SAY NO
TO CORRUPTION

ANNUAL REPORT
2 0 1 6

D.M. TEXTILE MILLS LIMITED

Westridge, Rawalpindi
Ph: 051-5181977-81, Fax: 051-5181979
E-mail: dmtm@dmtextile.com.pk
Website: www.dmtextile.com.pk

59th ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2016

CONTENTS

COMPANY'S INFORMATION

BOARD OF DIRECTORS

CHAIRMAN: & CHIEF EXECUTIVE:	**Mian Habib Ullah**
DIRECTORS:	Mr. Shahid Aziz (Nominee of NIT) Mr. Hussain Ahmed Ozgen Mr. Hussain Ahmad Qureshi Syed Obaid ul Haq Rao Khalid Pervaiz Mr. Shahid Hussain

AUDIT COMMITTEE

CHAIRMAN:	Mr. Shahid Hussain
MEMBER:	Mr. Shahid Aziz
MEMBER:	Mr. Hussain Ahmad Qureshi

HUMAN RESOURCE & REMUNERATION COMMITTEE:

CHAIRMAN:	Mr. Hussain Ahmad Ozgen
MEMBER:	Mr. Shahid Aziz
MEMBER:	Rao Khalid Pervaiz

ACTING COMPANY SECRETARY & CHIEF FINANCIAL OFFICER	Rao Khalid Pervaiz
BANKERS:	Faysal Bank Limited Meezan Bank Ltd. Habib Metropolitan Bank MCB Bank Limited
AUDITORS:	M/s Riaz Ahmed & Company Chartered Accountants 2-A, ATS Centre, 30-West, Fazal ul Haq Road, Blue Area Islamabad
LEGAL ADVISER:	M/s Hassan & Hassan Advocates Office # 38, 1st Floor, Al-Abbas Market, Adamjee Road, Rawalpindi.
REGISTRAR:	Corplink (Pvt) Ltd. Wings Arcade, 1-K, Commercial, Model Town, Lahore. Phone: 042-35916714, 35916719 Fax: 042-35869037
REGISTERED OFFICE & MILLS AT:	Industrial Area Westridge , Rawalpindi Telephone: 051-5181981, 5181977-78 Fax: 051-5181979 E-mail:dmtm@dmtextile.com.pk E-mail:dmtextilemills@yahoo.com Website: www.dmtextile.com.pk

VISION STATEMENT

We D. M. Textile Mills Ltd. aim at seeing our mills to be a good manufacturing unit producing high quality yarn by complying with the requirements of Quality Management System and continuously improving its effectiveness for total customers' satisfaction. We wish to play an honourable role in the spinning sector by keeping a substantial presence in the export and local markets.

MISSION STATEMENT

- To install state of the art machinery and to acquire sophisticated process technology to achieve maximum growth in a competitive standard quality environment.
- To make strenuous efforts to enhance profitability of the company ensuring a fair return to the investors, shareholders and employees of the company.
- To exercise maximum care for improvement of standard of quality of our products by employing a team of highly skilled technicians and professional managers.
- To strive hard to explore / develop new markets for the sale of our products in export and local markets.
- To improve customers' satisfaction level by adhering strictly to standard quality requirement of our customers in local and export markets and by improving communications with customers for receiving prompt feed back about quality standard of our products.
- To attend for the prompt resolution of customers' complaints by taking timely corrective measures to redress the quality complaints.
- To improve logistic facilities for our customers dispatch programme and issue all shipments / delivery documents well in time.
- To make comprehensive arrangements for the training of our workers / technicians.
- To improve team work, sense of transparency, creativity in our professionals and technical personnel.

Mian Habib Ullah
Chief Executive

Rao Khalid Pervaiz
Director

Rawalpindi Dated: October 09, 2016

STATEMENT OF ETHICS AND BUSINESS PRACTICES

D M Textile Mills Limited has laid down the following Ethics and Business Practices , the observance of which is compulsory for all the directors and staff members of the company in the conduct of company's in order to protect and safeguard the reputation and integrity of the company at all levels of its operations. Any contravention of these Ethics and Business Practices is regarded as misconduct. The company will ensure that all the executives and subordinate staff members are fully aware of these standards and principles.

1. **<u>Conflict of interest.</u>**
   All staff members are expected not to engage in any activity which can cause conflict between their personal interests and company's interests, such as:

   a) In effecting the purchases for the company and selling its products the directors and the staff members are forbidden from holding any personal interest in any organization supplying goods or services to the company or buying its products.
   b) The staff members should not engage in any outside business while serving the company.
   c) Staff members are not permitted to conduct personal business in company's premises or use company's facilities for the same.
   d) If a staff member has direct or indirect relationship with an outside organization dealing with the company he must disclose the same to the management.

2. **<u>Confidentiality</u>**
   All staff members are required not to divulge any secrets / informations of the company to any outsider even after leaving the service of the company unless it is so required by a court of law. During the course of service in the company they should not disseminate any information relating to business secrets of the company without the consent of management.

3. **<u>Kickbacks</u>**
   All staff members are strictly forbidden not to accept any favour, gifts or kick backs from any organization dealing with the company. In case if such a favour is considered, in the interest of the company, the same should be disclosed clearly to the management.

4. **<u>Proper Books of Accounts.</u>**
   All funds, receipts and disbursements should be properly recorded in the books of accounts of the company. No false or fictitious entries should be made or misleading statements pertaining to the company or its operations should be issued. All agreements with agents, dealers and consultants should be made in writing supported with required evidence.

5. **<u>Relationship with Government officials, suppliers, buyers and agents etc.</u>**
   The dealings of the company with Government officials, suppliers, buyers, agents and consultants of the company should always be such that the integrity of the company and reputation is not damaged. Members having queries in connection with how to deal with these requirements should consult with the management.

6. **Health and Safety**
Every staff member is required to take care of his health and safety and of those working with him. The management is responsible for keeping its staff members insured as per government rules and regulations.

7. **Environment**
To preserve and protect the environment, all staff members are required to operate the company's facilities and processes so as to ensure maximum safety of the adjoining communities and strive continuously to improve environmental awareness and protections.

8,. **Alcohol and Drugs etc.**
All types of gambling and betting at the company's work place are strictly forbidden. Also taking of any alcohols or drugs inside the work places is not allowed and any member of the staff, not abiding by these prohibitions will attract disciplinary as well as penal action under the law.

9. **Coordination among staff members to maintain Discipline.**
All staff members will work in close coordination with their co-workers, superiors and colleagues. Every member will cooperate with other members so that the company's work is carried out effectively and efficiently. All cases of non-cooperation among staff members should be reported to the management for necessary and suitable action. Strict disciplinary action will be taken against those staff members who violate the rules and regulations of the company.

10. **Workplace harassment**
All members of the staff will provide an environment that is free from harassment and in which all employees are equally respected. Work place harassment means any action that creates an intimidating, hostile or offensive environment which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.

Mian Habib Ullah	Rao Khalid Pervaiz
Chief Executive	**Director**

Rawalpindi Dated: October 09, 2016

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

NAME OF COMPANY: D. M. TEXTILE MILLS LIMITED

YEAR ENDED: 30 JUNE 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in regulation No. 5.19 of the Listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Directors	Hussain Ahmad Ozgen Shahid Hussain
Executive Directors	Mian Habib Ullah Rao Khalid Pervaiz Hussain Ahmad Qureshi
Non-Executive Directors	Shahid Aziz (Nominee of NIT) Syed Obaid ul Haq

   The independent directors meet the criteria of independence under clause 5.19.1(b) of CCG.

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

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

4. No casual vacancy occurred on the board during the year.

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

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the board/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 atleast seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. The board arranged no training programs for its directors during the year. Under the PSX's rule-book clause 5.19.7, the board will follow the Director's Training Program on due course of time.

10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been approved by the board.

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 03 members, of whom 01 is non-executive, 01 executive director and the chairman of the Committee is an independent director.

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

17. The Board has formed an HR and Remuneration Committee. It comprises of 03 members, of whom 01 is non-executive director and 01 is executive director and the chairman of the committee is an independent director.

18. The Board has set up an effective internal audit function and the members of internal audit function are considered suitable for the purpose and are conversant with the policies and the 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 programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

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

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

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

Mian Habib Ullah
Chief Executive

Rao Khalid Pervaiz
Director

Dated: October 09, 2016

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at factory premises at industrial area, Westridge, Rawalpindi, **on Monday, October 31, 2016,** at **04:30 PM,** to transact the following business:

ORDINARY BUSINESS

1. To confirm the Minutes of the last Annual General Meeting
2. To receive, consider and adopt the annual audited accounts of the company for the year ended June 30 2016 together with directors' and auditors' reports thereon.
3. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

1. To consider and if deemed fit, to pass the following resolutions as an ordinary resolution, with or without any modification, addition or deletion in terms of section 196 (3) (a) of the Companies Ordinance, 1984.

   Resolved unanimously “Sale of Company's land measuring aprox 07.19 Kanal comprising of old worker quarters and open area, on the extreme back side of the Mills situated at Westridge Industrial Area, be and is hereby approved for sale through negotiations after clearance from the banks/financial institutions wherever assets are under lien/charge, in such lot or lots and in such manner and on such basis and on such terms and subject to such conditions and for such condition as may be determined by the Board of Directors of the Company”.

   Further resolved, “Board of Directors of the Company or their nominee(s)/representative(s) as the board of directors may from time to time specially designate for the purpose, be and are hereby severally authorized to take any or all actions necessary or conducive for fulfilling any requirement or in implementation thereof including, without limitation, to negotiate, finalize and execute as applicable any and all contracts, instruments, power of attorney, notices, certificates, documents (of whatever nature and description) for or in connection with the aforesaid, issue any notices seek any approvals, make any filings and do all such acts, deeds and things as they may deem necessary and / or expedient”.

2. To consider and if thought fit, to pass the following resolution as special resolution with or without modification(s), addition(s) or deletion(s) to alter the Articles of Association of the company:

   “Resolved that in accordance with the provisions of Section 28 and other applicable provisions of the Companies Ordinance, 1984 and subject to requisite permission and clearance, the following new Article 44-A be and is hereby inserted after the existing Article 44 in the Articles of Association of the company:

44-A. Electronic Voting:

I. This article shall only be applicable for the purposes of electronic voting;

II. The company shall comply with the mandatory requirements of law regarding the use of electronic voting by its members at general meetings. Members may be allowed to appoint members as well as non-members as proxies for the purposes of electronic voting pursuant to this article."

"Resolved Further that the Company Secretary be and is hereby authorized to take or cause to be taken any and all actions necessary and make necessary filings and complete legal formalities as may be required to implement this resolution."

GENERAL BUSINESS

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

By the order of the Board

Date: 09 October 2016

Rao Khalid Pervaiz
(Director)

Notes:

1. The members' register will remain closed from 24 October 2016 to 31 October 2016 (both days inclusive). Transfers received at Share Registrar Office, Corplink (Pvt) Ltd, Wings Arcade, 1-K Commercial, Model Town, Lahore or our registered office by the close of business on 23rd October, 2016 will be entertained.
2. A member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the registered office not later than 48 hours before the time for holding the meeting.
3. Shareholders are requested to immediately notify the change in address, if any.
4. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:

a. For attending the meeting

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

ii). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting

b. For appointing proxies

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

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

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

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

v). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.

STATEMENT UNDER SECTION 160(1)(B) OF TE COMPANIES ORDINANCE 1984

SALE OF ASSETS

Textile industry especially old units have been passing through severe crises for the past few years due to market recess and high energy cost and rising cost of production etc.

Company is facing financial problems and has to pay the liabilities of the financial institutions, raw material suppliers, store suppliers, employees, debt providers, EOBI, Social Security, Cantonment Board and income taxes etc. Therefore, it is appropriate to dispose off the said piece of land. The Board of Directors of the Company in their meeting held on April 20, 2016 after due consideration has decided to sell the aprox 07.19 Kanal piece of land comprising about 40 years old worker quarters and open area of the company subject to consent of members of the company in general meeting and clearance from the banks/financial institutions where such assets are under lien/charge.

The information required under notification SRO No. 1227/2005 dated 12 December 2005 is as follow:

S.No.	Description	Owned/Leased Assets/Rupees
1.	Detail of Assets to be sold	07.19 Kanal Land comprising open area and old worker quarters
	Location	Factory premises, Westridge Industrial Area, Rawalpindi

	Cost of Land & building	Rs.4,721,085/=
	Book Value	Rs.60,650,523/=
	Revalued amount	Rs.39,559,100/=
	Approximate current market price/ Fair value	Rs. 33,625,235/=
2.	The proposed manner of disposal	Outright sale and/or through any other mean (advertisement for tenders, quotations, bids etc), to be sold in a transparent manner.
3.	Reason for the disposal/sale	To pay off the liabilities of the Company
4.	Benefits expected to accrue to the Shareholders	The sale proceeds will be used to decrease the financial liabilities /Over due payments to avoid litigations.
5.	Nature and extent of interest, if any, of Directors	None of the Directors have any direct or indirect interest in the sale/disposal of the said assets except as shareholders of the Company

Availability of Relevant Documents:

The documents pertaining to above resolutions are available for inspection at the registered office of the company on any working day upto 30 October 2016 during business hours and also at the time of meeting.

INSERTION OF ARTICLE 44-A IN THE ARTICLES OF ASSOCIATION

Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulation 2016 on January 22, 2016 vide S.R.O 43(1)/2016. The directors have recommended alteration in the Articles of Association by inserting a new Article 44-A therein which will give the members option to be part of the decision making in the general meeting of the company through electronic means.

The directors, sponsors, majority shareholders and their relatives are not interested, directly or indirectly, in the above business except to the extent of shares that are held by them in the company.

Original and amended copies of the Articles of Association have been kept at the registered office of the company which can be inspected on any working day during usual business hours till the date of annual general meeting.

DIRECTORS' REPORT

Dear Shareholders,

The Directors welcome you to the 59th Annual General Meeting of D.M. Textile Mills Ltd and present audited accounts and annual report of the company for the year ended June 30, 2016 along with Auditors' Report thereon.

1. Net Profit/(Loss)

During the year the company suffered a net loss of Rs. (58.829) Million as compared to previous year net profit of Rs. 53.478 Million which was mainly due to the gain on settlement with NIB Bank Ltd.

Due to continuous market recession and high inflation costs the Mills could not resume its production process.

2- Comparative financial results are given below:

	Rupees in Thousand	
Year Ended on	**30-06-2016**	**30-06-2015**
Gross Sales	198	3,574
Cost of Sales	(206)	(23,354)
Gross Profit/(Loss)	(8)	(19,779)
Gross Profit/(Loss) Rate (%)	(4.04%)	(553.41%)
Selling, Admin & Other operating Expenses	(99,939)	(15,276)
Other Operating Income	14,952	121,551
Financial and Other Charges	(1,947)	(43,798)
Provision for Taxation	28,113	10,781
Profit / (Loss) after taxation	(58,829)	53,478
Basic Earning/(Loss) per share in Rs	(19.27)	17.52
Breakup Value per share in Rs	187.29	182.04

3- Production Results.

Year Ended		-	-
Converted production yarn 20's	Kgs	**30-06-2016**	**30-06-2015**
Actual production yarn	Kgs	-	-

4- Debt Servicing

During the period Settlement Agreement with M/s Faysal Bank Ltd has been reached against full & final payment of Rs.17.544 Million. Down-payment and six installments have been paid as on closing of the financial year and balance amount has to be paid in 42 monthly installments. Company also paid off the entire balance liabilities of MCB Bank Ltd satisfactorily. Further Mian Habib Ullah CEO of the company is in the process of negotiating with other debt providers so as to reduce the financial liabilities of the company.

5- Dividend

The Directors have not recommended any dividend due to loss.

6- Directors have granted specific approval for the following transactions/adjustments mentioned in the financial statements:

	Rupees
Long outstanding creditors written back	429,399
Donations	41,000
Provision for slow moving store, spare parts and loose tools	5,694,603
Provision for obsolescence of raw material	195,525
Related party transactions as disclosed in financial statements	

Directors have also granted general approval for following transactions in the financial statements.

a. Approval of expenditures including Capital expenditure.
b. Advances as given in note 21

7- Statement on Corporate and Financial Reporting Frame Work

a) The financial statements prepared by the management of the Company, present fairly the state of affairs, the results of its operations, cash flow and changes in equity.

b) Company has maintained proper books of accounts.

c) In preparation of financial statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgments.

d) International Accounting standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

e) The system of internal control is sound in design and has been effectively implemented and monitored. The process of review will continue and any weakness in control will be removed.

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

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

h) Key Operating and Financial Data for the last six years in summarized form is annexed to the Annual Report.

i) There are no overdue taxes and levies as on June 30, 2016 except reported in note No. 14 under contingencies and commitments in the balance sheet.

j) Pattern of Shareholding and Additional information as required under CCG is also annexed to the Annual Report.

k) During the year under review there is no trading in shares of company by Directors, Chief Executive, Chief Financial Officer / Company Secretary, their spouses and minor children.

l) During the year four meetings of the Board of Directors were held. Attendance by each director is as follows:

Name of Directors	No. of Meetings attended
Mian Habib Ullah	4
Mr. Shahid Aziz (Nominee of NIT)	4
Hussain Ahmed Ozgen	4
Mr. Shahid Hussain	4
Mr. Hussain Ahmed Qureshi	4
Syed Obaid-ul-Haq	1
Rao Khalid Pervaiz	4

Directors who could not attend Board Meetings were granted leave of absence in accordance with the law.

m) During the year four meetings of the Audit Committee were held. Attendance by each member was as follows:

Mr. Hussain Ahmad Qureshi	4
Mr. Shahid Aziz	3
Syed Obaid ul Haq	3
Mr. Shahid Hussain	1

n) Messrs. Corplink (Private) Limited, Wings Arcade, 1-K Commercial Model Town, Lahore are our share registrar under section 204-A of the companies ordinance 1984

8- Future Prospects & Plans

Due to continued market recession and high inflation costs, the Mills has temporarily suspended its production process. The management is hopeful to settle all its outstanding liabilities with debt providers which will significantly reduce burden of financial cost. Management has positive intention and capability to start production subject to continuous availability of gas/electricity, improvement in market and suppliers credit for raw material & new machinery so that production comes into profit.

9- Auditors

The retiring Auditors M/s. Riaz Ahmad & Company Chartered Accounts being eligible offer themselves for re-appointment.

10- Remarks on Auditors' Report & Review Report to the members:

(Quote: 1)

The company sustained net loss of Rupees 58.829 million during the year ended 30 June, 2016 and as of that date its accumulated loss was Rupees 61.485 million. As of 30 June, 2016 the company's current liabilities exceeded its current assets by Rupees 92.140 million. Liabilities against assets subject to finance lease include overdue amounts. The company has been unable to arrange fresh financing for working capital and other purposes. The mill remained closed during the year due to non-supply of captive power gas and shortage of working capital. As at the reporting date, the company had a few employees. The mill could not resume operations till the date of this report. The management of the company did not provide us its assessment of going concern assumption used in preparation of these financial statements and the future financial projections indicating the economic viability of the company. These events indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements (and notes thereto) do not disclose this fact. These financial statements have been prepared on the going concern basis. (Unquote: 1)

The management has successfully settled its entire outstanding loans due towards M/s. Faysal Bank Ltd during the financial year (Note 5.1). Company also satisfactorily paid off entire balance liabilities of MCB Bank Ltd. Further, the management is trying its level best to negotiate with other debt providers to settle amicably. Due to the settlement reached/to be reached with the debt providers, the Management has prepared the accounts on going concern basis.

(Quote: 2)
As more fully explained in Note 16 to the financial statements, the company advanced an amount of Rupees 51.150 million against purchase of property. The property could not be transferred in the company's name due to the want of completion of legal formalities. Directions were given for transferring the property in the name of the company within thirty days of the order of Securities and Exchange Commission of Pakistan (SECP) dated 29 November 2007. SECP also ordered to calculate the amount of profit which could have been earned on the amount of Rupees 51.150 million if invested with any scheduled bank, on daily product basis in the relevant period and directed that this amount be deposited proportionately, in the company's account, by directors who are penalized under the order. The Chief Executive Officer of the company filed an appeal before the Lahore High Court, Rawalpindi Bench whereby stay order was granted to suspend the operation of above said order. The Board of Directors of the company, after getting valuation of the property at forced sale value of Rupees 72.007 million from M/s NAKMS Associates (Private) Limited, resolved in its meeting held on 23 April 2014 that the right in property along with fixtures and fittings be offered to the Chief Executive Officer (CEO) at the fixed floor price of Rupees 75 million. Whereas, as per Capital Development Authority, the property has been transferred in the name of Chief Executive Officer through a court decree. The Lahore High Court, Rawalpindi Bench in its interim order dated 06 February 2015 granted adjournment with the directions not to transfer / alienate the property / undertaking of the company in any form or manner whatsoever. Meanwhile, the case has been transferred to the Islamabad High Court, Islamabad and on 03 May 2016, Islamabad High Court, Islamabad, on submission of CEO, ordered to transfer the property in the name of the company within sixty days. We could not ensure compliance with the above stated directions and satisfy ourselves as to the use of forced sale value of the property for adjustment of the advance against property. (Unquote:2)

As stated by the Auditors, the property could not be transferred in the name of the Company due to the want of completion of legal formalities. CEO filed an appeal before the Lahore High Court Rawalpindi Bench against the above mentioned SECP Order. The Honourable Court in its Order dated 26-10-2009 issued notices to respondents and meantime suspended the operation of the SECP Order. Keeping in view the financial position of the company and the legal formalities, the Board of Directors discussed this issue several times and finally decided to offer the first right of refusal to the CEO at fixed floor price of Rs.75 Million. As a result the company gained Rs.20.148 Million; and this long outstanding issue was resolved with approval of the members of the company. Later on 06-02-2015, the Honourable Court while granting adjournment directed “Meanwhile, the property/undertaking of the company shall not be transferred/alienated in any form or manner whatsoever.” Later on 09 December 2015 Lahore High Court Rawalpindi Bench ordered to transfer the case to Islamabad High Court Islamabad. The CEO, in the case proceedings before the Islamabad High Court, Islamabad on 03 May 2016 has submitted to transfer the property in the name of the Company within sixty days. Necessary legal formalities in this regard are in process. We do not agree with the auditors' observation as the Board and members of the company had granted approval for the transaction.

(Quote: 3)
in our opinion and to the best of our information and according to the explanations given to us, because of the effects of matters discussed in paragraph (i) and (ii) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and do not give a true and fair view of the state of the company's affairs as at 30 June 2016 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended (Unquote: 3)

The Board of Directors is of the view that the company follows the approved accounting standards as applicable in Pakistan and the accounts do give a true and fair view of the state of company's affairs as at 30 June 2016 in the light of the facts stated above.

(Quote:4)
Head of Internal Audit does not fulfill the qualification criteria mentioned in clause xiv of the Code (Unquote: 4)

The company is making efforts to fulfill the requirement. However, professionals are not willing to join the Company due to various reasons.

11- Acknowledgment

The Directors wish to place on record their acknowledgment for the cooperation extended by the financial institutions. Appreciation is also due to the employees of the company for their hard work and devoted efforts for the betterment of the company.

For and behalf of the Board of Directors

Mian Habib Ullah	Rao Khalid Pervaiz
Chief Executive	**Director**
Rawalpindi: October 09, 2016	

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of D.M. Textile Mills Limited ("the Company") for the year ended 30 June 2016 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited, where the Company is listed.

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

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

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

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

- Head of Internal Audit does not fulfill the qualification criteria mentioned in clause 5.19.9 (b) of the Code;

- The Company has not complied with the corporate and financial reporting requirements of the Code. The financial statements of the Company have not been prepared in accordance with approved accounting standards as applicable in Pakistan. Therefore, the financial statements do not give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 09 October, 2016

Islamabad

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **D.M. TEXTILE MILLS LIMITED** as at 30 June 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:

(i) The company sustained net loss of Rupees 58.829 million during the year ended 30 June 2016 and as of that date its accumulated loss was Rupees 61.485 million. As of 30 June 2016 the company's current liabilities exceeded its current assets by Rupees 92.140 million. Liabilities against assets subject to finance lease include overdue amounts. The company has been unable to arrange fresh financing for working capital and other purposes. The mill remained closed during the year due to non-supply of captive power gas and shortage of working capital. As at the reporting date, the company had a few employees. The mill could not resume operations till the date of this report. The management of the company did not provide us its assessment of going concern assumption used in preparation of these financial statements and the future financial projections indicating the economic viability of the company. These events indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements (and notes thereto) do not disclose this fact. These financial statements have been prepared on the going concern basis.

(ii) As more fully explained in Note 16 to the financial statements, the company advanced an amount of Rupees 51.150 million against purchase of property. The property could not be transferred in the company's name due to the want of completion of legal formalities. Directions were given for transferring the property in the name of the company within thirty days of the order of Securities and Exchange Commission of Pakistan (SECP) dated 29 November 2007. SECP also ordered to calculate the amount of profit which could have been earned on the amount of Rupees 51.150 million if invested with any scheduled bank, on daily product basis in the relevant period and directed that this amount be deposited proportionately, in the company's account, by directors who are penalized under the order. The Chief Executive Officer of the company filed an appeal before the Lahore High Court, Rawalpindi Bench whereby stay order was granted to suspend the operation of above said order. The Board of Directors of the company, after getting valuation of the property at forced sale value of Rupees 72.007 million from M/s NAKMS Associates (Private) Limited, resolved in its meeting held on 23 April 2014 that the right in property along with fixtures and fittings be offered to the Chief Executive Officer (CEO) at the fixed floor price of

Rupees 75 million. Whereas, as per Capital Development Authority, the property has been transferred in the name of Chief Executive Officer through a court decree. The Lahore High Court, Rawalpindi Bench in its interim order dated 06 February 2015 granted adjournment with the directions not to transfer / alienate the property / undertaking of the company in any form or manner whatsoever. Meanwhile, the case has been transferred to the Islamabad High Court, Islamabad and on 03 May 2016, Islamabad High Court, Islamabad, on submission of CEO, ordered to transfer the property in the name of the company within sixty days. We could not ensure compliance with the above stated directions and satisfy ourselves as to the use of forced sale value of the property for adjustment of the advance against property.

(a) Except for the effects of matters discussed in paragraphs (i) and (ii) above, in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) Except for the effects of matters discussed in paragraph (i) and (ii) above, in our opinion:

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

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, because of the effects of matters discussed in paragraph (i) and (ii) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and do not give a true and fair view of the state of the company's affairs as at 30 June 2016 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: October 09,2016

ISLAMABAD

BALANCE SHEET AS

	NOTE	2016 Rupees	2015 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
5,000,000 (2015: 5,000,000) ordinary shares of Rupees 10 each		50,000,000	50,000,000
Issued, subscribed and paid-up share capital	3	30,524,290	30,524,290
Accumulated loss		(61,485,162)	(5,100,495)
Total equity		(30,960,872)	25,423,795
Surplus on revaluation of property, plant and equipment - net of deferred income tax	4	602,661,894	530,254,047
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	8,136,890	-
Liabilities against assets subject to finance lease	6	-	-
Employees' retirement benefit	7	9,839,462	9,951,359
Deferred income tax liability	8	22,476,930	51,845,415
Deferred mark-up	9	-	-
		40,453,282	61,796,774
CURRENT LIABILITIES			
Trade and other payables	10	83,042,828	88,940,451
Accrued mark-up	11	21,275,680	19,889,996
Short term borrowings	12	10,760,361	24,410,377
Current portion of non-current liabilities	13	3,185,439	2,112,034
		118,264,308	135,352,858
Total liabilities		158,717,590	197,149,632
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		730,418,612	752,827,474

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

CHIEF EXECUTIVE

AT 30 JUNE 2016

	NOTE	2016 Rupees	2015 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	679,890,756	696,187,775
Advance against property	16	-	-
Due from related party	17	-	15,302,370
Long term deposits		24,403,761	24,423,761
		704,294,517	735,913,906
CURRENT ASSETS			
Stores, spare parts and loose tools	18	-	5,694,603
Stock-in-trade	19	-	401,553
Trade debts	20	-	-
Advances	21	305,985	259,185
Current portion of due from related party	17	16,823,426	-
Short term deposits	22	2,000,000	2,000,000
Other receivables	23	5,721,692	7,110,246
Short term investment	24	1,142,000	1,142,000
Cash and bank balances	25	130,992	305,981
		26,124,095	16,913,568
TOTAL ASSETS		730,418,612	752,827,474

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 Rupees	2015 Rupees
SALES	26	198,080	3,574,459
COST OF SALES	27	(206,028)	(23,354,271)
GROSS LOSS		(7,948)	(19,779,812)
DISTRIBUTION COST	28	(75,000)	(1,069,525)
ADMINISTRATIVE EXPENSES	29	(33,029,230)	(12,403,260)
OTHER EXPENSES	30	(66,834,681)	(1,803,105)
		(99,938,911)	(15,275,890)
		(99,946,859)	(35,055,702)
OTHER INCOME	31	14,952,673	121,551,311
(LOSS) / PROFIT FROM OPERATIONS		(84,994,186)	86,495,609
FINANCE COST	32	(1,947,785)	(43,798,836)
(LOSS) / PROFIT BEFORE TAXATION		(86,941,971)	42,696,773
TAXATION	33	28,112,960	10,781,110
(LOSS) / PROFIT AFTER TAXATION		(58,829,011)	53,477,883
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (Rupees)	34	(19.27)	17.52

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

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	2016 Rupees	2015 Rupees
(LOSS) / PROFIT AFTER TAXATION	(58,829,011)	53,477,883
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	277,500	(671,809)
Related deferred tax	(86,025)	214,979
	191,475	(456,830)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the year - net of tax	191,475	(456,830)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(58,637,536)	53,021,053

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

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	35	(16,790,820)	(15,518,860)
Finance cost paid		(111,364)	(1,218,293)
Deferred mark-up paid		(1,535,000)	(1,820,000)
Income tax paid		(1,249,717)	(2,645,559)
Gratuity paid		(483,070)	(387,600)
Net decrease in long term deposits		20,000	17,100
Net cash used in operating activities		(20,149,971)	(21,573,212)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		21,625,000	28,135,600
Net cash from investing activities		21,625,000	28,135,600
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		-	(991,940)
Repayment of long term financing		(5,544,008)	(433,170)
Short term borrowings - net		3,893,990	(4,965,755)
Net cash used in financing activities		(1,650,018)	(6,390,865)
Net (decrease) / increase in cash and cash equivalents		(174,989)	171,523
Cash and cash equivalents at the beginning of the year		305,981	134,458
Cash and cash equivalents at the end of the year		130,992	305,981

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

CHIEF EXECUTIVE

DIRECTOR

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

	SHARE CAPITAL	ACCUMULATED LOSS	TOTAL EQUITY
	------------------- (Rupees) -------------------		
Balance as at 30 June 2014	30,524,290	(100,060,680)	(69,536,390)
Surplus on revaluation realised on disposal of land	-	39,481,745	39,481,745
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	2,457,387	2,457,387
Profit for the year	-	53,477,883	53,477,883
Other comprehensive loss for the year	-	(456,830)	(456,830)
Total comprehensive income for the year ended 30 June 2015	-	53,021,053	53,021,053
Balance as at 30 June 2015	30,524,290	(5,100,495)	25,423,795
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	2,252,869	2,252,869
Loss for the year	-	(58,829,011)	(58,829,011)
Other comprehensive income for the year	-	191,475	191,475
Total comprehensive loss for the year ended 30 June 2016	-	(58,637,536)	(58,637,536)
Balance as at 30 June 2016	30,524,290	(61,485,162)	(30,960,872)

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

CHIEF EXECUTIVE

DIRECTOR

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

1. THE COMPANY AND ITS OPERATIONS

D.M. Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at Westridge, Rawalpindi. The Company is engaged in the business of manufacturing, sale and trading of cotton, polyester, viscose and blended yarn.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board 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.

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for property, plant and equipment and certain financial instruments which are carried at their fair values.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Defined benefit plan

The cost of the defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provisions for doubtful debts

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

d) Standard that is effective in current year and is relevant to the Company

IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

e) Standards and amendments to published standards that are effective in current year but not relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2015 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2016 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognise revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating LeasesIncentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments will result in certain additional disclosures in the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

On 25 September 2014, IASB issued Annual Improvements to IFRSs: 2012 2014 Cycle, incorporating amendments to four IFRSs more specifically in IAS 34 'Interim Financial Reporting', which is considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2016. The amendment is unlikely to have a significant impact on the Company's financial statements and has therefore not been analyzed in detail.

g) Standards and amendments to published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2016 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Employee benefit

The Company operates unfunded unapproved gratuity scheme for permanent employees of the Company, payable on cessation of employment. The provision is made on the basis of actuarial valuation to cover the obligation under the scheme for all employees eligible to gratuity benefits.

2.3 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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 bases 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.

2.4 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.5 Property, plant, equipment and depreciation

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at revalued amount less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any recognized impairment loss.

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

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against the surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on assets' original cost is transferred from surplus on revaluation of property, plant and equipment to accumulated loss. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Leased

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to profit and loss account over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to profit and loss account.

Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates given in Note 15. The depreciation on additions is charged from the date the asset is available for use and on deletion up to the date when asset is de-recognized. The residual values and useful lives of assets are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

2.6 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investment at fair value through profit or loss" which is initially measured at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments.

Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

2.7 Inventories

Inventories, except for stock in transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

(i)	For raw materials:	Weighted average basis.
(ii)	For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock is valued at net realizable value.

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

2.8 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.9 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

2.10 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in profit and loss account.

2.11 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.13 Share capital

Ordinary shares are classified as share capital.

2.14 Revenue recognition

Revenue from different sources is recognized as under:

a) Revenue from sale of goods is recognized on dispatch of goods to customers.

b) Rental income is recognized on accrual basis.

c) Profit on deposits with banks and investment is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

2.15 Financial instruments

Financial instruments carried on the balance sheet include due from related party, investments, deposits, trade debts, advances, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for “financial instrument at fair value through profit or loss” which are initially measured at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.16 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.17 Off setting

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

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2016 (Number of shares)	2015 (Number of shares)		NOTE	2016 Rupees	2015 Rupees
2,952,429	2,952,429	Ordinary shares of Rupees 10 each fully paid-up in cash		29,524,290	29,524,290
100,000	100,000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares		1,000,000	1,000,000
3,052,429	3,052,429			30,524,290	30,524,290

4 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX

	2016 Rupees	2015 Rupees
Opening balance	530,254,047	571,747,498
Deferred tax adjustment due to change in tax rate	409,541	445,681
Surplus on revaluation of property, plant and equipment during the year	76,109,465	-
Related deferred income tax liability	(1,858,290)	-
	74,251,175	-
Surplus on revaluation realised on disposal of land	-	(39,481,745)
Transferred to accumulated loss in respect of incremental depreciation charged during the year	(3,265,027)	(3,613,804)
Related deferred income tax liability	1,012,158	1,156,417
	(2,252,869)	(2,457,387)
	602,661,894	530,254,047

5 LONG TERM FINANCING

	NOTE	2016 Rupees	2015 Rupees
From Faysal Bank Limited - secured	5.1	10,663,798	-
Less: Current portion shown under current liabilities	13	2,526,908	-
		8,136,890	-

5.1 During the year, the Company entered into settlement agreement with Faysal Bank Limited. Pursuant to the agreement, short term borrowing including related accrued mark-up were reduced to Rupees 17.544 million. The Company paid down payment of Rupees 4.044 million. Remaining amount is interest free and is payable in 48 monthly installments (12 installments of Rupees 250,000, 12 installments of Rupees 275,000 and 24 installments of Rupees 300,000) commenced from January 2016. In case of default, the settlement agreement or any of its arrangement shall stand cancelled / withdrawn. Consequently, the Bank will be entitled to recover outstanding amount as per books of ledger.

In accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' it has been stated at present value using effective interest rate of 6.52%.

These are secured against registered hypothecation charge of Rupees 50 million, second supplement agreement of hypothecation on all future and current assets, stocks of raw material, work in process, finished goods, plant and machinery, equipment tools and stores and spares.

	NOTE	2016 Rupees	2015 Rupees
6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Future minimum lease payments		658,531	658,531
Less: Unamortized finance charges		-	-
Present value of future minimum lease payments		658,531	658,531
Less: Current portion shown under current liabilities	13	658,531	658,531
		-	-

6.1 It represents last installment payable to the lessor under the settlement agreement. Taxes, repairs and insurance costs are to be borne by the Company. It is secured against charge on leased assets and personal guarantees of sponsor directors.

7 EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation was carried out as at 30 June 2016, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:

	2016	2015
Balance sheet obligation for gratuity		
Present value of unfunded defined benefit obligation	9,839,462	9,951,359
	9,839,462	9,951,359
Movement in liability recognized in the balance sheet		
At the beginning of the year	9,951,359	8,970,509
Current service cost	253,190	341,258
Interest cost for the year	395,483	355,383
Charge to other comprehensive income	(277,500)	671,809
Benefit paid during the year	(483,070)	(387,600)
At the end of the year	9,839,462	9,951,359
Amount recognized in profit and loss account		
Current service cost	253,190	341,258
Interest cost for the year	395,483	355,383
	648,673	696,641
Changes in present value of defined benefit obligations		
Present value of defined benefit obligations	9,951,359	8,970,509
Current service cost	253,190	341,258
Interest cost for the year	395,483	355,383
Benefits paid during the year	(483,070)	(387,600)
Remeasurement due to experience adjustment	(277,500)	671,809
	9,839,462	9,951,359
Allocation of charge for the year		
Cost of sales	-	162,911
Distribution cost	-	242,220
Administrative expenses	648,673	291,510
	648,673	696,641
Principal actuarial assumptions used		
Discount rate	7.25%	9.50%
Expected rate of increase in salary	6.25%	8.50%
Average expected remaining working life of employees	9 Year	10 Year
Average duration of liability	6 Years	7 Years

Experience adjustment on plan unfunded liabilities:

2016	2015	2014	2013	2012
-----	-----	----- Rupees -----	-----	-----
(277,500)	671,809	1,168,355	(149,097)	881,334

	2016 Rupees	2015 Rupees
Sensitivity analysis		
Discount Rate + 1 %	4,245,770	3,883,055
Discount Rate - 1 %	4,868,315	4,485,764
Salary growth rate + 1 %	4,868,315	4,485,764
Salary growth rate - 1 %	4,240,681	3,878,206

The expected gratuity expense for next financial year is Rupees 626,839.

8 DEFERRED INCOME TAX LIABILITY

This comprises of following :

	2016 Rupees	2015 Rupees
Taxable temporary differences		
Accelerated tax depreciation	14,161,381	30,704,824
Surplus on revaluation of property, plant and equipment	13,541,924	13,105,334
Liabilities against assets subject to finance lease	-	11,564,131
	27,703,305	55,374,289
Deductible temporary differences		
Provision for gratuity	(3,050,233)	(3,184,435)
Liability against assets subject to finance lease	(18,884)	-
Provision for doubtful debts	(135,171)	(141,964)
Provision for slow moving stores, spare parts and loose tools	(1,961,474)	(202,475)
Provision for obsolescence of raw material	(60,613)	-
	(5,226,375)	(3,528,874)
	22,476,930	51,845,415

8.1 Deferred income tax asset of Rupees 63.884 million (2015: Rupees 78.164 million) on available tax losses has not been recognized in these financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits will not be probably available against which the temporary differences can be utilized.

		NOTE	2016 Rupees	2015 Rupees
9	**DEFERRED MARK-UP**			
	Deferred mark-up - long term financing		-	1,453,503
	Less : Current portion shown under current liabilities	13	-	1,453,503
			-	-
10	**TRADE AND OTHER PAYABLES**			
	Creditors - un-secured		49,300,392	53,655,086
	Advance rental income		1,350,000	-
	Advances from customers		2,003,717	2,003,717
	Accrued liabilities		20,928,052	24,568,561
	Withholding tax payable		5,769,720	6,035,140
	Unclaimed dividend		144,947	144,947
	Security deposit		3,546,000	2,533,000
			83,042,828	88,940,451
11	**ACCRUED MARK-UP**			
	Short term borrowings		21,275,680	19,889,996
12	**SHORT TERM BORROWINGS**			
	From banking companies - secured			
	Demand finances	12.1	-	17,544,006
	From related parties - unsecured and non-interest bearing			
	Chief Executive Officer (C.E.O)	12.2	660,361	4,016,371
	Others - unsecured			
	Interest bearing	12.3	1,700,000	1,850,000
	Non-interest bearing	12.2	8,400,000	1,000,000
			10,100,000	2,850,000
			10,760,361	24,410,377

12.1 Demand finance facilities obtained from Faysal Bank Limited have been converted into long term financing as more fully explained in Note 5.1.

12.2 These are interest free and unsecured loans. Repayment terms and other conditions of these loans are yet to be finalized.

12.3 Rates of mark up on these loans range from 18% to 20% (2015: 16% to 20%) per annum. Repayment terms and other conditions of these loans are yet to be finalized.

	NOTE	2016 Rupees	2015 Rupees
13 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term financing	5	2,526,908	-
Finance lease - over due	6	658,531	658,531
Deferred mark-up	9	-	1,453,503
		3,185,439	2,112,034

14 CONTINGENCIES AND COMMITMENTS

14.1 **Contingencies**

(a) Sui Northern Gas Pipelines Limited (SNGPL) Islamabad demanded arrears of Rupees 10.405 million for the period from November 2006 to November 2007 due to doubt on accuracy of meter. The Company filed a case in the Court of Senior Civil Judge Islamabad on 18 December 2007. SNGPL encashed the bank guarantee amounting to Rupees 15.293 million issued to it by NIB Bank Limited on behalf of the Company. However, Civil Judge Islamabad rejected SNGPL claim for excessive billing vide order dated 18 December 2012. SNGPL filed appeal before Additional District and Session Judge, Islamabad who remanded back the case to Civil Judge, Islamabad, where the case is still pending. No provision has been made in these financial statements as the Company is hopeful for favorable outcome of the case.

(b) The Company filed an appeal before Lahore High Court, Rawalpindi Bench against the recovery of electricity duty amounting to Rupees 19.07 million on self generation charged by Electric Inspector Islamabad Region. The Court has issued notices to the respondents to file comments. Pending the outcome of this case no provision has been made in these financial statements as the Company, based on advice of legal advisor, is hopeful for favorable outcome.

(c) The Company filed an appeal before Lahore High Court, Rawalpindi Bench, against demand of property tax amounting to Rupees 5.51 million raised by Inspector Military Lands and Cantonments, Rawalpindi. Being aggrieved on decision of Lahore High Court, Rawalpindi Bench, the Company filed appeal before the Supreme Court of Pakistan, whereby, the case has been remanded back to Lahore High Court, Rawalpindi Bench. No provision has been made in these financial statements the Company is hopeful for favorable outcome.

(d) For the tax year 2010, assessment order dated 20 February 2011 was passed under section 122(1) read with section 122(5) of the Income Tax Ordinance, 2001 by the Deputy Commissioner Inland Revenue, whereby demand of tax amounting to Rupees 4.223 million was created. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and the case was decided in favor of the Company. However, the department filed appeal against decision of Commissioner Inland Revenue (Appeals) before Appellate Tribunal Inland Revenue who remanded back the case to the assessing officer. No provision has been made in these financial statements as the Company is hoping a favorable outcome.

(e) Faysal Bank Limited filed a suit before Banking Court Islamabad against the Company for recovery of outstanding loans and other charges amounting to Rupees 21.270 million. The suit is pending adjudication before Banking Court Islamabad. Pursuant to the settlement agreement, mentioned in Note 5, the bank and the Company agreed to seek sine die adjournment / consent decree of recovery suit, which is under process.

(f) On 26 January 2006, Collector of Customs (Appraisement) directed the Company to pay duties and taxes amounting to Rupees 19.41 million against import of textile machinery during 2001 to 2004. The Company applied to Member Legal, Federal Board of Revenue Islamabad to allow relief by payment of custom duty @ 5% of dutiable value of machinery amounting to Rupees 3.49 million under amnesty scheme announced by the Federal Government. Federal Board of Revenue allowed relief to the Company under the amnesty scheme. The Company paid Rupees 3.49 million to the Custom Department. However, being aggrieved, Collector of Custom filed an appeal before the Customs, Excise and Sales Tax Appellate Tribunal, which was decided in favor of the Company. Collector of Customs, Appraisement filed special custom reference before Sindh High Court, Karachi against the order of Customs, Excise and Sales Tax Appellate Tribunal where the case is still pending. No provision of the remaining amount of Rupees 15.92 million has been made in these financial statements as the Company is hopeful for favorable outcome.

(g) For tax year 2014, assessment order dated 04 May 2016 was passed under section 122(1) read with section 122(5) of the Income Tax Ordinance, 2001 by the Deputy Commissioner Inland Revenue, whereby demand of tax amounting to Rupees 3.807 million was created. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication. No provision has been made in these financial statements as the Company is hoping a favorable outcome.

(h) Guarantee of Rupees 7.140 million (2015: Rupees 7.140 million) has been given by the banks of the Company to Islamabad Electric Supply Company against sanction of load.

	2016 Rupees	2015 Rupees
14.2 **Commitments**	Nil	Nil

15 Property, Plant and Equipment

	Owned									Leased		
	Freehold land	Buildings on freehold land	Non factory building	Plant and machinery	Electric Installations	Factory equipment	Furniture, fixtures and office equipment	Vehicles	Total	Plant and machinery	Total	Grand Total
	Rupees											
At 30 June 2014												
Cost / revalued amount	542,000,000	85,120,378	49,004,235	302,099,098	29,267,760	18,505,799	2,744,965	11,092,948	1,039,835,183	91,749,875	91,749,875	1,131,585,058
Accumulated depreciation	-	(59,322,761)	(25,452,807)	(198,940,696)	(18,477,852)	(12,479,041)	(2,221,977)	(9,448,071)	(326,343,205)	(31,042,981)	(31,042,981)	(357,386,186)
Net book value	542,000,000	25,797,617	23,551,428	103,158,402	10,789,908	6,026,758	522,988	1,644,877	713,491,978	60,706,894	60,706,894	774,198,872
Year ended 30 June 2015												
Opening net book value	542,000,000	25,797,617	23,551,428	103,158,402	10,789,908	6,026,758	522,988	1,644,877	713,491,978	60,706,894	60,706,894	774,198,872
Transfers												
Cost / revalued amount	-	-	-	36,638,000	-	-	-	-	36,638,000	(36,638,000)	(36,638,000)	-
Accumulated depreciation	-	-	-	(14,220,412)	-	-	-	-	(14,220,412)	14,220,412	14,220,412	-
	-	-	-	22,417,588	-	-	-	-	22,417,588	(22,417,588)	(22,417,588)	-
Disposals:												
Cost / revalued amount	(39,489,982)	-	-	(52,833,698)	-	-	-	-	(92,323,680)	-	-	(92,323,680)
Accumulated depreciation	-	-	-	27,816,865	-	-	-	-	27,816,865	-	-	27,816,865
	(39,489,982)	-	-	(25,016,833)	-	-	-	-	(64,506,815)	-	-	(64,506,815)
Depreciation charge	-	(2,579,762)	(1,177,571)	(5,096,053)	(1,078,991)	(602,676)	(52,299)	(328,975)	(10,916,327)	(2,587,955)	(2,587,955)	(13,504,282)
Closing net book value	502,510,018	23,217,855	22,373,857	95,463,104	9,710,917	5,424,082	470,689	1,315,902	660,486,424	35,701,351	35,701,351	696,187,775
At 30 June 2015												
Cost / revalued amount	502,510,018	85,120,378	49,004,235	285,903,400	29,267,760	18,505,799	2,744,965	11,092,948	984,149,503	55,111,875	55,111,875	1,039,261,378
Accumulated depreciation	-	(61,902,523)	(26,630,378)	(190,440,296)	(19,556,843)	(13,081,717)	(2,274,276)	(9,777,046)	(323,663,079)	(19,410,524)	(19,410,524)	(343,073,603)
Net book value	502,510,018	23,217,855	22,373,857	95,463,104	9,710,917	5,424,082	470,689	1,315,902	660,486,424	35,701,351	35,701,351	696,187,775
Year ended 30 June 2016												
Opening net book value	502,510,018	23,217,855	22,373,857	95,463,104	9,710,917	5,424,082	470,689	1,315,902	660,486,424	35,701,351	35,701,351	696,187,775
Revaluation surplus / (reversal of revaluation surplus)	70,114,982	12,873,960	(4,082,497)	-	(2,796,980)	-	-	-	76,109,465	-	-	76,109,465
Impairment loss	-	-	-	(52,870,727)	-	-	-	-	(52,870,727)	(1,735,290)	(1,735,290)	(54,606,017)
Transfers												
Cost / revalued amount	-	-	-	51,332,975	-	-	-	-	51,332,975	(51,332,975)	(51,332,975)	-
Accumulated depreciation	-	-	-	(18,079,587)	-	-	-	-	(18,079,587)	18,079,587	18,079,587	-
	-	-	-	33,253,388	-	-	-	-	33,253,388	(33,253,388)	(33,253,388)	-
Disposals:												
Cost / revalued amount	-	-	-	(45,585,308)	-	-	-	-	(45,585,308)	-	-	(45,585,308)
Accumulated depreciation	-	-	-	18,257,772	-	-	-	-	18,257,772	-	-	18,257,772
	-	-	-	(27,327,536)	-	-	-	-	(27,327,536)	-	-	(27,327,536)
Depreciation charge	-	(2,407,090)	(1,098,384)	(5,066,135)	(941,767)	(538,441)	(46,725)	(259,331)	(10,357,873)	(115,058)	(115,058)	(10,472,931)
Closing net book value	572,625,000	33,684,725	17,192,976	43,452,094	5,972,170	4,885,641	423,964	1,056,571	679,293,141	597,615	597,615	679,890,756
At 30 June 2016												
Cost / revalued amount	572,625,000	97,994,338	44,921,738	238,780,340	26,470,780	18,505,799	2,744,965	11,092,948	1,013,135,908	2,043,610	2,043,610	1,015,179,518
Accumulated depreciation	-	(64,309,613)	(27,728,762)	(195,328,246)	(20,498,610)	(13,620,158)	(2,321,001)	(10,036,377)	(333,842,767)	(1,445,995)	(1,445,995)	(335,288,762)
Net book value	572,625,000	33,684,725	17,192,976	43,452,094	5,972,170	4,885,641	423,964	1,056,571	679,293,141	597,615	597,615	679,890,756
Annual rate of depreciation (%)	-	10	5	5	10	10	10	20		5		

15.1 **Depreciation charge for the year has been allocated as follows:**

	NOTE	2016 Rupees	2015 Rupees
Cost of sales	27	-	11,945,437
Administrative expenses	29	10,472,931	1,558,845
		10,472,931	13,504,282

15.2 The revaluation of property, plant and equipment was carried out by an independent valuer Messrs Danish Enterprises and Construction on 02 June 2016 on the basis of depreciated replacement value method. Had there been no revaluation, the cost, accumulated depreciation and book value of revalued property, plant and equipment would have been as follows:

Description	2016			2015
	Historical cost	Accumulated depreciation	Book value	Book value
Freehold land	104,807	-	104,807	104,808
Buildings on free hold land	43,190,483	35,242,897	7,947,586	8,937,039
Non factory building	12,505,284	6,711,860	5,793,424	6,157,919
Plant and machinery	238,812,976	137,607,278	101,205,698	76,908,362
Factory equipment	7,986,690	6,509,516	1,477,174	3,640,113
Electric installations	14,911,234	11,985,193	2,926,041	1,145,883
Furniture, fixtures and office equipment	2,312,105	1,936,859	375,246	416,602
Vehicles	9,656,160	8,643,209	1,012,951	1,261,576
Plant and machinery - leased	3,778,900	1,445,995	2,332,905	35,701,351
	333,258,639	210,082,807	123,175,832	134,273,653

15.3 Detail of property, plant and equipment, exceeding the book value of Rupees 50,000 disposed off during the year is as follows:

Description	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds / adjustment	Gain / (loss)	Mode of disposal	Particulars of purchaser
	----------Rupees----------						
Owned							
Plant and Machinery:							
21 C auto cone machine 2005	15,153,236	4,967,622	10,185,614	8,000,000	(2,185,614)	Negotiation	Al-Qadir Textile Mills Limited
21 C auto cone machine 2004	15,153,237	4,907,019	10,246,218	8,000,000	(2,246,218)	Negotiation	Al-Qadir Textile Mills Limited
Ring frame EJM128 Model 2002	9,690,109	5,625,447	4,064,662	3,300,000	(764,662)	Negotiation	Mr. Abdul Hafeez
Multi Mixture Model 1990	689,329	391,302	298,027	325,000	26,973	Negotiation	Pakistan Textile Association
Ring Frames FA 502	4,899,397	2,366,382	2,533,015	2,000,000	(533,015)	Negotiation	Bilal Fibers Limited
	45,585,308	18,257,772	27,327,536	21,625,000	(5,702,536)		

16 ADVANCE AGAINST PROPERTY

An amount of Rupees 51.150 million was given by the Company as advance against purchase of aforesaid property. The property could not be transferred in the Company's name due to the want of completion of legal formalities. With reference to this advance, the Director (Enforcement) of Securities and Exchange Commission of Pakistan (SECP) vide his Order dated 29 November 2007 imposed a penalty of Rupees 100,000 on each of the director except one (nominee NIT) of the Company for contravention of Section 196(2j) of the Companies Ordinance, 1984. Further directions were given under section 473 for transferring the property in the name of the Company within thirty days from the Order date. The Chief Executive Officer (C.E.O) of the Company filed a revision application with the Appellate Bench of SECP under section 484 of the Companies Ordinance, 1984 against this Order on 10 January 2008, where the Appellate Bench decided not to interfere with the impugned order.

The C.E.O also filed an appeal under section 485 of the Companies Ordinance, 1984 read with Section 34 of the Securities and Exchange Commission of Pakistan Act, 1997 before the Lahore High Court, Rawalpindi Bench whereby stay order was granted to suspend the operation of above said impugned order. The Lahore High Court, Rawalpindi Bench, in its interim order dated 06 February 2015, granted adjournment with the directions not to transfer / alienate the property / undertaking of the Company meanwhile. However, the court, through its order dated 09 December 2015 transferred the case to Islamabad High Court, Islamabad.

The Board of Directors in the meeting held on 23 April 2014, after getting valuation at forced sale value of Rupees 72.007 million of said property from NAKMS Associates (Private) Limited, resolved that the right in property along with fixtures and fittings to be offered to the C.E.O on the basis of "first right of refusal" at the fixed floor price of Rupees 75.00 million. The Board further decided that an amount of Rupees 48.570 million be adjusted from interest free loan given by C.E.O and his close family members to the Company and the balance amount to be paid in three equal annual installments of Rupees 8.810 million commencing from 01 May 2015. Accordingly, agreement was made between the Company and the C.E.O under the directions given by the Board of Directors of the Company.

However, the C.E.O in the case proceedings before the Islamabad High Court, Islamabad on 03 May 2016 has submitted to transfer the property in the name of the Company within sixty days therefrom. Necessary legal formalities in this regard are in process.

		2016 Rupees	2015 Rupees
17	**DUE FROM RELATED PARTY**		
	Due from C.E.O	16,823,426	15,302,370
	Less : Current portion shown under current assets	(16,823,426)	-
		-	15,302,370

It represents receivable from C.E.O against sale of property as more fully explained in Note 16. It carries no interest and is repayable in three years. In accordance with IAS 39 'Financial Instruments: Recognition and Measurement' this has been stated at present value using the discount rate of 9.94% per annum and the difference between the carrying amount and present value of expected future cash flows has been included in profit and loss account.

The maximum amount due from C.E.O at the end of any month during the year was Rupees 17.620 million (2015: Rupees 17.620 million).

		NOTE	2016 Rupees	2015 Rupees
18	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		495,402	495,402
	Spare parts		5,792,648	5,792,648
	Loose tools		39,287	39,287
			6,327,337	6,327,337
	Less: Provision against slow moving items	18.1	(6,327,337)	(632,734)
			-	5,694,603
18.1	**Provision against slow moving items**			
	As at 01 July		632,734	-
	Add: Provision for the year	30	5,694,603	632,734
	As at 30 June		6,327,337	632,734
19	**STOCK-IN-TRADE**			
	Raw material		195,525	401,553
	Less: Provision for obsolescence of raw material	19.1	(195,525)	-
			-	401,553
19.1	**Provision for obsolescence of raw material**			
	As at 01 July		-	-
	Add: Provision for the year	30	195,525	-
	As at 30 June		195,525	-
20	**TRADE DEBTS - Unsecured**			
	Considered doubtful		436,040	436,040
	Provisions for doubtful debts	20.1	(436,040)	(436,040)
			-	-
20.1	**Provision for doubtful debts**			
	As at 01 July		436,040	-
	Add: Provision for the year	30	-	443,638
	Written off during the year		-	(7,598)
	As at 30 June		436,040	436,040
21	**ADVANCES**			
	Considered good:			
	Employees - interest free		192,583	67,783
	Advances to suppliers		113,402	191,402
			305,985	259,185

22 SHORT TERM DEPOSITS

It represents amount recoverable from Messrs Fauji Foundation. The amount is considered good as the Court decided the case in favor of the Company on 10 June 1999. Fauji Foundation however, filed appeal before Honorable Lahore High Court, Rawalpindi Bench, against the aforesaid order, and provided bank guarantee of Rupees 2 million to the Court. Honorable Lahore High Court remanded the case to the Civil Court who decided against the Company. The Company has filed petition in Lahore High Court, Rawalpindi Bench, where the case is still pending.

		2016 Rupees	2015 Rupees
23	**OTHER RECEIVABLES**		
	Considered good:		
	Advance income tax	1,699,258	3,239,839
	Sales tax refundable	3,853,267	3,700,740
	Export rebate and claims	134,667	134,667
	Others	34,500	35,000
		5,721,692	7,110,246

24 SHORT TERM INVESTMENT

Held to maturity

This represents fixed deposit certificate of Habib Metropolitan Bank Limited for a period of one year. Return on this certificate will be paid on maturity at the effective rate of 5.25% (2015: 8.50%) per annum. It is under lien with the bank against guarantee given on behalf of the Company.

		NOTE	2016 Rupees	2015 Rupees
25	**CASH AND BANK BALANCES**			
	Cash at bank:			
	On saving accounts	25.1	6,952	6,076
	On current accounts		62,555	19,731
			69,507	25,807
	Cash in hand		61,485	280,174
			130,992	305,981

25.1 The balances in saving accounts carry interest at the rate of 3.75% (2015: 6.75%) per annum.

		NOTE	2016 Rupees	2015 Rupees
26	**SALES**			
	Local sales		203,842	3,629,499
	Less : Sales tax		5,762	55,040
			198,080	3,574,459
27	**COST OF SALES**			
	Raw materials consumed	27.1	-	-
	Stores, spare parts and loose tools consumed		-	50,037
	Salaries, wages and other benefits		-	3,311,431
	Fuel and power		-	2,273,476
	Insurance		-	41,374
	Repair and maintenance		-	2,106,024
	Other factory overheads		-	152,849
	Depreciation	15.1	-	11,945,437
			-	19,880,628
	Work-in-process			
	Opening stock		-	128,995
	Closing stock		-	-
			-	128,995
	Cost of goods manufactured		-	20,009,623
	Finished goods			
	Opening stock		-	1,907,524
	Closing stock		-	-
			-	1,907,524
	Cost of sales - own manufactured goods		-	21,917,147
	Cost of raw material sold		206,028	1,437,124
	Cost of sales		206,028	23,354,271
27.1	**Raw materials consumed**			
	Opening stock		401,553	1,838,677
	Add : Purchases during the year		-	-
			401,553	1,838,677
	Cost of raw material sold		(206,028)	(1,437,124)
	Less: Provision for obsolescence of raw material		(195,525)	-
	Less: Closing stock		-	(401,553)
			-	-

		NOTE	2016 Rupees	2015 Rupees
28	**DISTRIBUTION COST**			
	Salaries, and other benefits		-	851,430
	Outward freight and handling		-	18,095
	Commission to selling agents		75,000	200,000
			75,000	1,069,525
29	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits		10,041,036	4,972,131
	Rent, rates and taxes		1,980,300	2,508,264
	Printing and stationery		202,475	219,312
	Fuel and power		2,051,946	-
	Postage and telephone		365,749	349,290
	Traveling and conveyance		940,260	487,426
	Vehicles' running		1,247,960	1,092,015
	Repair and maintenance		4,541,919	-
	Other factory overheads		140,987	-
	Entertainment		309,039	278,957
	Advertisement		90,358	79,380
	Legal and professional		436,277	629,300
	Fees and subscription		207,993	228,340
	Depreciation	15.1	10,472,931	1,558,845
			33,029,230	12,403,260
30	**OTHER EXPENSES**			
	Auditors' remuneration	30.1	595,000	595,000
	Impairment of property, plant and equipment	15	54,606,017	-
	Donations	30.2	41,000	35,360
	Provision for doubtful debts	20.1	-	443,638
	Provision for obsolescence of raw material	19.1	195,525	-
	Provision for slow moving stores, spare parts and loose tools	18.1	5,694,603	632,734
	Loss on sale of property, plant and equipment - net	15.3	5,702,536	-
	Long outstanding receivables written off		-	96,373
			66,834,681	1,803,105
30.1	**Auditors' remuneration**			
	Audit fee		455,000	455,000
	Half yearly review		55,000	55,000
	Tax advisory services		60,000	60,000
	Other certification		25,000	25,000
			595,000	595,000

30.2 None of the directors and their spouses have any interest in the donee's fund.

		NOTE	2016 Rupees	2015 Rupees
31	**OTHER INCOME**			
	Income from financial assets			
	Profit on deposits with banks		402	2,203
	Return on investment		396,775	574,247
	Gain on settlement of borrowings		-	40,000,967
	Effect of fair value adjustment on long term financing		1,705,441	-
	Effect of fair value adjustment on due from related party		1,521,056	1,383,532
	Long outstanding liabilities written back		429,399	300,000
			4,053,073	42,260,949
	Income from non-financial assets			
	Gain on sale of property, plant and equipment		-	72,716,029
	Rental income		10,899,600	6,574,333
			10,899,600	79,290,362
			14,952,673	121,551,311
32	**FINANCE COST**			
	Mark-up on:			
	Long term financing		369,240	40,647,259
	Deferred mark-up		81,497	245,002
	Short term borrowings		1,464,862	2,880,572
			1,915,599	43,772,833
	Bank charges and commissions		32,186	26,003
			1,947,785	43,798,836

		NOTE	2016 Rupees	2015 Rupees
33	**TAXATION**			
	Current year			
	Current	33.1	(2,790,298)	(1,793,269)
	Deferred		30,903,258	12,574,379
			28,112,960	10,781,110

33.1 Provision for current tax represents tax on rental income (2015: rental income) only because of gross loss for the year and in view of available tax losses of Rupees 206.076 million (2015: Rupees 244.263 million). Consequently, tax expense reconciliation is not being presented.

34 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic (loss) / earnings per share which is based on:

		2016	2015
(Loss) / profit attributable to ordinary shares	(Rupees)	(58,829,011)	53,477,883
Weighted average number of ordinary shares	(Numbers)	3,052,429	3,052,429
(Loss) / earnings per share	(Rupees)	(19.27)	17.52

35 CASH USED IN OPERATIONS

	NOTE	2016	2015
(Loss) / profit before taxation		(86,941,971)	42,696,773
Adjustments for non-cash charges and other items:			
Depreciation		10,472,931	13,504,282
Impairment of property, plant and equipment		54,606,017	-
Provision for gratuity		648,673	696,641
Provision for doubtful debts		-	443,638
Provision for obsolescence of raw material		195,525	-
Provision for slow moving stores, spare parts and loose tools		5,694,603	632,734
Loss / (gain) on sale of property, plant and equipment		5,702,536	(72,716,029)
Effect of fair value adjustment on due from related party		(1,521,056)	(1,383,532)
Long outstanding receivables written off		-	96,373
Finance cost		1,947,785	43,798,836
Gain on settlement of borrowings		-	(40,000,967)
Effect of fair value adjustment on long term financing		(1,705,441)	-
Long outstanding liabilities written back		(429,399)	(300,000)
Working capital changes	35.1	(5,461,023)	(2,987,609)
		(16,790,820)	(15,518,860)

35.1 **Working capital changes**

	2016	2015
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	-	1,013,130
Stock in trade	206,028	3,473,643
Trade debts	-	123,482
Short term investment	-	1,773,763
Advances	(46,800)	(10,671)
Other receivables	(152,027)	1,451,964
	7,201	7,825,311
Decrease in trade and other payables	(5,468,224)	(10,812,920)
	(5,461,023)	(2,987,609)

36 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND DIRECTORS

The aggregate amount charged in the financial statements for the year for remuneration including certain benefits to the chief executive officer and directors of the Company are as follows:

	Chief Executive Officer		Directors	
	2016	2015	2016	2015
	----------Rupees----------			
Managerial remuneration	2,400,000	2,400,000	748,800	724,140
Allowances				
Utilities	-	24,235	83,200	76,740
Other allowances	-	91,008	-	-
	2,400,000	2,515,243	832,000	800,880
Number of persons	1	1	2	2

36.1 The Company also provides to Chief Executive Officer free use of the Company's maintained car, residential telephone, medical facility and residence to two directors.

36.2 The aggregate amount charged in the financial statements in respect of directors' meeting fee paid to 1 (2015:1) director was Rupees 20,000 (2015: Rupees 20,000).

36.3 No remuneration was paid to non-executive directors of the Company.

37 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2016 Rupees	2015 Rupees
Mr. Habib Ullah - C.E.O		
Loan obtained during the year	13,402,058	7,243,100
Adjustment / payment against outstanding balance	16,758,068	7,908,855

38 PLANT CAPACITY AND ACTUAL PRODUCTION

	(Numbers)	
Spindles installed	11,400	16,200
	(Kilograms)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1095 shifts (2015: 1095 shifts)	5,588,830	7,942,022
Actual production converted into 20s count based on 3 shifts per day for 1095 shifts (2015: 1095 shifts)	-	-

The mill remained closed during the year due to non supply of captive power and shortage of working capital.

39 NUMBER OF EMPLOYEES

	2016	2015
Number of employees as on 30 June	29	29
Average number of employees during the year	34	29

40 FINANCIAL RISK MANAGEMENT

40.1 **Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk as it has no receivables and payables denominated in foreign currency.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risks.

(iii) Interest rate risk

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

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Companys interest bearing financial instruments was:

	2016 Rupees	2015 Rupees
Fixed rate instruments		
Financial assets		
Fixed deposit certificate	1,142,000	1,142,000
Financial liabilities		
Short term borrowings	1,700,000	8,665,603
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	6,952	6,076
Financial liabilities		
Short term borrowings	-	10,728,403

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 or loss. Therefore, a 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 70 (2015: Rupees 107,223) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2016 Rupees	2015 Rupees
Investment	1,142,000	1,142,000
Due from related party	16,823,426	15,302,370
Deposits	26,403,761	26,423,761
Advances	192,583	67,783
Other receivables	34,500	35,000
Bank balances	69,507	25,807
	44,665,777	42,996,721

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2016	2015
	Short term	Long term	Agency	Rupees	Rupees
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	2,222	2,022
Askari Bank Limited	A1+	AA+	PACRA	1,672	2,027
Bank Alfalah Limited	A1+	AA	PACRA	3,111	1,256
Habib Bank Limited	A-1+	AAA	JCR-VIS	648	753
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	8,268	3,266
MCB Bank Limited	A1+	AAA	PACRA	9,568	6,332
Faysal Bank Limited	A1+	AA	PACRA	810	917
Silk Bank Limited	A-2	A-	JCR-VIS	3,497	3,110
The Bank of Khyber	A-1	A	JCR-VIS	332	-
Meezan Bank Limited	A-1+	AA	JCR-VIS	39,379	6,124
				69,507	25,807
Investment					
Habib Metropolitan Bank Limited - Fixed deposit certificate	A-1+	AAA	JCR-VIS	1,142,000	1,142,000
				1,211,507	1,167,807

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through sponsors' support. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2016.

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 years
	------------------------------------ Rupees ----------------------------------					
Non-derivative financial liabilities:						
Long term financing	10,663,798	10,663,798	1,500,000	1,650,000	3,450,000	4,063,798
Liabilities against assets subject to finance lease	658,531	658,531	658,531	-	-	-
Trade and other payables	73,919,391	73,919,391	73,919,391	-	-	-
Short term borrowings	10,760,361	10,760,361	10,760,361	-	-	-
Accrued mark-up	21,275,680	21,275,680	21,275,680	-	-	-
	117,277,761	117,277,761	108,113,963	1,650,000	3,450,000	4,063,798

Contractual maturities of financial liabilities as at 30 June 2015.

	Carrying amount	Contractual cash flows	6 months or less	6-12 month	1-2 Year	More than 2 years
	------------------------------------ Rupees ----------------------------------					
Non-derivative financial liabilities:						
Long term financing	-	-	-	-	-	-
Liabilities against assets subject to finance lease	658,531	658,531	658,531	-	-	-
Deferred mark-up	1,453,503	1,535,000	910,000	625,000	-	-
Trade and other payables	80,901,594	80,901,594	80,901,594	-	-	-
Short term borrowings	24,410,377	24,410,377	24,410,377	-	-	-
Accrued mark-up	19,889,996	19,889,996	19,889,996	-	-	-
	127,314,001	127,395,498	126,770,498	625,000	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in Note 5, 6 and 12 to these financial statements.

40.2 Fair values of financial assets and liabilities

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

40.3 Financial instruments by categories

	Loans and receivables	Held to maturity	Total
	-------------- Rupees ----------		
As at 30 June 2016			
Assets as per balance sheet			
Investment	-	1,142,000	1,142,000
Due from related party	16,823,426	-	16,823,426
Deposits	26,403,761	-	26,403,761
Advances	192,583	-	192,583
Other receivables	34,500	-	34,500
Cash and bank balances	130,992	-	130,992
	43,585,262	1,142,000	44,727,262

	Financial liabilities at amortized cost
	--------------- Rupees ---------------
Liabilities as per balance sheet	
Long term financing	10,663,798
Liabilities against assets subject to finance lease	658,531
Accrued mark-up	21,275,680
Short term borrowings	10,760,361
Trade and other payables	73,919,391
	117,277,761

	Loans and receivables	Held to maturity	Total
	-------------- Rupees --------------		
As at 30 June 2015			
Assets as per balance sheet			
Investment	-	1,142,000	1,142,000
Due from related party	15,302,370	-	15,302,370
Deposits	26,423,761	-	26,423,761
Advances	67,783	-	67,783
Other receivables	35,000	-	35,000
Cash and bank balances	305,981	-	305,981
	42,134,895	1,142,000	43,276,895

	Financial liabilities at amortized cost
	-------------- Rupees --------------
Liabilities as per balance sheet	
Liabilities against assets subject to finance lease	658,531
Deferred mark-up	1,453,503
Accrued mark-up	19,889,996
Short term borrowings	24,410,377
Trade and other payables	80,901,594
	127,314,001

40.4 **Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

41 RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

The judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

At 30 June 2016	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	572,625,000	-	572,625,000
Buildings on freehold land	-	33,684,725	-	33,684,725
Non factory building	-	17,192,976	-	17,192,976
Plant and machinery	-	43,452,094	-	43,452,094
Electric Installations	-	5,972,170	-	5,972,170
Factory equipment	-	4,885,641	-	4,885,641
Furniture, fixtures and office equipment	-	423,964	-	423,964
Vehicles	-	1,056,571	-	1,056,571
Plant and machinery - leased	-	597,615	-	597,615
	-	679,890,756	-	679,890,756

At 30 June 2015	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	502,510,018	-	502,510,018
Buildings on freehold land	-	23,217,855	-	23,217,855
Non factory building	-	22,373,857	-	22,373,857
Plant and machinery	-	95,463,104	-	95,463,104
Electric Installations	-	9,710,917	-	9,710,917
Factory equipment	-	5,424,082	-	5,424,082
Furniture, fixtures and office equipment	-	470,689	-	470,689
Vehicles	-	1,315,902	-	1,315,902
Plant and machinery - leased	-	35,701,351	-	35,701,351
	-	696,187,775	-	696,187,775

The Companys policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for its property, plant and equipment at least every four years. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value of land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of plant and machinery and electric installations is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the replacement value / new purchase of the same plant and machinery and electric installation.

Valuation processes

The Company engages external, independent and qualified valuers to determine the fair value of the Companys property, plant and equipment at the end of every four years. As at 02 June 2016, the fair values of the property, plant and equipment have been determined by Danish Enterprises and Construction.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

42 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

42.1

Description	Note	2016		2015	
		Carried under		Carried under	
		Non-Shariah arrangements	Shariah arrangements	Non-Shariah arrangements	Shariah arrangements
Assets					
Loans and advances					
Advances to employees	21	-	192,583	-	67,783
Deposits					
Security deposits		24,403,761	-	24,423,761	-
Bank balances	25	6,952	62,555	6,076	19,731
Liabilities					
Loans and advances					
Long term financing	5	10,663,798	-	-	-
Short term borrowings	12	1,700,000	9,060,361	19,394,006	5,016,371
Liabilities against assets subject to finance lease	6	658,531	-	658,531	-
Income					
Profit on deposits with banks	31	402	-	2,203	-
Return on held to maturity investment	31	396,775	-	574,247	-

42.2 Sources of other income 31

	2016	2015
	...................Rupees....................	
Profit on deposits with banks	402	2,203
Return on held to maturity investment	396,775	574,247
Gain on settlement of borrowings	-	40,000,967
Effect of fair value adjustment on long term financing	1,705,441	-
Effect of fair value adjustment on due from related party	1,521,056	1,383,532
Long outstanding liabilities written back	429,399	300,000
Gain on sale of property, plant and equipment	-	72,716,029
Rental income	10,899,600	6,574,333
	14,952,673	121,551,311

42.3 Relationship with banks

Name	Relationship with: Non Islamic window operations	Relationship with: Islamic window operations
National Bank of Pakistan	✓	
Askari Bank Limited	✓	
Bank Alfalah Limited	✓	✓
Habib Bank Limited	✓	
Habib Metropolitan Bank Limited	✓	
MCB Bank Limited	✓	
Faysal Bank Limited	✓	
Silk Bank Limited	✓	
The Bank of Khyber	✓	
Meezan Bank Limited		✓

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 09,2016 by the Board of Directors of the Company.

44 CORRESPONDING FIGURES

No significant reclassifications of corresponding figures have been made.

45 GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE

DIRECTOR

FORM 34

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

1. Incorporation Number **0000947**

2. Name of the Company **D.M. TEXTILE MILLS LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **30/06/2016**

4. No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
164	1	100	8,046
78	101	500	23,337
30	501	1,000	24,950
30	1,001	5,000	63,929
10	5,001	10,000	72,739
2	10,001	15,000	23,058
3	15,001	20,000	52,789
3	20,001	25,000	66,660
2	25,001	30,000	50,306
3	30,001	35,000	95,475
1	35,001	40,000	40,000
3	40,001	45,000	128,913
2	65,001	70,000	135,026
1	80,001	85,000	81,030
1	85,001	90,000	85,950
1	95,001	100,000	100,000
1	130,001	135,000	130,124
2	135,001	140,000	275,652
1	150,001	155,000	150,016
1	175,001	180,000	177,648
1	260,001	265,000	263,508
1	300,001	305,000	301,267
1	325,001	330,000	329,114
1	370,001	375,000	372,892
343			**3,052,429**

5. Categories of shareholders		Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor childern		1,025,317	33.5902%
5.2 Associated Companies, undertakings and related parties.		0	0.0000%
5.3 NIT and ICP		262	0.0086%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.		1,474	0.0483%
5.5 Insurance Companies		0	0.0000%
5.6 Modarabas and Mutual Funds		329,114	10.7820%
5.7 Share holders holding 10% or more		965,514	31.6310%
5.8 General Public	(Local)	1,656,977	54.2839%
	(Foreign)	0	0.0000%
5.9 Others (to be specified)			
Joint Stock Companies		7,430	0.2434%
Pension Funds		30,775	1.0082%
Others		1,080	0.0354%

6. Signature of Company Secretary

7. Name of Signatory: Rao Khalid Pervaiz

8. Designation: Acting Company Secretary

9. NIC Number: 34602-0730082-9

10 Date: 30 | 06 | 2016

Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2016

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)			
1	CDC -TRUSTEE NATIOANAL INVESTMENT (UNIT) TRUST (CDC)	329,114	10.7820
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. HABIB ULLAH	636,400	20.8490
2	MR. HUSSAIN AHMAD QURESHI	20,189	0.6614
3	SYED UBED UL HAQ	66,826	2.1893
4	RAO KHALID PERVAIZ	177,648	5.8199
5	MR. SHAHID HUSSAIN	23,600	0.7732
6	MR. HUSSAIN AHMED OZGEN	654	0.0214
7	MR. SHAHID AZIZ (NIT NOMINEE)	-	-
8	MRS. RIFFAT HABIB W/O HABIB ULLAH	100,000	3.2761
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		32,249	1.0565
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MR. HABIB ULLAH	636,400	20.8490
2	CDC -TRUSTEE NATIOANAL INVESTMENT (UNIT) TRUST (CDC)	329,114	10.7820
3	MR. SAMI ULLAH	301,267	9.8697
4	RAO KHALID PERVAIZ	177,648	5.8199

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
	NIL		

KEY OPERATING AND FINANCIAL DATA

(Rupees in 000)

Period ended	30 June					
Particulars	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Assets employed						
Fixed Assets	679,890	696,188	774,198	787,975	821,976	863,162
Advance against property	-	-	-	51,150	51,150	51,150
Due from related party	-	15,302	13,918	-	-	-
Long term deposits/investments	24,404	24,424	24,440	24,282	24,828	34,772
Current assets	26,124	16,913	24,887	38,890	35,540	73,107
Total assets employed	**730,418**	**752,827**	**837,443**	**902,297**	**933,495**	**1,022,191**
Financed by:						
Shareholder's equity	(61,485)	25,424	(69,536)	(210,833)	(180,016)	(113,458)
Surplus on revaluation of fixed assets	602,662	530,254	571,747	573,920	576,267	561,788
	541,177	555,678	502,211	363,087	396,251	448,330
Long Term Financing	8,137	-	60,708	-	-	-
Long term liabilities	9,839	9,951	8,970	8,158	8,115	61,111
Deferred liabilities	22,477	51,845	66,533	70,813	66,818	85,968
Current liabilities	118,264	135,353	199,023	460,239	462,312	426,782
Total funds invested	**158,717**	**197,149**	**335,234**	**539,210**	**537,244**	**573,861**
Profit & (Loss)						
Turn over	198	3,574	428,822	44,346	27,242	831,952
Gross profit/Loss)	(8)	(19,779)	21,878	(22,200)	(26,096)	(14,193)
Operating profit/(loss)	(84,994)	86,496	157,204	(2,791)	(28,002)	(43,878)
Finance charges	(1,948)	(43,798)	(15,331)	(24,851)	(30,207)	(36,217)
Profit/(loss) before taxation	(86,941)	42,697	141,573	(27,642)	(58,209)	(80,095)
Profit/(loss) after taxation	(58,829)	53,478	139,419	(33,792)	(70,854)	(63,550)
Extra ordinary items	-	-	-	-	-	-
Net profit/(loss)	**(58,829)**	**53,478**	**139,419**	**(33,792)**	**(70,854)**	**(63,550)**
Actual production (M Kgs)	-	-	1.438	0.158	-	3.054
Converted into 20's (M Kgs)	-	-	3.559	0.409	-	7.270
Earning/(loss) per share	(19.27)	17.52	45.67	(11.07)	(23.21)	(20.82)
Spindles installed Nos.	11,400	16,200	21,960	21,960	24,840	24,840
Spindles worked Nos.	-	-	16,115	16,822	-	20,160
Shifts per day	-	-	3	3	-	3

PROXY FORM

I/We____

of____

in the district ____________________ being a member of **D.M Textile Mills Limited**

and holder of ______________________________ ordinary shares as
(Number of Shares)

per share Register Folio No. ______________________________Here

appoint______________________________of__________

another member of the company of failing him__________________________

of____

another member of the Company as my / our proxy to vote of me / us on my / our behalf at the Annual General Meeting of the Company to be held on Monday, October 31, 2016 at 4:30p.m or at any adjournment thereof.

Signed this ____________________day of ____________________2016

1. Witness:
   Signature ____________
   Name ____________
   Address ____________

Affix Revenue Stamps of Rs. 5/-

2. Witness:
   Signature ____________
   Name ____________
   Address ____________

____
Signature of Member

Shareholder's Folio No.__________

CDC A/c No.______________

NIC No. | | | | | | | | | | | | | |

Note:

1. Proxies, in order to be effective, must be received at the company's Registered Office, Westridge, Rawalpindi. not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2. CDC Shareholders are requested to br ing with them their National Identity Cards along with the Participants' ID numbers and their account numbers at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders.