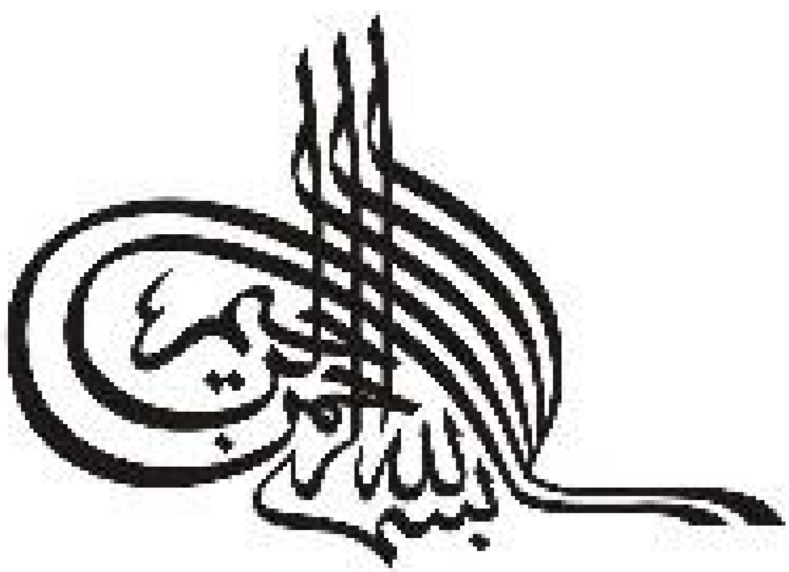
بسم الله الرحمن الرحيم

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS:

CHIEF EXECUTIVE:	MR. ZAHID ANWAR
DIRECTORS:	MRS. RUKHSANA BEGUM
	MR. IMRAN ZAHID
	MR. ZEESHAN ZAHID
	CH. GHULAM MURTAZA BUTTAR
	MR. ZULQARNAIN
	MR. ALI RAZA ZAFAR

AUDIT COMMITTEE:

CHAIRMAN:	CH. GHULAM MURTAZA BUTTAR
MEMBER:	MR. ZEESHAN ZAHID
MEMBER:	MR. ZULQARNAIN

HUMAN RESOURCES & REMUNERATION COMMITTEE:

CHAIRMAN:	MR. ZULQARNAIN
MEMBER:	MR. ALI RAZA ZAFAR
MEMBER:	CH. GHULAM MURTAZA BUTTAR

COMPANY SECRETARY:	MR. ALLAH DITTAH
CHIEF FINANCIAL OFFICER:	MR. ABRAR MOHSIN
HEAD OF INTERNAL AUDIT:	MR. NASEEM ABBAS
AUDITORS:	M/S ARSHAD RAHEEM & CO. CHARTERED ACCOUNTANTS
BANKS:	AL BARAKA BANK (PAKISTAN) LIMITED JS BANK LIMITED NATIONAL BANK OF PAKISTAN UNITED BANK LIMITED DUBAI ISLAMIC BANK HABIB BANK LIMITED
LEGAL ADVISOR:	MR. ZIA-UL-HAQ (ADVOCATE)
REGISTERED OFFICE:	JK HOUSE, 32-W, SUSAN ROAD, MADINA TOWN, FAISALABAD
SHARE REGISTRAR OFFICE:	HAMEED MAJEED ASSOCIATES (PVT) LTD 1ST FLOOR, H.M HOUSE, 7-BANK SQUARE LAHORE.
MILLS:	32-KM, SHEIKHUPURA ROAD, FAISALABAD
WEB SITE:	www.asimtextile.com

VISION

TO TURN AROUND THE COMPANY INTO A PROFITABLE UNDERTAKING ITS LIFE AND TO BE A MARKET LEADER BY BEING THE BEST LEADER BY BEING THE BEST

MISSION

TO PROVIDE FINE QUALITY PRODUCTS TO ITS CUSTOMERS AND BRING THE COMPANY INTO PROFIT TO INCREASE SHAREHOLDERS' WEALTH

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the members of Asim Textile Mills Limited will be held at registered office, JK House, 32-W, Susan Road, Madina Town, Faisalabad at 9:30 AM on 31.10.2016 to transact the following business :-

1. To confirm the minutes of the Annual General Meeting held on 31.10.2015.

2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2016 together with the Directors' and Auditor's reports thereon.

3. To appoint auditors for the year ending June 30, 2017 and fix their remuneration. The retiring auditors M/S Arshad Raheem & Co. Chartered Accountants being eligible offered themselves for reappointment .

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

FOR AND ON BEHALF OF THE BOARD

(Company Secretary)

FAISALABAD: 07.10.2016

NOTES :

1. The share transfer books of the company will remain closed from 24.10.2016 to 31.10.2016 (both days inclusive).

2. 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 Registered Office of the Company not less than 48 hours before the time for the meeting.

3. CDC shareholders are requested to bring with them their National Identification Cards alongwith participants ID and their account number at the time of Annual General Meeting' in order to facilitate identification. In case of a corporate entity, a certified copy of the resolution passed by the Board of Directors/valid power of attorney with the specimen signatures of the nominee be produced at the time of meeting.

4. Members are requested to immediately notify the change in their addresses, if any.

DIRECTORS' REPORT TO THE MEMBERS

Your directors feel pleasure in presenting the 27th annual report with audited financial statements of the Company for the year ended June 30, 2016.

OPERATING RESULTS:

	[Rupees in Million] Year ended June 30, 2016	Year ended June 30, 2015
(Loss) / Profit before taxation	(13.283)	(13.435)
Taxation	00 .004	4.163
(Loss) / Profit after taxation	(13.287)	(17.598)
(Loss) / Earnings per share – basic (Rupee)	(0.88)	(1.16)

Synopsis of financial year 2016:

- Gross earnings increased to 7.341 million from 0.541 million during last year due to decrease in prices of raw material.
- Operational costs decreased by 16.29% (Decreased from 30.470 million to 25.506 million during the year under review).
- Sales revenue decreased by 3.26% due to decrease in price of yarn.

FUTURE OUTLOOK:

The Company is steadfast on its stated strategic initiatives aimed at enhancing margins by drastically improving operations and affecting across the board cost reductions through efficiency in manufacturing.

Steps are taken to improve the financial health of the company by overhauling plant and machinery to improve product quality and performance. During the current year your company has acquired new machinery for modernization of drawing and auto cone department. Despite of the very challenging business conditions and decrease in sale prices, we are immensely hopeful for positive prospects in future and following steps are taken to capture worse market conditions and decrease in sale price by technological advancement and new markets search that will ensure better outcome in coming years.

1- An investment of Rs. 80 million has been made in for modernization of auto cone and drawing departments.

2- Additions of Automatic winder process corners in auto cone department will shift the products to entirely new market.
3- These advancements in technology will result in improved and refined quality of products.
4- Management is optimistic that modernization of plant and machinery will surely result in decrease in production cost.
5- Refined quality products and significant decrease in production cost will bring competitive advantage to the company to overcome the adverse influence of existing market conditions.

Your management looks forward optimistically to counter all challenges and is confidently devoted to deliver optimal results in future and will continue to meet our objectives and goals.

CORPORATE SOCIAL RESPONSIBILITY:

Your Company is a responsible corporate citizen and fully recognizes its responsibility towards community, employees and environment.

The Company has established implemented and maintained systems in compliance with the requirements of international standards and achieved third party certification for the following product/management systems standards:

ISO 9001:2008	Quality Management Systems

HUMAN RESOURCE AND INDUSTRIAL RELATIONS:

Your company has defined documented criteria to recruit and hire people consistent with national and international standards. This is demonstrated at all level beyond any racism, cast, sex or religion and respects human rights, ethics and standards.

The company has also setup procedures, rules and regulations to keep work friendly environment which regulate employment guidance. The operations of the company were carried out keeping in view the dignity, respect, support and protection as per national and international standards set to meet the working environments.

EARNINGS PER SHARE:

The loss per share for the company for the year ended 30th June, 2016 is Rs. (0.88) per share.

DIVIDEND:

Due to circumstances discussed above, the board of directors does not recommend dividend for the year ended 30th June, 2016.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

As required by the Code of Corporate Governance and The Companies Ordinance, 1984, your directors are pleased to report as under:

1. The financial statements prepared by the management of your Company present fairly and accurately the state of its affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts 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 there from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and being monitored continuously. Ongoing review will continue in future for further improvement in controls.
6. The Board is satisfied that there are no significant doubts upon the company's ability to continue as a going concern.
7. There is a material uncertainty about Company's ability to continue as a going concern; however these financial statements have been prepared on going concern assumption for reasons more extensively disclosed in note 1.2 of the financial statements.
8. Key operating and financial data of last six years in summarized form is annexed.
9. There are no outstanding statutory payments on account of taxes, duties, levies and charges as on 30th June, 2016 except for those disclosed in the financial statements.
10. The value of Employees Provident Fund investment as at 30th June, 2016 was Rs. 11,694,326/-.
11. Company has arranged in-house training program for its Directors.
12. There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges.
13. Statement of compliance with the Best Practice of Corporate Governance is annexed.

BOARD OF DIRECTORS MEETINGS:

During the year six meetings of the Board were held and following were in attendance:

Name of Director	Attendance
Mr. Zahid Anwar (CEO)	6
Mrs. Rukhsana Begum	4
Mr. Imran Zahid	5
Ms. Quratual Ain Zahid	4
Ch. Ghulam Murtaza Buttar	6
Mr. Umar Farooq	5
Mr. Ali Raza Zafar	4

AUDIT COMMITTEE MEETING:

During the year five meetings of the committee were held and following were in attendance:

Name of Director	Attendance
Ch. Ghulam Murtaza Buttar	5
Mr. Umer Farooq	4
Ms. Quratul Ain Zahid	5

HUMAN RESOURCES & REMUNERATION COMMITTEE:

During the year two meetings of the committee was held and following were in attendance:

Name of Director	Attendance
Mr. Umer Farooq	2
Mr. Ali Raza Zafar	2
Ch. Ghulam Murtaza Buttar	2

COURT CASES:

The company has instituted a suit in the Honorable Lahore High Court, Lahore against Faysal Bank Limited claiming damages on account of acquisition of un-remunerative agricultural land on the advice of FIBL for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic Banking and in contravention of the objective clause of its Memorandum of Association, Articles of Association and against circulars issued by the State Bank of Pakistan. The amount claimed for the first two counts is

Rs.141.831 million (including claims of Central Excise Duty), whereas the amount of last count has been left for the Court to determine.

The counter suit filed by the Faysal Bank for recovery of Rs. 454.502 million along with costs and cost of funds before the Honorable Lahore High Court (Single Judge), Lahore has been adjudicated on 04.06.2015 against the company. The company has filed an appeal in Honorable Lahore High Court, Lahore (Division Bench) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheard.

However, in this regard directors' and the management of the company are confident that these cases are based and being contested on strong legal grounds and are likely to be decided in Company's favor.

AUDITOR'S OBSERVATIONS:

The auditors have expressed adverse opinion in their audit report about the Company's ability to continue as a going concern due the net loss of Rs.13.287 million and accumulated loss of Rs.301.89 million against the paid up share capital of Rs. 151.77 million and the provision for cost of fund has not been accounted for in the Financial Statements in line with the decision of Lahore High Court, Lahore in counter suit filed by Faisal bank Limited as described in paragraphs (A) & (B) of the auditors' report to the members.

In this regard the management of the company is optimistic that there are no significant doubts about the company's ability to continue as a going concern as described in Note. 1.2 Of these Financial Statements.

The management has filed an appeal in the Lahore High Court, Lahore (D.B) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheard. The management of the company is of the opinion that this case is based and being contested on strong legal grounds and is likely to be decided in Company's favor. Therefore, no provision for cost of funds is accrued.

AUDITORS:

The present auditors M/s Arshad Raheem & Co. Chartered Accountants retire and being eligible offer themselves for reappointment for the next year. The audit committee has also recommended their name for reappointment.

SUBSEQUENT EVENTS:

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's Report.

RELATED PARTY TRANSACTIONS:

During the year the Company has made advance for purchase of electricity from an associated undertaking, Zeeshan Energy Limited at normal competitive rates. Accordingly electricity is being purchased from associated undertaking. Transactions undertaken with related parties during the financial year have been ratified by the Audit Committee and approved by the Board.

SHAREHOLDING PATTERN:

Pattern of shareholding as on 30th June, 2016 is annexed.

ACKNOWLEDGEMENT:

The Board takes this opportunity to thank the company's valued shareholders and customers and like to place on record its deep appreciation for their continuous support and expect to get the same cooperation in the future. The Board greatly appreciates hard work and dedication of all the employees of the Company.

Dated: October 07, 2016
Faisalabad.

On behalf of the Board

Chief Executive Officer

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code of Corporate Governance in the following manners:

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

Category	Names
Independent Directors:	Ch. Ghulam Murtaza Buttar
	Mr. Zulqarnain
	Mr. Ali Raza Zafar
Executive Directors:	Mr. Zahid Anwar
	Mr. Imran Zahid
Non-Executive Directors:	Mrs. Rukhsana Begum
	Mr. Zeeshan Zahid

   The independent directors meets the criteria of independence under clause 5.19.1.(b) of the Code of Corporate Governance.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this 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 broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Two casual vacancies occurred on the board on 30.06.16 was filled up by the directors Mr. Zeeshan Zahid and Mr. Zulqarnain on the same day.

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 CEO and other executive and non-executive directors, have been taken by the Board/shareholders.

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

9. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The Board had arranged in- house orientation courses of the Code of Corporate Governance for its directors every year to apprise them of their role and responsibilities. In accordance with the criteria specified in clause (xi) of the Code of Corporate Governance, four directors of the Company are exempt from the requirement of director's training program and the rest of the directors will be trained within the prescribed time period.

10. During the year, there was no change in the position of Company Secretary, Chief financial Officer (CFO) and Head of Internal Audit.

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

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

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

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

15. The Board has formed an audit committee. It comprises of three members, all are non-executive directors and the chairman of the committee is an independent director.

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

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

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

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

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

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

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

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

Dated: October 07, 2016
Faisalabad

Zahid Anwar
Chief executive

KEY OPERATING & FINANCIAL DATA FOR LAST SIX YEARS

Particulars	2015	2014	2013	2012	2011	2010
Financial Position						
Paid up capital	151.770	151.770	151.770	151.770	151.770	151.770
Fixed assets	681.197	676.73	661.393	657.248	630.916	610.699
Accumulated depreciation	329.093	309.769	289.974	271.458	251.802	231.829
Current assets	357.598	358.601	303.484	201.542	165.402	122.441
Current liabilities	649.528	650.398	232.427	242.552	244.174	236.019
Income						
Sales	1129.414	1,314.143	1,130.026	1,054.932	1,094.821	832.727
Other income	16.494	10.820	6.792	8.676	1.940	1.251
Pre tax profit/(loss)	(13.435)	70.475	104.064	36.776	44.574	27.161
Taxation charge/(credit)	4.163	41.828	2.656	7.539	6.049	0.332
Statistics & Ratios						
Pre tax profit/(loss) to sales %	(1.19)	5.36	9.21	3.49	4.07	3.26
Pre tax profit/(loss) to capital %	(8.85)	46.44	68.57	24.23	29.37	17.9
Current ratio	1: 1.55	1: 1.55	1: 1.30	1: 0.83	1: 0.68	1 : 0.52
Paid up value per share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
Earnings/(loss) after tax per share (Rs.)	(1.16)	1.89	6.68	1.93	2.54	1.77
Cash dividend%	-	-	-	-	-	-
Break up value per share (Rs.)	(9.63)	(8.83)	(11.15)	(18.27)	(20.74)	(23.76)

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

We have reviewed the Statement of Compliance with the best practices (the statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Asim Textile Mills Limited (the company) for the year ended June 30, 2016 to comply with the requirements of Listing Regulations of Pakistan 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 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 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 of Directors' 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 Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transaction and transactions which are not executed at arm's length price and recording proper justification for using such alternate price mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transaction by the Board of Directors upon recommendation of 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.

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 practice contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2016.

ARSHAD RAHEEM & CO
Chartered Accountants
Engagement Partner: Arshad Raheem

LAHORE: October 07, 2016

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Asim Textile Mills Limited ("The Company") as at June 30 , 2016 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) The Company has incurred net loss of Rs 13.287 million during the current year and its accumulated loss stands at Rs. 301.894 million against paid up share capital of Rs. 151.770 million as at June 30, 2016. Its current liabilities exceed its current assets by Rs. 362.353 million as at balance sheet date. This situation would have further worsened had the company accounted for cost of funds as decided by honourable High Court as stated in Para (b) stated below. These conditions along with other factors disclosed in note no. 1.2 of the financial statements indicate existence of material uncertainty which may cast significant doubts about the Company's ability to continue as a going concern and therefore the Company may be unable to discharge its liabilities and realized its assets in normal course of business, for which no adjustment has been incorporated in these financial statements.

(b) Short term borrowings includes Morahaba Finance obtained from Faisal Bank Limited amounting to Rs. 415.047 millions on 31st October 1999 in respect of which company has filed suit against bank for charging illegal profits against principal of Islamic Banking and in contravention of objective clause of Memorandum of Association, Article of Association and against circulars issued by State Bank of Pakistan. Faisal Bank Limited filed a counter suit which has been adjudicated on 04-06-2015 against the company (Note 18 & 19.1.1) as a result of which company has to settle the loan along with profit and cost of fund. Profit on these loans amounting to Rs. 194.161 millions have already been provided for ;however the litigation is decided against the company further provision for cost of funds has not been accounted for, having been undeterminable at this stage by the management as the company has filed an appeal in Honourable Lahore High Court, Lahore (Division Bench) vide R.F.A No.1372/2015 based on infield favourable judgments of Honourable Lahore High Court, Lahore.

Contd…….P/2

- 2 -

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

(d) 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;

(e) in our opinion and to the best of our information and according to the explanations given to us, balance sheet, profits 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 because of significance of matters stated in paragraph(a) to (b) above, respectively do not give a true and fair view of the state of the company's affairs as at June 30 , 2016 and of the loss, comprehensive income, its cash flows and changes in equity for the year then ended; and

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

ARSHAD RAHEEM & CO
Chartered Accountants
Arshad Raheem

Date : October 07, 2016
LAHORE

BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	533,398,154	352,103,702
Long term deposits	6	11,046,184	11,046,184
		544,444,338	363,149,886
CURRENT ASSETS			
Stores and spares	7	15,419,603	11,126,872
Stock in trade	8	80,220,273	66,505,345
Trade debts	9	44,343,659	34,448,211
Advances	10	44,004,911	44,211,535
Short term investment	11	11,110,653	10,933,276
Balance with statutory authorities	12	24,949,372	6,475,229
Cash and bank balances	13	62,587,922	183,897,187
		282,636,393	357,597,655
		827,080,731	720,747,541
SHARE CAPITAL AND RESERVES			
Authorized capital			
17,500,000 ordinary shares of Rs.10 each		175,000,000	175,000,000
Issued, subscribed and paid up capital			
15,177,000 ordinary shares of Rs. 10 each, fully paid in cash		151,770,000	151,770,000
Accumulated loss		(301,893,810)	(297,860,948)
		(150,123,810)	(146,090,948)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	14	218,081,253	134,881,714
NON CURRENT LIABILITIES			
Deferred liabilities	15	114,134,554	82,428,481
CURRENT LIABILITIES			
Trade and other payables	16	33,236,605	37,499,263
Accrued mark up	17	194,161,422	194,161,422
Short term borrowings	18	417,590,707	417,590,707
Provision for taxation		-	276,902
		644,988,734	649,528,294
CONTINGENCIES AND COMMITMENTS	19	-	-
		827,080,731	720,747,541

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE | **DIRECTOR**

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
Sales	20	1,092,538,902	1,129,413,986
Cost of sales	21	1,085,197,487	1,128,873,347
Gross profit		7,341,415	540,639
Operating expenses			
Selling and distribution	22	14,188	2,346,789
Administrative and general	23	25,446,569	27,575,535
		25,460,757	29,922,324
		(18,119,342)	(29,381,685)
Other operating income	24	4,881,215	16,494,354
		(13,238,127)	(12,887,331)
Finance cost	25	44,910	547,505
Loss before taxation		(13,283,037)	(13,434,836)
Taxation	26	3,860	4,163,257
Loss for the year		(13,286,897)	(17,598,093)
Loss per share - basic and diluted	27	(0.88)	(1.16)

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016 Rupees	2015 Rupees
Loss for the year	(13,286,897)	(17,598,093)
Other comprehensive income/ (loss) :		
Items that will not be reclassified subsequently to profit or loss		
Unrealized income /(loss) on changes in fair value of investment	332,904	(108)
Total comprehensive loss for the year	(12,953,993)	(17,598,201)

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 Rupees	2015 Rupees
a) CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(13,283,037)	(13,434,836)
Adjustments for non cash and other items:			
Depreciation		25,726,450	19,323,535
Profit on deposit accounts		(5,594,972)	(11,641,746)
Profit on sales of fixed assets		(51,531)	-
Profit on deposit with SNGPL		(413,303)	(413,303)
Balances written off		1,274,805	(1,554,673)
Finance cost		44,910	547,505
Operating cash generated from/(used in) before changes in working capital		7,703,322	(7,173,518)
Changes in working capital			
(Increase)/decrease in current assets			
Stores and spares		(4,292,731)	1,111,432
Stock in trade		(13,714,928)	25,485,701
Trade debts		(9,895,448)	(4,720,669)
Advances		(1,078,281)	(22,288,927)
Tax refunds due from Government		(8,826,601)	1,476,303
Increase/(decrease) in current liabilities			
Trade and other payables		(4,262,658)	3,979,026
		(42,070,647)	5,042,866
Cash used in operations		(34,367,325)	(2,130,652)
Finance cost paid		(44,910)	(139,928)
Taxes paid		(12,810,082)	(10,202,363)
Staff retirement gratuity paid		(218,813)	(343,203)
Workers' profit participation fund Paid		-	(4,595,510)
		(13,073,805)	(15,281,004)
Net cash used in operating activities		(47,441,130)	(17,411,656)
b) CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in property, plant and equipment		(80,011,181)	(4,466,200)
Sale proceeds from the disposal of assets		124,670	-
Capital gain on short term investment reinvested		-	(836,093)
Profit on deposits		6,018,376	12,055,106
Net cash (used in)/generated from operating activities		(73,868,135)	6,752,813
Net decrease in cash and cash equivalents (a+b)		(121,309,265)	(10,658,843)
Cash and cash equivalents at the beginning of the year		183,897,187	194,556,030
Cash and cash equivalents at the end of the year	13	62,587,922	183,897,187

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

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

	Share Capital	Accumulated Loss	Total
	---------- Rupees ----------		
Balance as at July 01, 2014	151,770,000	(285,811,747)	(134,041,747)
Total comprehensive Loss	-	(17,598,201)	(17,598,201)
Loss for the year	-	(17,598,093)	(17,598,093)
Other comprehensive Loss	-	(108)	(108)
Incremental depreciation on revalued property, plant and equipment for the year	-	8,137,866	8,137,866
Tax effect on incremental depreciation	-	(2,588,866)	(2,588,866)
Balance as at June 30, 2015	151,770,000	(297,860,948)	(146,090,948)
Total comprehensive loss	-	(12,953,993)	(12,953,993)
Loss for the year	-	(13,286,897)	(13,286,897)
Other comprehensive income	-	332,904	332,904
Incremental depreciation on revalued property, plant and equipment for the year	-	12,895,522	12,895,522
Tax effect on incremental depreciation	-	(3,974,391)	(3,974,391)
Balance as at June 30, 2016	151,770,000	(301,893,810)	(150,123,810)

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company is limited by shares and incorporated in Pakistan under the Companies Ordinance, 1984. Its shares are quoted at Karachi, Islamabad and Lahore Stock Exchanges, with effect from January 11,2016 all three Stock Exchanges merged into Pakistan Stock Exchange. The principal business of the Company is manufacturing and sale of yam. The Mill is situated at Tehsil Jaranwala, District Faisalabad in the Province of Punjab and the registered office of the Company is situated at JK House, 32-W, Susan Road, Madina Town, Faisalabad.

1.2 Going concern assumption

The Company has accumulated loss of Rs. 301.894 million (2015: Rs. 297.861 million) as against issued, subscribed and paid up capital of Rs. 151.77 million, thereby having a negative equity of Rs. 150.124 million (2015 Rs.146.091 million); and its current assets have been decreased from its current liabilities by Rs. 362.352 million (2015: Rs.291.931 million) as at June 30, 2016. These factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern, and therefore the Company may be unable to discharge its liabilities and realize its assets in the normal course of business.

Inspite of the huge accumulated losses and negative equity, the management of the company is making strenuous efforts, optimal production strategies and effective cost controls to improve the profitability of the company. In view of the spirit, the company has planned an investment for modernization of production facility and for that purpose company has entered into agreements with its suppliers. The management looks forward positively to counter all challenges and is firmly committed to deliver the best possible results and will continue to meet its objectives and goals. Based upon these aspects and continuing financial support from directors and associates, the financial statements have been prepared on going concern basis.

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The new standards, amendments to approved accounting standards and interpretations that are mandatory for accounting periods beginning on July 1, 2015 are considered not to be relevant for the Institute's financial statements and hence have not been detailed here.

2.3 Standards, interpretations and amendments to approved accounting standards that are issued but not yet effective

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

		Effective date (annual reporting Periods beginning on or After)
IAS-16	Property, Plant and Equipment (Amendments)	January 01, 2016
IAS-38	Intangible Assets (Amendments)	January 01, 2016
IFRS 12	Disclosure of interests in other entities	January 01, 2015
IFRS 13	Fair value measurement	January 01, 2015

The management anticipate that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

		IASB Effective date (Accounting Periods beginning on or After)
IFRS 1	First-time adoption of International Financial Reporting standards	July 01, 2009
IFRS 9	Financial instruments	January 01, 2015
IFRS 14	Regulatory Deferral accounts	January 1, 2014
IFRS 15	Revenue from customers	January 1, 2014
IFRIC 21	Levies	January 1, 2014
IFRS 12	Service concession arrangements	January 01, 2013
IFRS 13	Fair value measurement	January 01, 2013

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except property, plant and equipment referred in note 4.1 are carried at revalued amounts. The company's significant accounting policies are stated in note 4. In these financial statements, except for cash flow statement, all the transactions have been accounted for on accrual basis.

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of setting up and applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognized in the period in which the estimate is 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.

Significant areas requiring the use of the management estimates in these financial statements are as follows:

Useful life of the depreciable assets	(Note : 4.1)
Store and spares	(Note : 4.2)
Provision for doubtful debts	(Note : 4.4)
Taxation	(Note : 4.10)
Contingencies	(Note : 4.13)

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 subsequent years.

4. SUMMERY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

4.1.1 Operating fixed assets

Property, plant and equipment except free hold land, building on freehold land, plant & machinery, electric installations and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Building on freehold land, plant & machinery and electric installations are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at revalued amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of the property, plant and equipment is capitalized and the asset so replaced is retired from use. Normal repairs and maintenance are charged to profit and loss account during the period in which they are incurred.

Depreciation is charged to income applying the reducing balance method so as to write off the historical cost of the assets over their expected useful life at the rates mentioned in property, plant and equipment note - 5.

Depreciation on additions during the year is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off. The residual values and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

Gains and losses on disposal of property, plant and equipment are included in current income.

4.1.2 Capital work in progress

Capital work in progress is shown at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

4.2 Stores and spares

These are valued at lower of moving average cost and net realizable value except items-in-transit which are valued at cost accumulated to the balance sheet date. Stores, spares and loose tools are regularly reviewed by the management to assess their net realizable value (NRV). Provision is made for slow moving and obsolete store items when so identified.

4.3 Stock in trade

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

Raw material	- At factory	Annual average cost
	- In Transit	Invoice value plus direct charges in respect thereof.
Work in process and finished goods		Prime cost including a proportion of production overheads.
Wastes		At net realizable value

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

4.4 Trade 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. Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future. Balances considered bad are written off when identified.

4.5 Short term investment

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available -for -sale.

Subsequent to initial recognition at cost, these are measured at fair value. The Company uses latest stock exchange quotations to determine the fair value of quoted investments. Gain or losses on available for sale investments are recognized directly in other comprehensive income until the investments are sold or disposed off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously recognized in other comprehensive income, is re-classified from equity to profit and loss as re-classification adjustment.

4.6 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees (functional and presentation currency) at the rates of exchange approximating those appearing on the dates of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at rates of exchange prevalent on the balance sheet date. All exchange differences arising from foreign currency transactions/ translations are charged to profit and loss account.

4.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash and cheques in hand and at banks and include short term highly liquid investments. The cash and cash equivalents are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

4.8 Surplus on revaluation of property, plant and equipment

The surplus arising on revaluation of these assets is credited to the "Surplus on revaluation of property, plant and equipment"' account shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance 1984. The Company has adopted the following accounting treatment of depreciation on revalued assets in accordance with the provisions of the above said section:

Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

An amount equal to incremental depreciation for the year net of deferred taxation is transferred from " Surplus on Revaluation of Fixed Assets account" to accumulated profits/losses through Statement of Changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

4.9 Staff retirement benefits

The Company changed its policy for staff retirement benefits as on 31st March, 2008 from staff retirement gratuity to provident fund and staff retirement gratuity up to that date is stated on termination basis.

At present the Company operates an approved Provident Fund Scheme covering all its permanent employees. Equal monthly contributions are made, both by the Company, and the employees, to the fund at the rate of 8.33% of the basic salary. The Company's contribution to the fund is recognized as expense for the year.

4.10 Taxation

Current Taxation

Under normal law

The current taxation is computed on the basis of profit for the year adjusted for fiscal purposes, minimum tax u/s 113 or Alternate Corporate Tax (ACT) u/s 113C of the Income Tax Ordinance, 2001, which ever is higher, after taking into account the tax credit or rebate, if any.

Under presumptive tax regime

Taxation in relation to export of goods under section 154 read with section 169 is provided on the basis of Presumptive Tax Regime in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred Taxation

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

4.11 Trade and other payables

Liabilities in respect of 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 or not billed to the Company.

4.12 Provisions

A provision is recognized when the Company has a present, legal or constructive obligation as a result of a past event when 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 of obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.13 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence/ non- occurrence of the uncertain future event(s).

4.14 Related party transactions and transfer pricing

All transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable uncontrolled price method.

4.15 Borrowing costs

Borrowing costs to the extent of borrowing costs that are 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 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. All other borrowing costs are charged to profit and loss account in the period of incurrence.

4.16 Dividend and other appropriations

Dividend is recognized 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.

4.17 Financial Instruments

Financial assets are long term deposits, long term advances, trade debtors, advances & other receivables and cash and bank balances. These are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred; and the company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are recognized according to the substance of the contractual arrangements entered into. Significant financial liabilities are short term borrowings and trade and other payables. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

4.18 Impairment

The management assesses at each balance sheet date whether there is any indication that an 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 cash generating unit is reduced to its recoverable amount by charging the impairment loss against profit and loss account for the year.

4.19 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4.20 Revenue recognition

Revenue is recognized to the extent it is probable that economic benefits will flow to the Company and revenue can be measured reliably. Revenue is measured at fair value of consideration received or receivable and is recognized on the following basis;

Revenue from sales of goods is recognized when the significant risks and rewards of the ownership of the goods have been passed to the customer usually when goods are delivered/ dispatched and title has

Profit on short term investment is recognized on the time-apportioned basis.

5. PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST / REVALUED AMOUNTS				DEPRECIATION				BOOK VALUE	
	As at July 01, 2015	Additions/ transfers during the Year	Revaluation surplus	As at June 30, 2016	As at July 01, 2015	Deletion during the year	For the Year	As at June 30 , 2016	**As at June 30, 2016**	Rate %
	Rupees									
Land - freehold	39,206,400	-	14,301,600	53,508,000	-	-	-	-	53,508,000	-
Building on freehold land	100,136,763	-	51,281,361	151,418,124	34,559,648	-	5,415,579	39,975,227	111,442,897	5%
Plant and machinery	496,414,573	79,963,381	50,286,899	626,664,853	270,097,881	-	16,027,552	286,125,433	340,539,420	5%
Electric installation	18,119,496	47,800	11,213,000	29,380,296	11,014,072	-	1,646,552	12,660,624	16,719,672	10%
Furniture, fixture and	659,633	-	-	659,633	406,756	-	25,288	432,044	227,589	10%
Office equipment	2,742,792	(124,670)	-	2,618,122	1,599,139	(51,531)	114,365	1,661,973	956,149	10%
Vehicles	23,561,120	-	-	23,561,120	11,091,527		2,493,919	13,585,446	9,975,674	20%
Factory equipment	355,750	-	-	355,750	323,802		3,195	326,997	28,753	10%
Rupees: June 2016	681,196,527	79,886,511	127,082,860	888,165,898	329,092,825	(51,531)	25,726,450	354,767,744	533,398,154	

PARTICULARS	COST / REVALUED AMOUNTS				DEPRECIATION				BOOK VALUE	
	As at July 01, 2014	Additions/ transfers during the Year	Revaluation surplus	As at June 30, 2015	As at July 01, 2014	Deletion during the year	For the Year	As at June 30, 2015	**As at June 30, 2015**	Rate %
	Rupees									
Land - freehold	39,206,400	-	-	39,206,400	-	-	-	-	39,206,400	-
Building on freehold land	100,136,763	-	-	100,136,763	31,108,221	-	3,451,427	34,559,648	65,577,115	5%
Plant and machinery	495,239,573	1,175,000	-	496,414,573	258,232,857	-	11,865,024	270,097,881	226,316,692	5%
Electric installation	16,211,996	1,907,500	-	18,119,496	10,280,363	-	733,709	11,014,072	7,105,424	10%
Furniture, fixture and	659,633	-	-	659,633	378,659	-	28,097	406,756	252,877	10%
Office equipment	2,591,592	151,200	-	2,742,792	1,474,809	-	124,330	1,599,139	1,143,653	10%
Vehicles	22,328,620	1,232,500	-	23,561,120	7,974,129	-	3,117,398	11,091,527	12,469,593	20%
Factory equipment	355,750	-	-	355,750	320,252	-	3,550	323,802	31,948	10%
Rupees: June 2015	676,730,327	4,466,200	-	681,196,527	309,769,290	-	19,323,535	329,092,825	352,103,702	

	2016 Rupees	2015 Rupees
5.1 Depreciation charge for the year has been allocated as under;		
Cost of sales	23,092,878	16,053,710
Administrative and general	2,633,572	3,269,825
	25,726,450	19,323,535

5.2 Had there been no revaluation, the related figures of freehold land, building on freehold land, plant and machinery and electric installations as at June 30 would have been as follows.

	2016		
	Cost	Accumulated depreciation	Written down value
	------- (Rupees) -------		
Freehold land	4,062,000	-	4,062,000
Building on freehold land	40,631,000	32,628,000	8,003,000
Plant and machinery	485,577,771	285,144,828	200,432,943
Electric installations	17,703,322	11,566,647	6,136,675
	547,974,093	329,339,475	218,634,618

	2015		
	Cost	Accumulated depreciation	Written down value
	------- (Rupees) -------		
Freehold land	4,062,000	-	4,062,000
Building on freehold land	40,631,000	32,206,789	8,424,211
Plant and machinery	405,614,390	276,050,188	129,564,202
Electric installations	17,655,522	10,888,335	6,767,187
	467,962,912	319,145,312	148,817,600

	Note	2016 Rupees	2015 Rupees
6. LONG TERM DEPOSITS			
Security deposits			
- SNGPL	6.1	8,266,056	8,266,056
- FESCO		2,734,078	2,734,078
- WASA		8,550	8,550
- CDC		37,500	37,500
		11,046,184	11,046,184

6.1 This represents the security amount deposited with Sui Northern Gas Pipelines Limited (SNGPL) for supply of natural gas to the Company. The balance amount is subject to profit @ 5% p.a.

7. STORES AND SPARES

Stores	6,443,056	6,411,136
Spares	8,976,547	4,715,736
	15,419,603	11,126,872

8. STOCK IN TRADE

Raw material	69,782,107	49,545,447
Work in process	5,150,008	5,293,439
Finished goods	5,288,158	11,666,459
	80,220,273	66,505,345

9. TRADE DEBTS

Considered good		
Foreign - secured	-	5,630,926
Local - unsecured	44,343,659	28,817,285
	44,343,659	34,448,211

10. ADVANCES, PREPAYMENT AND OTHER RECEIVABLE

	Note		
Advances-considered good			
- Advances to employees		119,000	51,000
- Advances to suppliers	10.1	43,032,650	20,466,753
Letter of credit		12,203	1,953,676
Prepaid insurance		427,260	312,281
Accrued profit		413,798	423,899
Other receivable		-	21,003,926
		44,004,911	44,211,535

10.1 This includes amount of Rs.41,620,289/- (2015: Nil) paid to Zeeshan Energy Limited, an associated undertaking on account of purchase of electricity.

11. SHORT TERM INVESTMENT

	Note		
Available for sale			
NAFA Government Securities Liquid Fund	11.1	11,110,653	10,933,276

11.1 These have been valued by using published net asset value (NAV) as at 30th June, the number of units held by the Company are 111,014.7221 units (2015: 1,077,987.8136 units).

	Note	2016 Rupees	2015 Rupees
12. BALANCE WITH STATUTORY AUTHORITIES			
Sales tax		15,301,830	6,475,229
Income tax - ***net***		9,647,542	-
		24,949,372	6,475,229

	Note	2016 Rupees	2015 Rupees
13. CASH AND BANK BALANCES			
Cash in hand		148,112	415,432
Cash at bank			
In current accounts	13.1	35,582,096	90,192,521
In deposit accounts	13.2	26,857,714	93,289,234
		62,439,810	183,481,755
		62,587,922	183,897,187

13.1 It includes US$. 1,000/- (2015: US$.1,000/-) and SAR. 2,461/- (2015: SAR.2,461/-)

13.2 Deposits with commercial banks yield profit at the rate of 3.75% to 6.75% (2015: 5% to 9%)

	2016 Rupees	2015 Rupees
14. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Balance as on July 01,	134,881,714	140,430,714
Surplus on revaluation created during the year	92,120,669	-
	227,002,383	140,430,714
Incremental depreciation on revalued property, plant and equipment for the year	(12,895,522)	(8,137,866)
Related effect of deferred tax liability	3,974,391	2,588,866
	(8,921,131)	(5,549,000)
Balance as on June 30,	218,081,253	134,881,714

First revaluation of company's building on freehold land and plant and machinery was carried out as on September 30, 1995 by an independent valuer M/s Iqbal A. Nanjee & Co. Lahore on the basis of depreciated replacement values.

Second revaluation of company's freehold land, building on freehold land and plant and machinery has been carried out on September 30, 2000 by an independent valuer Inspectorates Corporation International (Pvt) Ltd., Lahore and the same has been verified by SBP's approved auditors on the basis of depreciated replacement values.

Third revaluation of company's freehold land, building on freehold land, plant and machinery and electric installations has been carried out on June 30, 2012 by an independent valuer M/s Nizamy Associates, Faisalabad on the basis of depreciated replacement values.

Fourth revaluation of copmany's freehold land, building on freehold land, plant and machinery and electric installations has been carried out on Sep 30, 2015 by an independent valuer M/s Amir Evaluators & Consultants, Peshawar on basis of depreciated replacement values

The fair valuation of the revalued assets are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets. The fair value are subject to change owing to change in input. However, the management does not expect there to be a material sensitivity to the fair values arising from the non-observale inputs. The basis of revaluation for items of these fixed assets were as follows:

Freehold land

Property brokers, dealers and estate agents were contacted to ascertain the asking and selling prices for properties of the same nature in the immediate neighborhood and adjoining areas. Neighboring properties which have been recently sold or purchased, were investigated to ascertain a reasonable selling / buying price. Properties that were up for sale were examined for asking price. An average of the above values was then assigned to the property.

Building on freehold land

Construction specifications were noted for each factory and residential building and structure and current construction rates were used to obtain replacement values of building, to which a depreciation formula was applied, based upon the Company's estimates of balance life to arrive at the current assessed value.

Plant and machinery

Plant and machinery have been evaluated / assessed by keeping in view their present physical condition, the remaining useful life / economic life and technological obsolescence. Further, new replacement values were arrived by using current local and foreign market values for the similar type of plant and machinery. These current local and foreign market values were taken into account on the basis of technical obsolescence, efficiency, maintenance, replacement and other related factors involved.

Electric installations

These were evaluated / assessed by keeping in view their present physical condition and the remaining useful life / economic life. Further, new replacement values were arrived by using current market values for the similar type of assets. These current market values were taken into account on basis of efficiency, maintenance, replacement and other related factors involved.

15. DEFERRED LIABILITIES

	Note	2016 Rupees	2015 Rupees
Deferred taxation	15.1	113,155,008	81,230,122
Staff retirement gratuity	15.2	979,546	1,198,359
		114,134,554	82,428,481

15.1 DEFERRED TAXATION

15.1.1 Balance as on July 01,	81,230,122	88,470,244
(Adjusted) / provided during the year	31,924,886	(7,240,122)
Balance as on June 30,	113,155,008	81,230,122

15.1.2 This comprise of following:

Deferred tax liability:		
Taxable temporary differences relating to operating asse	37,057,453	28,850,338
Taxable temporary differences relating to surplus on revaluation of property, plant and equipment	85,494,450	54,506,650
Deferred tax assets:		
Deductible temporary differences on tax losses	(9,095,000)	(1,745,637)
Staff retirement benefits	(301,895)	(381,229)
	113,155,008	81,230,122

15.1.3 The liability of deferred tax has been computed by applying the tax rate of 31% as reduced by the Finance Act 2016 from 32%.

15.1.4 Deferred tax debit balance is recognized on tax losses and staff retirement benefits.

15.2 STAFF RETIREMENT GRATUITY

Balance as on July 01,	1,198,359	1,541,562
Paid during the year	(218,813)	(343,203)
Balance as on June 30,	979,546	1,198,359

16. TRADE AND OTHER PAYABLES

	Note		
Trade creditors		17,319,396	17,441,935
Accrued expenses		11,387,422	14,579,775
Advances from customers		3,282,653	3,009,399
Provident fund trust	16.1	654,221	616,023
Due to related parties	16.2	96,347	718,413
Withholding tax payable		226,757	89,610
Sale tax payable		269,809	1,044,108
		33,236,605	37,499,263

16.1 This represents amount due to provident fund trust for the month of June - 2016 of which payment was made at July 15, 2016 (July 13, 2015).

16.2 This represents directors current account balances maintained with the company.

17. ACCRUED MARK UP

	Note	2016 Rupees	2015 Rupees
Accrued markup on secured morabaha finance	17.1	194,161,422	194,161,422

17.1 The company has ceased the payment of markup since July 01, 2006, as it has filed a suit against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 19.1.1.

18. SHORT TERM BORROWINGS

	Note	2016 Rupees	2015 Rupees
From banking company			
Secured			
Morabaha I	18.1	340,901,898	340,901,898
Morabaha II- Secured	18.2	74,145,100	74,145,100
Unsecured			
Interest free bank overdraft		2,543,709	2,543,709
		417,590,707	417,590,707

18.1 It represents morabaha finance created by Faysal Bank Limited by converting various morabaha finances into long term morabaha-I at an interest rate of 13% per annum.

18.2 It represents an interest free morabaha finance by Faysal Bank Limited by converting various unpaid markups into non profit morabaha-II.

18.3 The above mentioned morabaha finances are secured against the first charge of Rs. 505 million on fixed assets and personal guarantees of directors and Chief Executive of the Company.

18.4 The Company is not repaying the morabaha finances as it has filed a suit against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The bank has also filed a counter suit praying for a decree to be passed in its favor for a sum of Rs. 454.502 million against the defendants jointly and severally, with cost of funds at the rate of 20% or as certified by State Bank of Pakistan from date of default and 20% liquidated damages plus service charges and all costs, charges, expenses payable or to be incurred by the plaintiff bank till the final payment / realization of the afore-mentioned amount. The facts and status of the litigations are further explained in note 19.1.1.

18.5 The company has ceased the repayment of the overdraft, as it has filed a suite against Faysal Bank Limited in the Honorable Lahore High Court, Lahore. The facts of the litigation are explained in note 19.1.1.

18.6 Further to note 18.1 to 18.5 since these facilities are in default/subjudice, the recognition and measurement of these financial liabilities under IAS 39-Financial Instruments are required to be carried at amortized cost. These are carried at cost as their amortized costs are impractible to determine. Hence, these are reclassified from long term financing to short term borrowings for all the relevant periods, whether present or future and have accordingly been regrouped / reclassified.

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 The company has instituted a suit in the Honorable Lahore High Court, Lahore against Faysal Bank Limited claiming damages on account of acquisition of un-remunerative agricultural land on the advice of FIBL for not providing timely cash finance facilities despite written commitments and for charging illegal profits against the principles of Islamic Banking and in contravention of the objective clause of its Memorandum of Association, Articles of Association and against circulars issued by the State Bank of Pakistan. The amount claimed for the first two counts is Rs.141.831 million (including claims of Central Excise Duty), whereas the amount of last count has been left for the Court to determine.

The counter suite filed by the Faysal Bank for recovery of Rs. 454.502 million along with costs and cost of funds before the Honorable Lahore High Court (Single Judge), Lahore has been adjudicated on 04.06.2015 against the company. The company has filed an appeal in Honourable Lahore High Court, Lahore (Division Bench) vide R.F.A. No. 1372/2015 on various grounds including the company being condemned unheared. Due to litigations, the Bank is not responding and confirming the balance to the company. Having been undeterminable at this stage, provision for cost of funds has not been accounted for.

19.1.2 During the year, the Company has not acknowledged a liability amounting to Rs. 4,579/- (2015: Rs. 17,182) of Workers Welfare Fund in the light of the decision of Honorable Lahore High Court dated 24 August, 2011 whereby the Honorable Lahore High Court has struck down amendments regarding Workers Welfare Fund Ordinance, 1971 introduced through Finance Act 2006 and 2008 as being unconstitutional. However, the department has filed a review petition against the decision, which is still pending for adjudication.

19.2 Commitments

Under letters of credit (Sight)	2,010,000	57,124,028

	Note	2016 Rupees	2015 Rupees
20. SALES - NET			
Local:			
Yarn sales		1,114,185,444	1,102,946,151
Waste sales		11,754,160	9,403,024
Cotton sales		-	11,827,306
Local sales		1,125,939,604	1,124,176,481
Export:			
Export sales		-	27,108,962
Gross sales		1,125,939,604	1,151,285,443
Less: Sales tax		(32,794,412)	(21,810,957)
Commission		(606,290)	(60,500)
		(33,400,702)	(21,871,457)
		1,092,538,902	1,129,413,986
21. COST OF SALES			
Raw material consumed	21.1	718,286,299	753,949,213
Stores and spares consumed		25,201,584	25,307,023
Packing material consumed		20,348,184	20,575,929
Salaries, wages and benefits	21.2	121,848,747	108,792,766
Fuel and power		163,097,793	163,492,902
Repairs and maintenance		2,515,772	2,162,956
Insurance		2,955,339	2,887,535
Depreciation	5.1	23,092,878	16,053,710
General expenses		1,329,159	1,089,419
		1,078,675,755	1,094,311,453
Work in process			
Balance as on July 01,		5,293,439	6,993,814
Balance as on June 30,		(5,150,008)	(5,293,439)
		143,431	1,700,375
Cost of goods manufactured		1,078,819,186	1,096,011,828
Finished goods			
Balance as on July 01,		11,666,459	44,527,978
Balance as on June 30,		(5,288,158)	(11,666,459)
		6,378,301	32,861,519
		1,085,197,487	1,128,873,347
21.1 RAW MATERIAL CONSUMED			
Balance as on July 01,		49,545,447	40,469,254
Purchases		738,522,959	763,025,406
		788,068,406	803,494,660
Balance as on June 30,		(69,782,107)	(49,545,447)
		718,286,299	753,949,213

21.2 This includes a sum of Rs.3,393,674 (2015: Rs. 3,048,842) in respect of defined contribution plan.

22. DISTRIBUTION COST

	Note	2016 Rupees	2015 Rupees
Staff salaries and benefits		-	1,200,958
Clearing and forwarding		-	68,350
Freight charges		-	855,764
Export development surcharge		14,188	40,861
Insurance		-	50,614
Sampling charges		-	108,683
Others		-	21,559
		14,188	2,346,789

23. ADMINISTRATIVE EXPENSES

	Note	2016 Rupees	2015 Rupees
Staff salaries and benefits	23.1	10,926,214	10,810,434
Postage and telecommunication		461,315	446,620
Electricity, Fuel and water		475,859	771,633
Printing and stationary		61,046	110,899
Travelling and conveyance		923,619	681,308
Entertainment		487,131	569,108
Fees and subscription		741,666	1,931,580
Legal and professional		3,622,980	2,749,700
Rent, rate and taxes		120,099	343,494
Vehicle, running and maintenance		2,198,184	2,660,106
Auditors' remuneration	23.2	320,000	320,000
Insurance		848,859	955,202
Advertisement		10,200	21,090
Depreciation	5.1	2,633,572	3,269,825
Others		1,615,825	1,934,536
		25,446,569	27,575,535

23.1 This includes a sum of Rs.438,994 (2015: Rs. 465,150) in respect of defined contribution plan.

23.2 AUDITORS' REMUNERATION

	2016 Rupees	2015 Rupees
Statutory audit	250,000	250,000
Half yearly review	50,000	50,000
Out of pocket expenses	20,000	20,000
	320,000	320,000

24. OTHER INCOME

	2016 Rupees	2015 Rupees
Income from financial assets		
Profit on deposit accounts	5,594,972	11,641,746
Realized gain on sale of short term investment	-	836,093
Exchange gain on foreign currency translation	96,214	2,048,539
Profit on deposit with SNGPL	413,303	413,303
Profit on sales of fixed assets	51,531	-
(Loss) / Income from non financial assets		
Balances written off	(1,274,805)	1,554,673
	4,881,215	16,494,354

25. FINANCE COST	Note	2016 Rupees	2015 Rupees
Interest on workers' profit participation fund		-	407,577
Bank charges and commission		44,910	139,928
		44,910	547,505

26. TAXATION

	Note	2016 Rupees	2015 Rupees
Current	26.1	3,041,165	11,403,379
Deferred		(3,037,305)	(7,240,122)
		3,860	4,163,257

26.1 The provision for current taxation is based on turnover under Section 113 of the Income Tax Ordinance, 2001 as tax liability on taxable income is low as compared to turnover tax.

26.2 Reconciliation of tax expense and accounting profit / (loss)

	2016	2015
(Loss) before taxation	(13,283,037)	(13,434,836)
Tax at the applicable rate 32% (2015:33%)	(4,250,572)	(4,433,496)
Net Tax effect of items taxed at different rates	(571,771)	15,853,723
Impact of change in tax rate	(132,830)	(134,348)
Impact of tax credits	7,996,338	117,500
Deferred taxation	(3,037,305)	(7,240,122)
	3,860	4,163,257

27. LOSS PER SHARE-BASIC AND DILUTED

	2016	2015
Loss for the year	(13,286,897)	(17,598,093)
Weighted average number of ordinary shares outstanding during the year	15,177,000	15,177,000
Loss per share-basic and diluted	(0.88)	(1.16)

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

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	EXECUTIVES	
	-------- (Rupees) ---------	
Salary	3,669,737	3,140,000
House rent allowance	1,467,895	1,256,000
Utilities allowance	366,974	314,000
Provident fund	305,689	261,562
Total	5,810,294	4,971,562
Number of persons	4	4

No remuneration has been paid to the Chief Executive and directors during the year, however Chief Executive is provided with free use of Company maintained car. No meeting fee has been paid to any director of the Company for attending the board meetings.

29. TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of associated undertakings and other key management personnel. Amounts due from and due to related parties, if any, are shown under relevant notes to financial statements. Remuneration of Chief Executive Officer, Directors and Executives is explained in Note 28. Transactions with related parties other than those specifically mention in relevant notes is as follows.

Party	Nature of relationship	Nature of transactions	2016	2015
			Rupees	Rupees
Provident fund trust	Post employment benefit	Company's contribution to provident fund	7,665,336	7,027,984
CEO/directors/members	Related party	Expenses paid on behalf of CEO/directors/members	622,066	782,931
J.A. Textile Mills Limited	Associate	Sale of cotton	-	11,827,306
Zeeshan Energy Limited	Associate	Purchase of electricity	39,765,333	-

30. PLANT CAPACITY AND PRODUCTION

	2016	2015
Number of spindles installed	22,320	22,320
Number of spindles worked	22,320	22,320
Number of shifts worked per day	3	3
Installed capacity after conversion into 20/s count (Kgs)	10,719,234	9,964,261
Actual production of yarn after conversion into 20/s count (Kgs)	9,624,809	9,068,469

31. EMPLOYEES PROVIDENT FUND TRUST

The following information is based on latest un-audited financial statements of the fund:

	2016	2015
Size of the fund (Rupees)	12,550,480	12,715,227
Cost of investment made (Rupees)	11,303,660	12,208,248
Percentage of investment made (%)	90.07	96.01
Fair value of investment (Rupees)	11,694,326	13,021,821

31.1 The breakup of fair value of investments is:

	2016		2015	
	Rupees	% of total	Rupees	% of total
NAFA Govt. Securities	3,448,431	29.49	3,292,391	25.28
CDC Trustee UBL Fund	8,001,000	68.42	2,001,000	15.37
Bank balances	244,895	2.09	7,728,430	59.35
	11,694,326	100.00	13,021,821	100.00

31.2 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

32. NUMBER OF EMPLOYEES

The average number of employees for the year ended June 30, 2016 were 580 (2015: 578) and number of employees as at June 30, 2016 were 581 (2015: 577).

33 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

33.1 Financial assets and liabilities

Financial assets and liabilities of the company are as follows:-

	June 30, 2016						
	Interest/mark-up bearing			Non Interest/mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
				(Rupees)			
Financial assets							
At fair value through profit and loss							
- Investment (NAFA Government Securities)	11,110,653	-	11,110,653	-	-	-	11,110,653
Loans and receivables							
Long term deposits	-	8,266,056	8,266,056	-	2,780,128	2,780,128	11,046,184
Trade debts	-	-	-	44,343,659	-	44,343,659	44,343,659
Advances and other receivable	413,798	-	413,798	119,000	-	119,000	532,798
Cash and bank balances	26,857,714	-	26,857,714	35,730,208	-	35,730,208	62,587,922
	38,382,165	8,266,056	46,648,221	80,192,867	2,780,128	82,972,995	129,621,216
Financial liabilities							
At amortised cost							
Trade and other payables	-	-	-	29,457,386	-	29,457,386	29,457,386
Interest accrued on long term financing	-	-	-	194,161,422	-	194,161,422	194,161,422
Short term borrowing	415,046,998	-	415,046,998	2,543,709	-	2,543,709	417,590,707
	415,046,998	-	415,046,998	226,162,517	-	226,162,517	641,209,515
Excess of financial assets over financial liabilities	(376,664,833)	8,266,056	(368,398,777)	(145,969,650)	2,780,128	(143,189,522)	(511,588,299)

33 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

33.1 Financial assets and liabilities

Financial assets and liabilities of the company are as follows:-

	June 30, 2015						
	Interest/mark-up bearing			Non Interest/mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
				(Rupees)			
Financial assets							
At fair value through profit and loss							
- Investment (NAFA Government Securities)	10,933,276	-	10,933,276	-	-	-	10,933,276
Loans and receivables							
Long term deposits	-	8,266,056	8,266,056	-	2,780,128	2,780,128	11,046,184
Trade debts	5,630,926	-	5,630,926	28,817,285	-	28,817,285	34,448,211
Advances and other receivable	423,899	-	423,899	21,054,926	-	21,054,926	21,478,825
Cash and bank balances	93,289,234	-	93,289,234	90,607,953	-	90,607,953	183,897,187
	110,277,335	8,266,056	118,543,391	140,480,164	2,780,128	143,260,292	261,803,683
Financial liabilities							
At amortised cost							
Trade and other payables	-	-	-	33,356,146	-	33,356,146	33,356,146
Interest accrued on long term financing	-	-	-	194,161,422	-	194,161,422	194,161,422
Short term borrowing	415,046,998	-	415,046,998	2,543,709	-	2,543,709	417,590,707
	415,046,998	-	415,046,998	230,061,277	-	230,061,277	645,108,275
Excess of financial assets over financial liabilities	(304,769,663)	8,266,056	(296,503,607)	(89,581,113)	2,780,128	(86,800,985)	(383,304,592)

34 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index".

Description	Explanation
i) Advances	Non-interest bearing
ii) Long term deposits	Both Interest and non-interest bearing
iii) Short term borrowings	Both Interest and non-interest bearing
iv) Relationship with banks having Islamic windows	Following is the nature of relationship of the Company with the banks having Islamic window of operaton: 1. Al Barka Bank Pakistan Limited (Islamic) 2. Dubai Islamic Bank (Islamic) 3. Bank Al Habib Limited (Conventional) 4. United Bank Limited (Conventional) 5. National Bank of Pakistan (Conventional) 6. Faysal Bank Limited (Conventional) 7. MCB Limited (Conventional) 8. Meezan Bank Limited (Islamic) 9. J S Bank (Conventional) 10.Samba Bank Limited(Conventional) 11.Habib Bank Limited(Conventional)
v) Bank balances as at June 30, 2016	**Rupees**
Placed under interest arrangement	26,835,778
Placed under Shariah permissible arrangement	21,936
vi) Interest income on bank deposits for the year	
Placed under interest arrangement	105,194
Placed under Shariah permissible arrangement	5,489,778
vii) Unrealized gain on short term investments	
Placed under Shariah permissible arrangement	332,904
viii) All sources of other income	Disclosed in note 24
ix) Exchange gain	Earned from actual foreign currency retranslation

Disclosures other than above are not applicable to the Company.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the company is exposed to market risk comprising interest rate risk, currency risk and other price/equity risk, credit risk and liquidity risk. The company's principal financial liabilities comprise long term borrowings, short term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for company's operations. The company has various financial assets such as deposits, trade debts, prepayments and other receivables and cash and bank balances, which are directly related to its operations. The company's finance departments oversees the management of these risks and provide assurance to the company's senior management that the company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company policies and risk appetite. No changes were made in the objectives, policies, procedures and assumptions during the year ended June 30, 2016. The policies for managing each of these risks are summarized below:

35.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk, and other price risk, such as equity risk. Financial instruments susceptible to/affected by market risk include loans, borrowings and deposits. The sensitivity analysis in the following sections relate to the position as at June 30, 2016 and 2015.

35.1.1 Interest rate risk:

Interest rate risk represents the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long term interest bearing financial assets. The Company's interest rate risk arises from long term financing. Borrowings obtained at variable rates exposes the Company to cash flow interest rate risk. Borrowings obtained at fixed rate exposes the company to fair value interest rate risk.

	2016 Rupees	2015 Rupees
Fixed rate instruments		
Financial liabilities		
Short term borrowings	415,046,998	415,046,998
Financial assets		
Security deposits with SNGPL	8,266,056	8,266,056
Floating rate instruments		
Financial assets		
Bank balances-deposit account	26,857,714	93,289,234

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 268,577/- (2015: Rupees 634,367/-) higher / lower. The analysis is prepared assuming the amounts of bank balances outstanding at the balance sheet date were outstanding for the whole year.

35.1.2 Currency risk / Foreign Exchange 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. Currency risk arises mainly from future commercial transactions or receivables or payables that exist due to transactions in foreign currencies.

Financial assets include Rs. 173,417/- (2015: Rs. 5,801,134/-) which were subject to currency risk.

At June 30, 2016, had the currency been weakened/strengthened by 5% against the foreign currency with all other variables held constant, profit for the year and equity would have been Rs. 8,670/- (2015 : Rs.194,338/-) higher / lower, mainly as a result of foreign exchange gains / losses on translation of foreign currency denominated trade debts and foreign currency bank accounts.

35.1.3 Other price risk / Equity Price risk:

Other price risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investments in securities. As at balance sheet date, the Company is not exposed to equity price risk as the Company do not have any investments in equity market.

35.2 Credit risk and concentration of credit risk:

Credit risk is the risk representing accounting loss that would be recognized at the reporting date if one party to a financial instrument will fail to discharge an obligation or its failure to perform duties under the contract as contracted. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company is mainly exposed to credit risk on trade debts amounting to Rs. 44.343 million (2015: Rs. 28.831 million). Company seeks to minimize the credit risk exposure through having exposure only to customers and suppliers considered credit worthy and also by obtaining advance against sales from customers. The carrying values of financial assets which are neither past due nor impaired are as under:

	2016	2015
FINANCIAL ASSETS	**Rupees**	**Rupees**
Long term deposits	11,046,184	11,046,184
Trade debts	44,343,659	34,448,211
Advances, deposits and other receivable	532,798	21,478,825
Cash and bank balances	62,587,922	183,897,187
	118,510,563	250,870,407

Credit quality of financial assets

The credit quality of the company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit rating determined based on their historical information for any defaults in meeting obligations.

	Rating			2016	2015
	Short term	**Long term**	**Agency**	**Rupees**	**Rupees**
Bank balances					
Al-Baraka Bank Limited	A-1	A	PACRA	26,323	840,950
Dubai Islamic Bank Limited	A-1	A+	JCR-VIS	-	10,442
Faysal Bank Limited	A1+	AA	PACRA	666	666
	A-1+	AA	JCR-VIS		
Habib Bank Limited	A-1+	AAA	JCR-VIS	7,264,781	25,253,836
JS Bank Limited	A1+	A+	PACRA	13,093,597	79,427,228
MCB Bank Limited	A1+	AAA	PACRA	10,981	10,981
Meezan Bank Limited	A-1+	AA	JCR-VIS	19,797	5,013,317
National Bank of Pakistan	A-1+	AAA	JCR-VIS	36,886	836,171
Samba Bank Limited	A-1	AA	JCR-VIS	11,481	10,981
United Bank Limited	A-1+	AAA	JCR-VIS	41,975,298	72,077,183
				62,439,810	183,481,755
Short term Investment					
NAFA Government Securities Liquid Fund		AAA(f)	PACRA	11,110,653	10,933,276
Counterparties without external credit rating					

35.3 Liquidity risk

Liquidity risk reflects the company's inability in raising funds to meet commitments. The Company's production remained below its installed normal capacity. Working capital of the Company is positive as at the balance sheet date. The Company's 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. As a result of these efforts, the working capital improved over the last year. Management also foresees that the working capital position will become more favorable in the period to come due to increased revenues from the continuous operation of plant and increase in demand and price of the yarn.

The table below summaries the maturity profiles of company's financial liabilities as on June 30, 2016 and 2015 based on contractual undiscounted payments date and present market interest rates.

	Within 1 year	More than 1 year and up to 5 years	Total
		--------- (Rupees) --------	
June 30, 2016			
Trade and other payables	29,457,386	-	29,457,386
Accrued mark up	194,161,422	-	194,161,422
Short term borrowings	417,590,707	-	417,590,707
	641,209,515	-	641,209,515
June 30, 2015			
Trade and other payables	33,356,146	-	33,356,146
Accrued mark up	194,161,422	-	194,161,422
Short term borrowings	417,590,707	-	417,590,707
	645,108,275	-	645,108,275

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

35.5 Capital risk Management:

The Company's objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

36. CORRESPONDING FIGURES

36.1 Previous year figures have been rearranged and reclassified wherever necessary for the purpose of comparison.However no reclassification made in the corresponding figures .

36.2 Figures in these financial statements have been rounded off to the nearest Rupee.

37. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on **October 07, 2016** by the Board of Directors of the Company.

CHIEF EXECUTIVE **DIRECTOR**

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PATTERN OF SHAREHOLDING AS ON 30 JUNE, 2016

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held	Percentage of Total Capital
115	1	100	10,340	0.07
1,731	101	500	821,500	5.41
70	501	1,000	67,733	0.45
92	1,001	5,000	240,495	1.58
21	5,001	10,000	163,395	1.08
5	10,001	15,000	67,700	0.45
2	15,001	20,000	37,000	0.24
3	20,001	230,000	69,500	0.46
1	30,001	35,000	32,000	0.21
2	50,001	55,000	104,000	0.69
2	60,001	65,000	125,400	0.83
1	80,001	85,000	82,700	0.54
1	105,001	110,000	109,000	0.72
1	125,001	130,000	126,800	0.84
2	245,001	250,000	500,000	3.29
1	500,001	505,000	503,237	3.32
1	865,001	870,000	869,150	5.73
1	995,001	1,000,000	997,050	6.57
1	1,140,001	1,145,000	1,140,800	7.52
2	1,515,001	1,520,000	3,033,800	19.99
1	2,085,001	2,090,000	2,087,100	13.75
1	3,985,001	3,990,000	3,988,300	26.28
2,057			**15,177,000**	**100**

NOTE: **The slabs not applicable have not been shown.**

(*) The shareholder holds 10% or more shares

Categories of Shareholders		Number of shareholders	Shares Held	Holding Percentage
Individuals.		2,038	4,138,099	27.27
(*) Mr. Zahid Anwar	(CEO/Director)	1	3,988,300	26.28
(*)Mrs. Rukhsana Begum	(Director)	1	2,088,100	13.76
Mr. Imran Zahid	(Director)	1	1,516,900	9.99
Mr. Zeeshan Zahid	(Director)	1	1,516,900	9.99
Ch. Ghulam Murtaza Buttar	(Director)	1	500	0.00
Mr. Zulqarnan	(Director)	1	500	0.00
Mr. Ali Raza Zafar	(Director)	1	500	0.00
Investment Companies		1	12,700	0.084
Joint Stock Companies		2	1,001	0.007
Financial Institution		7	772,200	5.09
Mutual Fund		1	1,140,800	7.52
Others		1	500	0.00
		2,057	**15,177,000**	**100.00**

STATEMENT SHOWING SHARES BOUGHT AND SOLD BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSE AND MINOR CHILDREN FROM 01-07-2015 TO 30-06-2016.

Name	Designation		Shares Bought	Shares Sold
NIL	NIL		NIL	NIL