at valuation. Latest valuation on the basis of market values, has been carried out by independent valuers "M/S Empire Enterprises Pakistan" on June 30, 2014.

5. Staff retirement gratuity

5.1 General description

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

	Note	2015 Rupees	2014 Rupees
5.2 Balance sheet reconciliation as at June 30,			
Present value of defined benefit obligation		20,539,108	15,189,426
5.3 Movement in net liability recognised			
Opening balance		15,189,426	14,299,254
Expenses recognised in profit and loss account	5.4	5,779,240	3,366,780
Paid / adjusted during the year		(2,619,942)	(1,944,850)
Remeasurement on obligation		2,190,384	(531,758)
Balance at June 30,		20,539,108	15,189,426
5.4 Expenses recognised in profit and loss account			
Current service cost		3,695,593	2,243,917
Interest cost		2,083,647	1,122,863
		5,779,240	3,366,780
5.5 Principal actuarial assumptions			
Discount factor used		10% Per annum	12% Per annum
Expected rate of increase in salaries		9% Per annum	10% Per annum
Expected average remaining working lives of participating employees		5 years	6 years

5.6 The sensitivity of the defined benefit obligation to changes in the weighted principle assumptions is :

		Reworked defined benefit obligation	
	Change in assumptions	Increase in assumptions	Decrease in assumptions
		---Rupees---	
Discount rate	100 bps	18,442,398	22,902,622
Salary increase rate	100 bps	21,834,557	19,302,008

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

	Note	2015 Rupees	2014 Rupees

6. Trade and other payables

	Note	2015 Rupees	2014 Rupees
Creditors		6,421,404	5,072,819
Advance from customer		-	102,358
Accrued liabilities		8,639,600	7,924,010
Workers' profit participation fund	6.1	308,551	2,301,325
Other		687,956	553,958
		16,057,511	15,954,470

6.1 Workers' profit participation fund

	2015 Rupees	2014 Rupees
Opening balance	2,301,325	4,011,048
Interest on funds utilised in the Company's business	91,595	300,829
	2,392,920	4,311,877
Amount paid to workers on behalf of the fund	(2,392,920)	(4,311,877)
	-	-
Allocation for the year	308,551	2,301,325
	308,551	2,301,325

7. Short term bank borrowings

	Note	2015 Rupees	2014 Rupees
Secured			
Under mark up arrangement			
From banking company			
Export finance	7.2	5,000,000	-

7.1 The aggregate unavailed short-term borrowing facilities available to the Company are Rs. 45.00 million (2014: Rs. 180.00 million).

7.2 This is secured against lien on export documents and first charge over fixed and current assets of the Company. This is further secured by personal guarantee of directors of the Company. This is subject to markup at three months KIBOR plus 1.5% per annum.

Effective mark up rate ranges from 8.48% to 11.69% per annum (2014: 3.68% to 11.70% per annum).

8. CONTINGENCY AND COMMITMENT

	2015 Rupees	2014 Rupees
Contingency		
Liability of workers' welfare fund not acknowledged. The Company is claiming exemption from the levy.	4,818,457	4,706,891
Commitment		
Under letter of credit for stores	2,282,148	-

	Note	2015 Rupees	2014 Rupees
9. Property, plant and equipment			
Operating assets	9.1	719,076,243	741,037,370
Capital work in progress	9.4	2,770,950	2,086,867
		721,847,193	743,124,237

9.1 Operating assets

	Freehold land	Building on freehold land	Plant and machinery	Factory equipment	Office equipment	Furniture and fixture	Vehicles	Arms and ammunitions	Total
	Rupees								
At July 01, 2013									
Cost / valuation	40,447,600	65,894,970	358,551,995	1,768,518	9,519,562	2,681,475	33,521,093	34,100	512,419,313
Accumulated depreciation	-	(12,223,106)	(114,342,152)	(553,092)	(2,799,563)	(1,326,087)	(8,419,860)	(20,297)	(139,684,157)
Net book value	40,447,600	53,671,864	244,209,843	1,215,426	6,719,999	1,355,388	25,101,233	13,803	372,735,156
Year ended June 30, 2014									
Opening net book value	40,447,600	53,671,864	244,209,843	1,215,426	6,719,999	1,355,388	25,101,233	13,803	372,735,156
Additions	-	-	18,455,398	400,500	602,984	36,550	11,749,465	-	31,244,898
Transferred from capital work in progress	-	67,908,814	39,438,239	-	-	-	-	-	107,347,053
Revaluation surplus / (deficit)	11,714,900	(1,530,736)	256,047,560	-	-	-	-	-	266,231,724
Disposal									
Cost	-	-	-	-	-	-	(1,118,480)	-	(1,118,480)
Accumulated depreciation	-	-	-	-	-	-	571,677	-	571,677
	-	-	-	-	-	-	(546,803)	-	(546,803)
Depreciation charge	-	(4,664,267)	(27,453,541)	(62,440)	(358,574)	(68,389)	(3,366,757)	(690)	(35,974,658)
Closing net book value	52,162,500	115,385,675	530,697,500	1,553,486	6,964,409	1,323,549	32,937,138	13,113	741,037,370
At July 01, 2014									
Cost / valuation	52,162,500	115,385,675	530,697,500	2,169,018	10,122,546	2,718,025	44,152,078	34,100	757,441,442
Accumulated depreciation	-	-	-	(615,532)	(3,158,137)	(1,394,476)	(11,214,940)	(20,987)	(16,404,072)
Net book value	52,162,500	115,385,675	530,697,500	1,553,486	6,964,409	1,323,549	32,937,138	13,113	741,037,370
Year ended June 30, 2015									
Opening net book value	52,162,500	115,385,675	530,697,500	1,553,486	6,964,409	1,323,549	32,937,138	13,113	741,037,370
Additions	-	-	5,030,000	2,310,000	1,356,579	240,870	4,695,295	-	13,632,744
Disposal									
Cost	-	-	-	-	-	-	(4,652,888)	-	(4,652,888)
Accumulated depreciation	-	-	-	-	-	-	2,459,329	-	2,459,329
	-	-	-	-	-	-	(2,193,559)	-	(2,193,559)
Depreciation charge	-	(2,884,642)	(26,584,333)	(116,924)	(359,701)	(73,563)	(3,380,493)	(656)	(33,400,312)
Closing net book value	52,162,500	112,501,033	509,143,167	3,746,562	7,961,287	1,490,856	32,058,381	12,457	719,076,243
At June 30, 2015									
Cost / valuation	52,162,500	115,385,675	535,727,500	4,479,018	11,479,125	2,958,895	44,194,485	34,100	766,421,298
Accumulated depreciation	-	(2,884,642)	(26,584,333)	(732,456)	(3,517,838)	(1,468,039)	(12,136,104)	(21,643)	(47,345,055)
Net book value	52,162,500	112,501,033	509,143,167	3,746,562	7,961,287	1,490,856	32,058,381	12,457	719,076,243
Annual rate of depreciation (%)	-	2.5	5	5	5	5	10	5	

	2015 Rupees	2014 Rupees
9.1.1 Depreciation for the year has been allocated as under:		
Cost of goods sold	29,585,899	32,180,248
Administrative expenses	3,814,413	3,794,410
	33,400,312	35,974,658

9.2 Had there been no revaluation, the related figures of freehold land, building on freehold land and plant and machinery at June 30, 2015 and 2014 would have been as follows:

	2015		
	Cost	Accumulated depreciation	Written down value
	Rupees		
Freehold land	9,659,905	-	9,659,905
Building on freehold land	130,268,020	27,281,321	102,986,699
Plant and machinery	403,336,833	196,082,144	207,254,689
	543,264,758	223,363,465	319,901,293

	2014		
	Cost	Accumulated depreciation	Written down value
	Rupees		
Freehold land	9,659,905	-	9,659,905
Building on freehold land	130,268,020	24,640,636	105,627,384
Plant and machinery	398,306,833	185,386,678	212,920,155
	538,234,758	210,027,314	328,207,444

9.3 Disposal of property, plant and equipment

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Particulars of buyer
	Rupees				
Vehicles (By negotiation)					
	2,547,880	1,674,296	873,584	850,000	Mr. Maqbool Ilahi Shaeen S/O Sheikh Ahmad Din, Gulistan Colony, Faisalabad.
	2,105,008	785,033	1,319,975	1,300,000	Mr. Jamshaid Khan S/O Bashir Khan, P.A.F. Complex, Islamabad.
2015	4,652,888	2,459,329	2,193,559	2,150,000	
2014	1,118,480	571,677	546,803	545,000	

9.4 Capital work in progress

	Civil work	Plant and machinery	Total
	Rupees		
Balance as at July 01, 2013	66,821,655	22,173,842	88,995,497
Additions	3,174,026	17,264,397	20,438,423
Transferred to operating assets	(67,908,814)	(39,438,239)	(107,347,053)
Balance as at June 30, 2014	2,086,867	-	2,086,867
Additions	684,083	-	684,083
Balance as at June 30, 2015	2,770,950	-	2,770,950

	2015 Rupees	2014 Rupees
10. Long term security deposits		
Against utilities	4,467,696	4,467,696
Others	42,086	37,086
	4,509,782	4,504,782
11. Stores, spares and loose tools		
Stores	19,437,975	15,826,799
Spares	11,032,469	10,990,153
Loose tools	75,304	81,692
	30,545,748	26,898,644

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

	2015 Rupees	2014 Rupees
12. Stock in trade		
Raw material	5,045,761	17,039,656
Work in process	2,665,132	3,106,626
Finished goods	6,985,532	25,180,838
	14,696,425	45,327,120
13. Trade debts		
Considered good		
Unsecured		
Local	62,790,339	39,198,882
14. Loans and advances		
Considered good		
Loans		
Executives	11,103,797	3,237,073
Other employees	13,794,145	3,298,049
	24,897,942	6,535,122
Advances		
Suppliers	282,974	282,627
For expenses	19,655	20,470
Income tax	4,542,199	5,818,159
Letters of credit fee margin and expenses	242,930	-
	29,985,700	12,656,378
15. Deposit and prepayments		
Considered good		
Security deposit	-	5,000
Prepayments	283,109	218,076
	283,109	223,076

	Note	2015 Rupees	2014 Rupees
16. Other receivables			
Considered good			
Export rebate / duty drawback		236,100	776,900
Insurance claim		448,000	305,000
Other		238,314	116,601
		922,414	1,198,501
17. Tax refunds due from Government			
Sales tax		20,490,942	21,896,992
Income tax		8,021,730	2,203,570
		28,512,672	24,100,562
18. Cash and bank balances			
Cash in hand		1,831,906	389,163
Cash at banks			
In current accounts		33,873,134	18,266,099
		35,705,040	18,655,262
19. Sales			
Cloth			
Export	19.1	109,324,653	234,988,385
Local	19.2	3,163,215	26,078,471
		112,487,868	261,066,856
Conversion and sizing income		273,738,045	259,425,878
		386,225,913	520,492,734
Add: Rebates / duty drawback		444,857	178,001
		386,670,770	520,670,735
Less: Commission and claims		1,976,206	2,265,408
		384,694,564	518,405,327

19.1 It includes exchange gain of Rs. 251,723/- (2014: Rs. 3,151,515/-).

19.2 It represents sale of left over / waste material out of goods manufactured for export.

	Note	2015 Rupees	2014 Rupees
20. Cost of sales			
Cost of goods manufactured	20.1	328,113,082	395,775,345
Finished goods			
Opening stock		25,180,838	50,339,673
Closing stock		(6,985,532)	(25,180,838)
		18,195,306	25,158,835
		346,308,388	420,934,180

	Note	2015 Rupees	2014 Rupees
20.1 Cost of goods manufactured			
Raw material consumed	20.1.1	56,394,229	122,178,131
Sizing cost		62,644,904	42,855,609
Salaries, wages and benefits		77,852,981	78,114,411
Staff retirement benefits		4,987,484	2,861,763
Fuel and power		70,795,557	89,180,296
Stores, spares and loose tools		18,054,194	13,882,224
Packing material		2,478,420	2,192,913
Repairs and maintenance		1,256,994	976,455
Insurance		3,620,926	4,797,901
Depreciation	9.1.1	29,585,899	32,180,248
		327,671,588	389,219,951
Work in process			
Opening stock		3,106,626	9,662,020
Closing stock		(2,665,132)	(3,106,626)
		441,494	6,555,394
		328,113,082	395,775,345
20.1.1 Raw material consumed			
Opening stock		17,039,656	25,959,755
Purchases including purchase expenses		44,400,334	113,258,032
		61,439,990	139,217,787
Closing stock		(5,045,761)	(17,039,656)
		56,394,229	122,178,131

21. Distribution cost

Ocean freight		4,674,371	7,648,804
Clearing and forwarding		2,162,095	3,539,366
		6,836,466	11,188,170

22. Administrative expenses

Directors' remuneration	27	5,760,000	7,875,000
Salaries and benefits		3,662,371	4,326,933
Staff retirement benefits		791,756	505,017
Electricity and gas		355,757	448,142
Insurance		926,698	846,319
Rent, rates and taxes		209,651	181,820
Vehicles running and maintenance		3,426,399	5,053,329
Travelling and conveyance		2,189,902	1,395,551
Postage, telephone and telex		662,811	817,813
Printing and stationery		347,403	450,734
Auditors' remuneration	22.1	575,000	575,000
Legal and professional		160,000	362,000
Fees and subscriptions		524,754	2,628,217
Entertainment		599,105	524,443
Newspaper and periodicals		9,276	10,052
Charity and donations	22.2	650,000	1,125,000
Depreciation	9.1.1	3,814,413	3,794,410
Other		333,262	395,999
		24,998,558	31,315,779

	2015 Rupees	2014 Rupees

22.1 Auditors' remuneration

	2015 Rupees	2014 Rupees
Audit fee	500,000	500,000
Sundry services	75,000	75,000
	575,000	575,000

22.2 Ashfaq Ahmad - Chief Executive Officer of the Company is Trustee of the Liver Foundation Trust, Faisalabad. The Company has made payment of donation amounting to Rs. 600,000/- (2014: Rs. 1,100,000/-) to Liver Foundation Trust during the year.

23. Other operating expenses

	Note	2015 Rupees	2014 Rupees
Workers' profit participation fund		308,551	2,301,325
Loss on disposal of property, plant and equipment		43,559	1,803
Balances written off - net		-	1,836,829
		352,110	4,139,957

24. Finance cost

	Note	2015 Rupees	2014 Rupees
Interest / mark up on:			
Short term bank borrowings		126,449	5,169,628
Workers' profit participation fund		91,595	300,829
Bank charges and commission		334,687	848,259
Exchange loss		-	2,921,000
		552,731	9,239,716

25. Provision for taxation

	Note	2015 Rupees	2014 Rupees
Current			
For the year		-	-
Deferred	25.1	-	-
		-	-

25.1 Deferred taxation

There are no temporary differences as the income of the Company is chargeable to tax under final tax regime. Hence no provision for deferred taxation has been made.

25.2 The relationship between tax expense and accounting profit

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

26. Earnings per share - Basic and diluted

		2015	2014
Profit for the year	(Rupees)	5,646,311	41,587,525
Weighted average number of ordinary shares outstanding during the year	(Number)	34,985,000	34,985,000
Earnings per share - Basic and diluted	(Rupees)	0.16	1.19

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

27. REMUNERATION TO CHIEF EXECUTIVE OFFICER , DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executive
	Rupees					
Remuneration	1,440,000	2,400,000	2,199,630	1,983,433	3,266,833	2,386,272
House rent allowance	648,000	1,080,000	989,784	892,500	1,470,083	1,068,480
Conveyance allowance	72,000	120,000	109,866	99,068	163,083	106,848
	2,160,000	3,600,000	3,299,280	2,975,000	4,900,000	3,561,600
Number of persons	1	3	6	1	3	5

27.1 The Chief Executive Officer and Directors are entitled to reimbursement of telephone bills. The monetary value of these benefits is Rs. 119,390 /- (2014: Rs. 146,308 /-).

28. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings, directors and key management personnel. Remuneration to Chief Executive Officer, Directors and Executives is disclosed in Note 27. The Company has not carried out any other significant transaction with the related parties.

29. PLANT CAPACITY AND ACTUAL PRODUCTION

	2015	2014
Weaving		
Number of looms installed	235	235
Number of looms worked	235	235
Standard cloth production (Sq. meters)	29,700,000	29,700,000
Actual production (Sq. meters)	29,140,948	28,841,942
Sizing		
Warping machines	3	3
Sizing machines	1	1
Standard production (Kgs.)	4,150,000	4,150,000
Actual production (Kgs.)	2,055,262	2,040,597

29.1 Reasons for short fall:

- It is difficult to determine precisely the production / rated capacity in textile weaving since it fluctuates widely depending on various factors such as speed, width and construction of cloth etc.
- The actual production is planned to meet the market demand.
- The production of expansion project is for six months.

30. NUMBER OF EMPLOYEES

	2015	2014
Total number of employees as at June 30,	580	586
Average number of employees for the year	576	589

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimise risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

	2015 Rupees	2014 Rupees
31.1 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets at amortized cost:		
Deposits	4,509,782	4,509,782
Trade debts	62,790,339	39,198,882
Loans	24,897,942	6,535,122
Cash and bank balances	35,705,040	18,655,262
	127,903,103	68,899,048
Financial liabilities at amortized cost:		
Trade and other payables	15,748,960	13,550,787
Interest / markup payable	2,328	-
Short term bank borrowings	5,000,000	-
	20,751,288	13,550,787

31.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

31.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company is exposed to concentration of credit risk towards a customer which represent 56.22% (2014 : 61.72%) of total trade debts. The maximum exposure to credit risk at the reporting date is as follows:

	2015 Rupees	2014 Rupees
Deposits	4,509,782	4,509,782
Trade debts	62,790,339	39,198,882
Loans	24,897,942	6,535,122
Bank balances	33,873,134	18,266,099
	126,071,197	68,509,885

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

For trade debts, credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The majority of customers of the Company are situated at Pakistan and USA.

The aging of trade debts as at balance sheet date is as under:

Not past due	53,520,422	37,466,249
Past due - within one year	9,269,917	1,732,633
	62,790,339	39,198,882

31.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to maintain sufficient level of liquidity of the Company on the basis of expected cash flows, requirements of holding highly liquid assets and maintaining adequate reserve borrowing facilities to cover liquidity risk. This includes maintenance of balance sheet liquidity ratios through working capital management. Following are the contractual maturities of financial liabilities including interest payments as at June 30, 2015 and 2014;

	2015			
	Carrying amount	Contractual cash flows	Six months or less	Two to five years
	---Rupees---			
Financial liabilities:				
Trade and other payables	15,748,960	15,748,960	15,748,960	-
Interest / markup payable	2,328	2,328	2,328	-
Short term bank borrowings	5,000,000	5,000,000	5,000,000	-

	2014			
	Carrying amount	Contractual cash flows	Six months or less	Two to five years
	---Rupees---			
Financial liabilities:				
Trade and other payables	13,550,787	13,550,787	13,550,787	-

The Company will manage the liquidity risk from its own source through equity and working capital management. As at the balance sheet date, the Company has liquid assets of Rs. 157.92 (2014: Rs. 95.53 million) and unavailed short term borrowing facilities of Rs. 45.00 million (2014 : Rs. 180.00 million) (Refer Note 7).

31.2.3 Market risk

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

i) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date, the Company is not exposed to any interest rate risk.

ii) **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is exposed to currency risk on foreign debtors. At the balance sheet date, the Company is not exposed to any currency risk.

iii) **Equity price risk**

Trading and investing in quoted equity securities give rise to equity price risk. At the balance sheet date, the Company is not exposed to equity price risk.

31.3 Fair values of financial instruments

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

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

31.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain long term financing from directors / financial institutions.

The Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view the future investment requirements and expectation of the shareholders. At the balance sheet date, the Company is not exposed to capital risk.

32. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue on 30 SEP 2015 by the Board of Directors of the Company.

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

PROXY FORM

The Corporate Secretary
ASHFAQ TEXTILE MILLS LTD.
8-A/1, Officer Colony,
Susan Road, Madina Town,
Faisalabad.

I/We ______________________ of ______________________ being

member(s) of ASHFAQ TEXTILE MILLS LIMITED., and holder of ______________

Ordinary Shares as per Share Register Folio # ____________ (In case of Central Depository System

Account Holder A/C # ____________ Participant I.D. # ______________) hereby

appoint ______________ of ______________ who is member of the

company as Register Folio # ________ or failing him/her ______________

of ____________ who is member of the company as per Register Folio # ____________

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held

on Saturday, October 31, 2015 at 09.00 a.m. at any adjournment thereof.

Signd this ______________ day of ______________ 2014.

Affix Rs. 5/-
Revenue
Stamp

Signature

____

(Signature appended above should agree with the specimen signature registered with the Company.

NOTES:

1. The proxy form, duly completed and signed, must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.

2. No person shall act as proxy unless he / she himself / herself is a member of the Company, except that, a corporation may appoint any person as a proxy who is not a member.

3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company all such instruments of proxy shall be rendered invalid.

4. In case of proxy for an individual CDC shareholder, attested copies of NIC or the passport, account and participant's I. D. number of the beneficial owner alongwith the proxy is required to be furnished with the proxy form.

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