Mission Statement

The Mission of Sally Textile Mills Limited is to be the finest organization, and to conduct business responsibly and in a straight forward way.

Our basic aim is to benefit the customers, employees and shareholders and to fulfill our commitments to the society.

Our hallmark is honesty, innovation, teamwork of our people and our ability to respond effectively to change in all aspects of life including technology, culture and environment.

We will create a work environment, which motivates, recognizes and rewards achievements at all levels of the organization because

In Allah We Believe & In People We Trust

We will always conduct ourselves with integrity and strive to be the best

CONTENTS

Company Information

Board Of Directors

Mian Iqbal Salahuddin	Chief Executive Officer
Mst. Munira Salahuddin	
Mian Yousaf Salahuddin	
Mian Asad Salahuddin	
Mian Sohail Salahuddin	
Sheikh Abdul Salam	
Syed Abid Raza Zaidi	

Audit Committee

Sheikh Abdul Salam	Chairman
Mian Asad Salahuddin	Member
Mian Sohail Salahuddin	Member
Syed Abid Raza Zaidi	Secretary

Human Resources & Remuneration Committee

Sheikh Abdul Salam	Chariman
Mst. Munira Salahuddin	Member
Mian Sohail Salahuddin	Member

Chief Financial Officer

Mr. Hasan Shahnawaz

Company Secretary

Syed Abid Raza Zaidi

Auditors

M/s Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Bankers

National Bank Of Pakistan
Silk Bank Limited
The Bank of Punjab
Meezan Bank Limited
Habib Bank Limited

Registered Office

4-F, Gulberg II, Lahore.
Phones : (042) 35754371, 35754373
E-mail : sallytex@hotmail.com
Fax : (042) 35754394

Mills

Muzaffargarh Road, Jauharabad
Phones: (0454) 720645, 720546, 720311

Vision and Mission Statement

Vision

To achieve consistent superior performance in all respects, provide quality products to our valued customer and run the company purely on professional grounds

Mission

- Continuous improvement in total quality performance by achieving high standards in our products and providing these to our customers without error, on time and every time.
- We are dedicated to supply the product of highest quality and standards, yet at a reasonable cost for our national and international customer's satisfaction.
- All of our commitments, actions and products must be recognized as an expression of quality.
- We are committed to improve our skills and know-how, competency, practical experience and training of employees by implementing quality system.
- We continuously improve the performance of quality standards through practical participation of our employees at all levels.
- Our mission is to meet National and International Standards, Customers' Satisfaction and Continuous Improvements in our standards through use of latest methods and employees satisfaction.

Statement of Ethics and Business Practices

We believe that a complete code of ethics is essential for the maintenance of integrity and professionalism in the day-to-day functioning of Sally Textile Mills Limited. We always place the Company's interest first through resource management namely human, financial and other infra structural facilities and to ensure reasonable return to all the shareholders. Conduct business as a responsible and law abiding corporate member of society to achieve its legitimate commercial objective and supports unconditionally the Compliance with best Practices of Corporate Governance for the betterment of corporate culture. We develop and observe cost effective practices in our activities and strive for excellence and quality. We encourage initiative and self-realization in employees through meaningful empowerment.

Notice of Annual General Meeting

Notice is hereby given that 47th Annual General Meeting of the company will be held on Saturday 31st October, 2015 at 10:00 a.m. at Four Seasons Hall, 34-Shahrah-e-Fatima Jinnah, Queens Road, Mozang, Lahore to transact the following business.

1. To confirm the minutes of 46th Annual General Meeting held on 31-10-2014.
2. To receive and adopt the audited accounts of the company along with the Directors and auditor's report for the year ended June 30, 2015.
3. To appoint the auditors and fix their remuneration for the next financial year 2015-2016.
4. Any other matter with the permission of the chair.

By the order of the Board

Date : October 09, 2015
Place : LAHORE

(SYED ABID RAZA ZAIDI)
Company Secretary

NOTES:

I. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote on his/her behalf. Proxies in order to be executive must be received to Shares Registrar M/S Scarlet IT Systems (Pvt) Ltd 24, Ferozpur Road, Near Mozang Chungi, Lahore not later than 48 hours before commencement of the meeting.

II. The Proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.

III. Attested copies of NIC / Passport of the beneficial owners and the proxy shall be furnished with the proxy form.

IV. The proxy shall produce his original NIC/Passport at the time of the meeting.

V. The shares transfer books of the company will remain closed for fifteen days from 30-10-2015 to 13-11-2015. (Both days inclusive).

VI. Share holders whose shares are deposited with Central Depositary System (CDS) are requested to bring their National Identity Card (NIC) along with their Account Number in CDS for verification. In case of corporate entity, the Board of Directors Resolution / Power of Attorney with specimen signatures of the nominee shall be produced (unless provided earlier) at the time of meeting.

VII. Shareholders are advised to notify change in their addresses, if any and send their e-mail addresses for easily correspondence.

Key Operating and Financial Data

	2015	2014	2013	2012	2011	2010	2009
	Rupees in million						
OPERATING PERFORMANCE							
Sales	3,280	3,796	3,647	2,887	2,843	1,746	1,181
Gross (loss)/profit	(19)	182	398	241	304	257	70
(Loss) / Profit before tax	(210)	7	210	98	248	146	4
Tax	(10)	29	56	62	29	11	-
(Loss) / Profit after tax	(200)	(22)	154	36	219	135	4
FINANCIAL POSITION							
Assets							
Non-current assets	1,212	1,141	1,050	995	862	759	550
Current assets	1,260	828	757	670	606	447	367
Total assets	2,472	1,969	1,807	1,665	1,468	1,206	917
Equity & liabilities							
Share capital & reserves	150	336	353	211	166	(52)	(190)
Surplus on revaluation	232	248	262	277	196	203	87
Total equity	382	584	615	488	362	151	(103)
Non-current liabilities	510	416	391	352	260	352	244
Current liabilities	1,580	969	801	825	846	703	776
Total liabilities	2,090	1,385	1,192	1,177	1,106	1,055	1,020
Total	2,472	1,969	1,807	1,665	1,468	1,206	917

Directors' Report

The Director's of Sally Textile Mills Limited ("the Company") present the 47th annual report of the Company together with audited accounts and auditor's report thereon for the year ended June 30, 2015.

Overview

Textile spinning industry in Pakistan continues to struggle through a global economic downturn. Weak export market has caused many units to sell their product locally which has added immense downward pressure on yarn prices within Pakistan. Inadequate power supply (electricity and natural gas) led to reduced capacity utilization which augmented to additional losses. Moreover, import of Indian yarn has further added to this pressure and is causing serious issues for spinner is the country. During the period under review, many spinning units have shut down their operations as production viability remains very low.

Performance review

In addition to the numerous adversities being faced by the industry, there has been a serious mismatch in cost of raw material prices as compared to yarn prices. Yarn prices of natural fiber, man-made fiber and blended fiber remained depressed the entire year.

Your company posted an after tax loss of Rs. (200.41) million. The Company turnover was Rs. 3,279 million as compared to Rs. 3,796 million in 2014. Due to reasons mentioned able the company posted a gross loss of Rs. (18.95) million. Your directors remain determined and continue to adapt with the macroeconomic changes in order to overcome these difficult times.

The financial results in a summarized form are given hereunder:

Description	June 30, 2015 Rs. in million	June 30, 2014 Rs. in million
Turnover - net	3,279.67	3,796.15
Gross (Loss)/Profit	(18.95)	181.67
(Loss)/Profit before tax	(210.43)	6.84
(Loss)/Profit after tax	(200.41)	(22.21)

Earnings per Share

Loss per share of your company for the year ended June 30, 2015 is Rs. (22.84) as compared to Rs. (2.53) for the comparative year 30-June-2014.

Balance Sheet

Balance sheet footing increased to Rs.2,472 million (2014: Rs.1,969 million). Liquidity position of the Company was tightened due to delays in recovery from sale of yarn and increase in tariff rates of utilities. The company took a long term loan of Rs. 100 million in order to facilitate Balancing, Modernization and Replacement (BMR).

Cash Flow Management

Board of directors places great importance for an effective cash flow management so as to ensure smooth running of the business.For this purpose cash inflows and outflows are projected on regular basis and verified periodically. Working capital requirements have been planned to be financed through internal cash generation and short term financing from external sources.

Business, Risk, Challenges and Future Outlook

The industry is facing an unprecedented crises and it seems that these conditions will continue to hit the industry until the government takes radical steps to revive it. International economic conditions also seem to continue on their recessionary path. The industry in Pakistan may struggle further till international demand improves.

Corporate Social Responsibility (CSR)

Your company gives high priority to its social responsibilities and is committed to the highest standards of corporate behavior. The company's CS responsibilities are fulfilled through monetary contributions in the areas of healthcare, education, environment protection, water and sanitation, child welfare, infrastructure development and other social welfare activities. Our CSR includes contributions to hospitals and education programs engaged in assisting the under privileged patients students and children's of various walks of life.

Health Safety and Environment

Your company is well aware of the importance of skilled workers and staff therefore the company is strongly committed towards all aspects of safety, health and environment connected with our business.

Financial Statements

The Financial statements for the year ended June 30, 2015 were approved by the Board of Directors on October 08, 2015 and authorized for their issuance. Operating and financial data of last seven years is annexed.

Code of corporate governance

The requirements of the Code of Corporate Governance set out by the Karachi and Lahore Stock Exchanges in their listing regulations, relevant for the year ended June 30, 2015 have been adopted by the company and have been duly complied with.Statement to this effect is annexed to the report.

Pattern of Shareholding

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately.

No trade in the shares of company was carried out by CEO, CFO and Company Secretary and their spouses and minor children except those that have been duly reported as per law.

Board Meeting and Attendance

During the year four meetings of the Board of Directors of the company were held attendance by each director is narrated below:-

Sr. No.	Name	Attendance
1	Mian Iqbal Salahuddin	4
2	Mian Yousaf Salahuddin	4
3	Mian Asad Salahuddin	4
4	Mst. Munira Salahuddin	4
5	Mian Sohail Salahuddin	4
6	Sh. Abdul Salam	4
7	Syed Abid Raza Zaidi	4

Audit Committee Meeting and Attendance

During the year four meetings of the audit committee of the company were held; attendance by each member is as under.

Sr. No.	Name	Attendance
1	Sh. Abdul Salam	4
2	Mian Asad Salah-ud-din	4
3	Mian Sohail Salah-ud-din	4

HR and Remuneration Committee

During the year, one meeting of HR and Remuneration Committee of the company was held; attendance by each member is as under.

Sr. No.	Name	Attendance
1	Mian Iqbal Salah-ud-din	1
2	Mst. Munera Salah-ud-din	1
3	Mian Sohail Salah-ud-din	1

Auditors

The present auditors M/S. Rehman Sarfraz Rahim Iqbal Rafique Chartered Accountants retire and being eligible offer themselves for re-appointment as auditors of the company for the year 2015-16. The audit committee has recommended the appointment of aforesaid auditors M/S. Rehman Sarfraz Rahim Iqbal Rafique Chartered Accountants, as external auditor for the year ended June 30, 2016. The External auditors, M/S. Rehman Sarfraz Rahim Iqbal Rafique Chartered Accountants have been given satisfactory rating under the quality review program of the Institute of Chartered Accountants of Pakistan and the firm and its entire partner are in compliance with the International Federation of Accountants' guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

Acknowledgement

Yours directors record with appreciation, the efforts of the company's managers, technicians, staff and workers who have vigorously to meet the target. Your directors also extend their appreciation to the company's banker, buyers and suppliers for their cooperation.

For and on behalf of the Board

MIAN IQBAL SALAHUDDIN
Chief Executive Officer

Lahore : October 08, 2015

Statement of Compliance with the Code of Corporate Governance for the year ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange 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 Code of Corporate Governance in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes

Category	Names
Independent Director	Sheikh Abdul Salam
Executive Directors	Mian Iqbal Salahuddin
	Mian Yousaf Salahuddin
	Syed Abid Raza Zaidi
Non-Executive Directors	Mst. Munira Salahuddin
	Mian Asad Salahuddin
	Mian Sohail Salahuddin

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

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

4. 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.

5. 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.

6. 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.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. One of the Director has obtained certification under Directors Training Program during the year.
9. The Board has not yet put in place a mechanism for annual evaluation of its own performance.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
15. The board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a executive director.
18. The board has set up an effective internal audit function
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

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

23. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.

For and on behalf of the Board

MIAN IQBAL SALAHUDDIN
Chief Executive Officer

Lahore : October 08, 2015

Review Report 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 Sally Textile Mills Limited for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No 35 of the Karachi Stock Exchange Limited and Lahore 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.

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

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

Reference	Description
Paragraph9	The Board has not yet put in place a mechanism for annual evaluation of its own performance.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: *ZUBAIR IRFAN MALIK*

Date: *October 08, 2015*
Place: *Lahore*

Auditor's Report to the Members

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

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

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

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

b) in our opinion-

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

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of profit or loss and other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the loss, other comprehensive income, 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).

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: *ZUBAIR IRFAN MALIK*

Date: *October 08, 2015*
Place: *Lahore*

Balance Sheet
as at June 30, 2015

	Note	2015	2014
		Rupees	*Rupees*
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
20,000,000 (2014: 20,000,000) ordinary shares of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid-up capital	6	87,750,000	87,750,000
Accumulated profit		62,504,323	248,277,750
TOTAL EQUITY		150,254,323	336,027,750
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	7	231,919,804	248,450,696
LOAN FROM SPONSORS - UNSECURED	8	184,955,753	163,677,658
NON-CURRENT LIABILITIES			
Long term finances - *Secured*	9	100,000,000	-
Employees retirement benefits	10	123,345,561	105,745,315
Deferred taxation	11	101,470,490	145,943,334
		324,816,051	251,688,649
Current liabilities			
Trade and other payables	12	613,259,785	434,952,291
Short term borrowings - *Secured*	13	941,965,819	519,649,299
Accrued interest/mark-up		24,530,623	14,416,707
		1,579,756,227	969,018,297
TOTAL LIABILITIES		1,904,572,278	1,220,706,946
CONTINGENCIES AND COMMITMENTS	14		
TOTAL LIABILITIES		2,471,702,158	1,968,863,050

The annexed notes 1 to 45 form an integral part of these financial statements.

Lahore
Date : October 08, 2015

MIAN IQBAL SALAHUDDIN
Chief Executive

	Note	2015	2014
		Rupees	*Rupees*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*15*	1,200,388,165	1,129,968,941
Long term deposits - *Unsecured, Considered good*	*16*	11,243,604	11,243,604
		1,211,631,769	1,141,212,545
CURRENT ASSETS			
Stores, spares and loose tools	*17*	59,758,543	53,685,045
Stock in trade	*18*	973,527,734	518,834,924
Trade debts	*19*	162,519,130	179,493,786
Advances, prepayments and other receivables	*20*	31,032,617	47,884,660
Current taxation	*21*	19,768,821	3,954,361
Cash and bank balances	*22*	13,463,544	23,797,729
		1,260,070,389	827,650,505
TOTAL ASSETS		2,471,702,158	1,968,863,050

MIAN YOUSAF SALAHUDDIN
Director

Profit and loss account

for the year ended June 30, 2015

	Note	2015	2014
		Rupees	*Rupees*
Turnover - *net*	23	3,279,668,569	3,796,146,003
Cost of sales	24	(3,298,618,175)	(3,614,475,615)
Gross (loss)/profit		(18,949,606)	181,670,388
Selling and distribution expenses	25	(18,732,654)	(39,013,526)
Administrative and general expenses	26	(52,072,849)	(53,755,371)
		(70,805,503)	(92,768,897)
Other income	27	1,234,589	882,541
Operating (loos)/profit		(88,520,520)	89,784,032
Finance cost	28	(96,233,402)	(57,065,902)
Notional interest	8.2	(21,278,095)	(18,830,173)
Other charges	29	(4,399,263)	(7,051,340)
(Loss)/profit before taxation		(210,431,280)	6,836,617
Taxation	30	10,020,630	(29,046,825)
Loss after taxation		(200,410,650)	(22,210,208)
Loss per share - *basic and diluted*	31	(22.84)	(2.53)

The annexed notes 1 to 45 form an integral part of these financial statements.

MIAN IQBAL SALAHUDDIN
Chief Executive

MIAN YOUSAF SALAHUDDIN
Director

Lahore
Date : October 08, 2015

Statement of profit or loss and other comprehensive Income
for the year ended June 30, 2015

	Note	2015	2014
		Rupees	*Rupees*
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified to profit or loss			
Incremental depreciation	7	13,851,179	13,958,298
Revaluation surplus realized on disposal of property, plant and equipment	7	502,109	77,463
Remeasurements of defined benefit obligation	10.4	364,506	(272,660)
Taxation relating to items that will not be reclassified to profit or loss	11.1	(80,571)	58,448
		14,637,223	13,821,549
Other comprehensive income		14,637,223	13,821,549
Loss after taxation		(200,410,650)	(22,210,208)
Total comprehensive loss		(185,773,427)	(8,388,659)

The annexed notes 1 to 45 form an integral part of these financial statements.

MIAN IQBAL SALAHUDDIN
Chief Executive

MIAN YOUSAF SALAHUDDIN
Director

Lahore
Date : October 08, 2015

Cash flow statement
for the year ended June 30, 2015

	Note	2015	2014
		Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	32	(250,660,713)	217,703,763
Payments for:			
Employees retirement benefits		(12,556,572)	(8,767,009)
Interest/markup on borrowings		(84,593,515)	(54,049,399)
Income tax		(52,524,849)	(69,320,427)
Dividend on ordinary shares		(4,230,545)	(10,695,867)
Net cash (used in) generated from operating activities		(404,566,194)	74,871,061
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(131,234,511)	(147,553,590)
Proceeds from disposal of property, plant and equipment		3,150,000	3,000,000
Long term deposits		-	-
Net cash used in investing activities		(128,084,511)	(144,553,590)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		-	(18,329,999)
Long term finances obtained		100,000,000	-
Net increase decrease in short term borrowings		422,316,520	90,961,741
Net cash generated from financing activities		522,316,520	72,631,742
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(10,334,185)	2,949,213
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR		23,797,729	20,848,516
CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR	33	13,463,544	23,797,729

The annexed notes 1 to 45 form an integral part of these financial statements.

MIAN IQBAL SALAHUDDIN
Chief Executive

MIAN YOUSAF SALAHUDDIN
Director

Lahore
Date : October 08, 2015

Statement of changes in equity

for the year ended June 30, 2015

	Issued subscribed and paid-up capital	Accumulated profit	Total equity
	Rupees	*Rupees*	*Rupees*
As at July 01, 2013	87,750,000	265,441,409	353,191,409
Comprehensive loss			
Loss after taxation	-	(22,210,208)	(22,210,208)
Other comprehensive income	-	13,821,549	13,821,549
Total comprehensive loss	-	(8,388,659)	(8,388,659)
Transaction with owners			
Final dividend @ 10% i.e. Rs. 1 per ordinary share	-	(8,775,000)	(8,775,000)
As at June 30, 2014	87,750,000	248,277,750	336,027,750
As at July 01, 2014	87,750,000	248,277,750	336,027,750
Comprehensive loss			
Loss after taxation	-	(200,410,650)	(200,410,650)
Other comprehensive income	-	14,637,223	14,637,223
Total comprehensive loss	-	(185,773,427)	(185,773,427)
Transaction with owners	-	-	-
As at June 30, 2015	87,750,000	62,504,323	150,254,323

The annexed notes 1 to 45 form an integral part of these financial statements.

MIAN IQBAL SALAHUDDIN
Chief Executive

MIAN YOUSAF SALAHUDDIN
Director

Lahore
Date : October 08, 2015

Notes to and forming part of financial statements
for the year ended June 30, 2015

1 REPORTING ENTITY

Sally Textuile Mills Limited ('the Company') is incorporated in Pakistan as a Public Limited Company under the Companies Ordinance, 1984 and is listed on Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at 4 F, Gulberg II, Lahore. The manufacturing facility, including the power generation unit, is located at Joharabad District Khushab in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for employee retirement benefits liabilities measured at present value and certain financial instruments measured at fair value/amortized cost. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.3 Judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.3.1 Depreciation method, rates and useful lives of property, plant and equipment

The Company reassesses useful lives, depreciation method and rates for each item of property and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.3.2 Recoverable amount of assets/cash generating units and impairment

The management of the Company reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.3.3 Taxation

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

2.3.4 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.3.5 Obligation under defined benefit plan

The Company's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation. These assumptions are determined periodically by independent actuaries.

2.3.6 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

2.4 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

3.1 The following new/revised standards/interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36 – Impairment of Assets)

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and introduce an explicit requirement to disclose the discount rate used in determining impairment or reversals where recoverable amount, based on fair value less costs to sell, is determined using a present value technique.

Offsetting financial assets and financial liabilities (Amendments to IAS 32 – Financial Instruments: Presentation)

The amendments update the application guidance in IAS 32 to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment focuses on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- the application of simultaneous realisation and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements

Contributions from employees or third parties (Amendments to IAS 19 – Employee Benefits)

The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

Novation of Derivative and Continuation of Hedge Accounting (Amendments to IAS 39 – Financial Instruments: Recognition and Measurement)

The amendments clarify that there is no need to discontinue hedge accounting if a hedge derivative is novated provided certain criteria are met.

Annual Improvements 2010-2012

Annual Improvements 2010-2012 cycle makes changes to the following standards:

IFRS 2 - Share Based Payment: Amends the definition of 'vesting condition' and 'market condition' and adds definitions for 'performance conditon' and 'service condition'.

IFRS 3 - Business Combinations: Requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

IFRS 8 - Operating Segments: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarifies that reconciliations of segment assets only required if segment assets reported regularly.

IFRS 13 - Fair Value Measurement: Clarifies that the ability to measure certain short-term receivables and payables on an undiscounted basis is still available.

IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets: Clarifies that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

IAS 24 - Related Party Disclosures: Clarifies how payment to entities provding management services are to be disclosed.

Annual Improvements 2011-2013

Annual Improvements 2011-2013 cycle makes changes to the following standards:

IFRS 1 - First-time Adoption of International Financial Reporting Standards: Clarifies which versions of IFRSs can be used on initial adoption.

IFRS 3 - Business Combinations: Clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangment in the financial statements of the joint arrangement itself.

IFRS 13 - Fair Value Measurement: Clarifies the scope of portfolio exception.

IAS 40 - Investment Property: Clarifies the interrelationship with IFRS 3 - Business Combinations when classifying property as investment property or owner-occupied property.

IFRIC 21 - Levies (2013)

The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of levy is certain.

The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognized progressively if the obligating event occurs over a period of time.
- If an obligation is trigerred on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached.

3.2 The following new/revised standards/interpretations and amendments are effective in the current year but have been notified for adoption under section 234 of the Companies Ordinance, 1984 for annual periods beginning on or after January 01, 2015.

IFRS 10 - Consolidated Financial Statements (2011)

The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities.

IFRS 11 - Joint Arrangements (2011)

The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers.

IFRS 12 - Disclosure of Interests in Other Entities (2011)

The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 - Fair Value Measurement (2011)

The standard establishes a single framework for measuring fair value where that is required by other standards.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities)

The amendments provide transitional relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

Investment Entities (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statement)

The amendments provide exemption from consolidation of particular subsidiaries by certain entities defined as "Investment Entities" and require additional disclosures where such subsidiaries are excluded from consolidation pursuant to exemption.

4 NEW AND REVISED STANDARDS/INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
Equity method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)	January 01, 2016
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)	January 01, 2016
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)	January 01, 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities, IAS 28 - Accounting for Investments in Associates and Joint Ventures)	January 01, 2016
Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)	January 01, 2016
Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)	January 01, 2016
Annual Improvements 2012-2014	July 01, 2016
IFRS 14 – Regulatory Deferral Accounts (2014)	January 01, 2017
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2017
IFRS 9 – Financial Instruments: Classification and Measurement (2014)	January 01, 2018

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

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

5.1 Property, plant and equipment

5.1.1 Operating fixed assets

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is stated at revalued amount, and buildings on freehold land, plant and machinery, electric installation, laboratory equipment and fire fighting equipment which are carried at revalued amounts less accumulated depreciation. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Major renewals and improvements to operating fixed assets are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are recognized in profit or loss as incurred.

The Company recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each operating fixed asset using rates specified in note to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

5.1.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the cost of material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of operating fixed assets. These costs are transferred to operating fixed assets as and when related items become available for intended use.

5.2 Surplus / deficit arising on revaluation of property, plant and equipment

Surplus arising on revaluation of items of property, plant and equipment is carried on balance sheet after reversing deficit relating to the same item previously recognized in profit or loss, if any. Deficit arising on revaluation is recognized in profit or loss after reversing the surplus relating to the same item previously carried on balance sheet, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, net of deferred tax, if any, is transferred from surplus on revaluation of property, plant and equipment to accumulated profit every year, through statement of other comprehensive income.

5.3 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of moving average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Stores and spares held exclusively for capitalization are recognized as capital work in progress.

5.4 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw materials	Average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

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

5.5 Employee benefits

Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to profit or loss with the exception of remeasurements which are recognized in other comprehensive income. The amount recognized on balance sheet represents the present value of defined benefit obligation. The details of the scheme are referred to in note 10 to the financial statements.

5.6 Financial instruments

5.6.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

5.6.2 Classification

The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and liabilities at initial recognition.

5.6.2(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

5.6.2(b) Financial liabilities at amortized cost

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

5.6.3 Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

5.6.4 De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

5.6.5 Off-setting

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

5.7 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

5.8 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

5.9 Trade and other payables

5.9.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.9.2 Non-financial liabilities

These, on initial recognition and subsequently, are measured at cost.

5.10 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

5.11 Trade and other receivables

5.11.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.11.2 Non-financial assets

These, on initial recognition and subsequently, are measured at cost.

5.12 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

Revenue from different sources is recognized as follows:

Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer. Transfer of risks and rewards vary depending on the individual terms of the contract of sale. For local sales transfer usually occurs on dispatch of goods to customers. For export sales transfer occurs upon loading the goods onto the relevant carrier.

Interest income is recognized using effective interest method.

5.13 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards, and is presented in 'statement of profit or loss and other comprehensive income'.

5.14 Borrowing costs

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

5.15 Income tax

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

5.15.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

5.15.2 Deferred taxation

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5.16 Earnings per share ('EPS')

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

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

5.17 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. These are classified as 'loans and receivables' and are carried at cost.

5.18 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

5.19 Impairment

5.19.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset’s carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

5.19.2 Non-financial assets

The carrying amount of the Company’s non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determine the recoverable amount. An impairment loss is reversed only to that extent that the asset’s carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

5.20 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company’s financial statements in the year in which the dividends are approved by the Company’s shareholders.

	Note	2015	2014
		Rupees	Rupees
6 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
8,775,000 (2014: 8,775,000) ordinary shares of Rs. 10 each issued for cash		87,750,000	87,750,000
7 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
As at beginning of the year		248,450,696	262,486,457
Surplus recognized during the year		-	-
Incremental depreciation recognized in other comprehensive income			
Incremental depreciation for the year		(20,369,381)	(21,474,304)
Deferred taxation		6,518,202	7,516,006
		(13,851,179)	(13,958,298)
Surplus realized on disposal of property, plant and equipment			
Surplus realized		(738,396)	(119,174)
Deferred taxation		236,287	41,711
		(502,109)	(77,463)
Deferred tax adjustment attributable to changes in proportion of income taxation under final tax regime		(4,888,535)	-
Deferred tax adjustment attributable to changes in tax rates		2,710,931	-
As at end of the year		231,919,804	248,450,696
8 LOAN FROM DIRECTORS AND SPONSORS - UNSECURED			
Face value		209,000,000	209,000,000
Less: unamortized notional interest	8.2	(24,044,247)	(45,322,342)
		184,955,753	163,677,658

8.1 This loan has been obtained from sponsors of the Company, and is interest free. As per the loan agreement, the loan is payable by June 30, 2016. However, the Company has the option to make early repayments. The loan has been carried at amortized cost which has been determined using a discount rate of 13% , being the average effective borrowing rate of the Company on the date of initial measurement at amortized cost.

	Note	2015	2014
		Rupees	Rupees
8.2 Unamortized notional interest			
As at beginning of the year		45,322,342	64,152,515
Amortization for the year		(21,278,095)	(18,830,173)
As at end of the year		24,044,247	45,322,342
9 LONG TERM FINANCES - SECURED			
These represent long term finances utilized under interest/markup arrangements from banking companies			
Demand Finance	9.1	100,000,000	-
Current maturity presented under current liabilities		-	-
		100,000,000	-

9.1 The finance has been obtained from Silkbank Limited to finance working capital requirement and is secured by charge over operating fixed and current assets of the Company and personal guarantees of the Company's directors. The finance carries mark-up at three months KIBOR plus 3.5% per annum, payable quarterly. The finance is repayable in twelve equal qurarterly installments with the first installment due in August 2016.

10 EMPLOYEES RETIREMENT BENEFITS

The amount recognized on balance sheet represents present value of defined benefit obligation.

		Note	2015	2014
			Rupees	*Rupees*
10.1	Movement in present value of defined benefit obligation			
	As at beginning of the year		105,745,315	87,054,828
	Charged to profit or loss for the year	*10.2*	30,521,324	27,184,836
	Benefits paid during the year		(12,556,572)	(8,767,009)
	Remeasurements recognized in other comprehensive income	*10.4*	(364,506)	272,660
	As at end of the year		123,345,561	105,745,315
10.2	Charge to profit or loss			
	Current service cost		17,341,943	18,091,045
	Interest cost		13,179,381	9,093,791
		10.1	30,521,324	27,184,836
10.3	The charge to profit or loss has been allocated as follows			
	Cost of sales	*24*	27,583,641	23,774,394
	Selling and distribution expenses	*25*	200,785	63,952
	Administrative and general expenses	*26*	2,736,898	3,346,490
			30,521,324	27,184,836
10.4	Remeasurements recognized in other comprehensive income			
	Actuarial loss arising from changes in:			
	Demographic assumptions		-	-
	Financial assumptions		-	-
	Experience adjustments		(364,506)	272,660
			(364,506)	272,660

10.5 Principal actuarial assumptions

Present value of defined benefit obligation has been determined using projected unit credit method. The liabilitiy as at the reporting date is based on actuarial valuation carried out by independent actuaries. The principal assumptions used in determining present value of defined benefit obligation are:

	2015	2014
Discount rate	9.75%	13.25%
Expected rates of increase in salary	8.75%	12.25%
Expected average remaining working lives of employees	8 years	7 years

10.6 Sensitivity analysis

An analysis of sensitivity for discount rate and expected rate of increase in salary used to determine the present value of defined benefit obligation as at the reporting date showing how the defined benefit obligation would have been affected by changes in relevant actuarial assumption that were reasonably possible at that date is as follows:

	2015		2014	
	Change in actuarial assumption	Defined benefit obligation	Change in actuarial assumption	Defined benefit obligation
		Rupees		*Rupees*
Discount rate	+ 1%	112,934,089	+ 1%	115,653,569
	- 1%	135,439,941	- 1%	97,031,725
Expected rate of increase in salary	+ 1%	135,439,941	+ 1%	97,174,914
	- 1%	112,754,950	- 1%	115,653,569

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

10.7 Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined benefit liability.

Longevity risk: The present value of defined benefit obligation is calculation by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculation by reference to fututre salaries of employees. An increase in salary of employees will increase the defined benefit obligation.

	Note	2015 *Rupees*	2014 *Rupees*
11 DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences	*11.1*	183,819,588	168,611,297
Deferred tax asset on deductible temporary differences	*11.1*	(82,349,098)	(22,667,963)
		101,470,490	145,943,334

11.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2015			
	As at July 01, 2014 *Rupees*	Recognized in profit or loss *Rupees*	Recognized in equity *Rupees*	As at June 30, 2015 *Rupees*
Deferred tax liabilities				
Operating fixed assets	168,611,297	13,030,687	2,177,604	183,819,588
Deferred tax assets				
Employees retirement benefits	(22,667,963)	(4,677,074)	80,571	(27,264,466)
Unused tax losses and credits	-	(55,084,632)	-	(55,084,632)
	(22,667,963)	(59,761,706)	80,571	(82,349,098)
	145,943,334	(46,731,019)	2,258,175	101,470,490

	2014			
	As at July 01, 2013 *Rupees*	Recognized in profit or loss *Rupees*	Recognized in equity *Rupees*	As at June 30, 2014 *Rupees*
Deferred tax liabilities				
Operating fixed assets - owned	180,014,471	(11,403,174)	-	168,611,297
Deferred tax assets				
Employees retirement benefits	(20,747,818)	(1,861,697)	(58,448)	(22,667,963)
Unused tax losses and credits	-	-	-	-
	(20,747,818)	(1,861,697)	(58,448)	(22,667,963)
	159,266,653	(13,264,871)	(58,448)	145,943,334

11.2 Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is provided for only that portion of timing differences that represent income taxable under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 32% (2014: 33%) of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

	Note	2015 *Rupees*	2014 *Rupees*
12 TRADE AND OTHER PAYABLES			
Trade creditors - *Unsecured*		384,447,806	281,355,831
Accrued liabilities		96,610,666	64,248,277
Advances from customers - *Unsecured*	*12.1*	106,151,204	67,973,489
Workers' Profit Participation Fund	*12.2*	-	1,635,907
Workers' Welfare Fund	*12.3*	11,184,701	10,373,322
Unclaimed dividend		1,010,518	5,241,063
Other payables - *Unsecured*		13,854,890	4,124,402
		613,259,785	434,952,291

12.1 These represent advances received from customers adjustable against future sales.

12.2 Workers' Profit Participation Fund

As at beginning of the year		1,635,907	11,519,778
Interest on funds utilized by the Company	*12.2.1*	17,849	555,904
Charged to profit or loss for the year	*29*	-	1,635,907
Paid during the year		(1,653,756)	(12,075,682)
As at end of the year		-	1,635,907

12.2.1 Interest is charged at 13% (2014: 15%) per annum.

12.3 Workers' Welfare Fund

As at beginning of the year		10,373,322	9,309,147
Charged to profit or loss for the year	*29*	811,379	1,064,175
Paid/adjusted during the year		-	-
As at end of the year		11,184,701	10,373,322

13 SHORT TERM BORROWINGS

These represent short term finances obtained from

Banking companies - *secured*	*13.1*	938,493,869	516,177,349
Directors and sponsors - *unsecured*	*13.2*	3,471,950	3,471,950
		941,965,819	519,649,299

	Note	2015	2014
		Rupees	*Rupees*

13.1 Banking companies

These represent short term finances utilized under interest/mark-up arrangements

	Note	2015	2014
Cash finance	*13.1.1*	938,493,869	516,177,349
		938,493,869	516,177,349

13.1.1 The facility has been obtained from various banking companies for working capital requirements and is secured by charge over current assets and operating fixed assets of the Company, pledge of stock and personal guarantees of the Company's Directors. The facility carries interest/markup at three to six months KIBOR plus 1.75% to 2.5%per annum (2014: three to six months KIBOR plus 2% to 2.5% per annum), payable quarterly.

The aggregate available short term funded facilities amounts to Rs. 978 million (2014: Rs. 688 million) out of which Rs. 39.51 million (2014: Rs. 172 million) remained unavailed as at the reporting date.

13.1.2 For restrictions on title, and assets pledged as security, refer to note 38 to the financial statements.

13.2 Directors and sponsors

These represent interest free loans obtained from directors and sponsors of the Company and are payable on demand.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

The Company may have to indemnify its Directors for any losses that may arise due to personal guarantees given by them for securing the debts of the Company, in case the Company defaults.

	2015	2014
	Rupees	*Rupees*
14.2 Commitments		
14.2.1 Commitments under irrevocable letters of credit for:	26,270,501	7,544,880

14.2.2 The Company is committed to pay Rs. 220,000 for every month it occupies the office premises owned by a director of the Company.

14.2.3 The Company has acquired a production facility subject to operating lease. Lease agreement covers a period of ten years and is renewable/extendable on mutual consent. Lease rentals are payable monthly in arears. Commitments for payments in future periods under the lease agreement are as follows:

	2015	2014
	Rupees	*Rupees*
- payments not later than one year	4,800,000	4,800,000
- payments later than one year but not later than five years	19,200,000	19,200,000
- payments later than five years	8,800,000	13,600,000
	32,800,000	37,600,000

14.3 During the year the Company has acquired another production facility subject to operating lease. Lease agreement initially covers a period of six months and is renewable/extendable on mutual consent. Lease rentals are payable monthly in arears. Commitments for payments in future periods under the lease agreement are as follows:

	Note	2015	2014
		Rupees	*Rupees*
- payments not later than one year		6,000,000	-
- payments later than one year but not later than five years		-	-
- payments later than five years		-	-
		6,000,000	-

15 PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
Operating fixed assets	*15.1*	1,200,388,165	1,129,476,945
Capital work in progress	*15.2*	-	491,996
		1,200,388,165	1,129,968,941

15.1 Operating fixed assets

	2015										
	COST/REVALUED AMOUNT						DEPRECIATION				Net book value as at June 30, 2015
	As at July 01, 2014	Additions	Disposals	Transfers	As at June 30, 2015	Rate	As at July 01, 2014	For the year	Adjustment	As at June 30, 2015	
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*	%	*Rupees*	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Freehold land	71,417,500	-	-	-	71,417,500	-	-	-	-	-	71,417,500
Buildings on freehold land	327,162,287	-	-	9,042,978	336,205,265	5	155,348,026	8,628,392	-	163,976,418	172,228,847
Plant and machinery	1,341,549,675	-	(2,000,000)	118,352,699	1,457,902,374	5	532,615,145	42,501,374	(451,533)	574,664,986	883,237,388
Electric installations	79,693,558	-	-	-	79,693,558	5	31,792,289	2,395,063	-	34,187,352	45,506,206
Tools and equipment	1,586,142	-	-	-	1,586,142	10	1,166,080	42,006	-	1,208,086	378,056
Laboratory equipment	21,228,180	-	-	-	21,228,180	10	16,399,645	482,854	-	16,882,499	4,345,681
Fire fighting equipment	2,791,329	-	-	-	2,791,329	10	1,581,668	120,966	-	1,702,634	1,088,695
Office equipment	4,352,084	80,650	-	-	4,432,734	10	2,367,105	202,102	-	2,569,207	1,863,527
Furniture and fixtures	8,587,954	241,255	-	-	8,829,209	10	5,240,635	346,108	-	5,586,743	3,242,466
Arms and ammunitions	506,989	-	-	-	506,989	10	346,406	16,058	-	362,464	144,525
Vehicles	40,232,948	4,008,925	(1,750,000)	-	42,491,873	20	22,774,702	3,918,635	(1,136,738)	25,556,599	16,935,274
	1,899,108,646	4,330,830	(3,750,000)	127,395,677	2,027,085,153		769,631,701	58,653,558	(1,588,271)	826,696,988	1,200,388,165

	2014										
	COST/REVALUED AMOUNT						DEPRECIATION				Net book
	As at July 01, 2013 *Rupees*	Additions *Rupees*	Disposals *Rupees*	Transfers *Rupees*	As at June 30, 2014 *Rupees*	Rate %	As at July 01, 2013 *Rupees*	For the year *Rupees*	Adjustment *Rupees*	As at June 30, 2014 *Rupees*	value as at June 30, 2014 *Rupees*
Freehold land	71,417,500	-	-	-	71,417,500	-	-	-	-	-	71,417,500
Buildings on freehold land	315,564,819	-	-	11,597,468	327,162,287	5	146,499,852	8,848,174	-	155,348,026	171,814,261
Plant and machinery	1,196,101,420	-	(1,101,332)	146,549,587	1,341,549,675	5	495,648,812	37,317,665	(351,332)	532,615,145	808,934,530
Electric installations	78,812,248	881,310	-	-	79,693,558	5	29,311,387	2,480,902	-	31,792,289	47,901,269
Tools and equipment	1,578,897	7,245	-	-	1,586,142	10	1,119,809	46,271	-	1,166,080	420,062
Laboratory equipment	21,228,180	-	-	-	21,228,180	10	15,863,141	536,504	-	16,399,645	4,828,535
Fire fighting equipment	2,791,329	-	-	-	2,791,329	10	1,447,261	134,407	-	1,581,668	1,209,661
Office equipment	3,987,809	364,275	-	-	4,352,084	10	2,168,213	198,892	-	2,367,105	1,984,979
Furniture and fixtures	8,367,254	220,700	-	-	8,587,954	10	4,882,893	357,742	-	5,240,635	3,347,319
Arms and ammunitions	506,989	-	-	-	506,989	10	328,563	17,843	-	346,406	160,583
Vehicles	36,346,239	6,400,929	(2,514,220)		40,232,948	20	19,550,467	4,196,598	(972,363)	22,774,702	17,458,246
	1,736,702,684	7,874,459	(3,615,552)	158,147,055	1,899,108,646		716,820,398	54,134,998	(1,323,695)	769,631,701	1,129,476,945

15.1.1 Disposal of property, plant and equipment

	2015						
	Cost/revalued amount *Rupees*	Accumulated depreciation *Rupees*	Net book value *Rupees*	Disposal proceeds *Rupees*	Gain on disposal *Rupees*	Mode of disposal	Particulars of buyer
Plant and machinery							
Simplex FL-16 machine	2,000,000	451,533	1,548,467	1,750,000	201,533	Negotiation	Ghazi Fabrics Limited
Vehicles							
Honda Civic LEA - 916	1,750,000	1,136,738	613,262	1,400,000	786,738	Insurance claim	E.F.U General Insurance Limited
	3,750,000	1,588,271	2,161,729	3,150,000	988,271		

	2014						
	Cost/revalued amount *Rupees*	Accumulated depreciation *Rupees*	Net book value *Rupees*	Disposal proceeds *Rupees*	Gain on disposal *Rupees*	Mode of disposal	Particulars of buyer
Plant and machinery							
Drawing machine	1,101,332	351,332	750,000	750,000	-	Negotiation	Tuseef Brothers
Vehicles							
Suzuki Cultus LEC - 8114	1,019,220	167,322	851,898	900,000	48,102	Company policy	Shoaib Saleem (Lahore)
Toyotta ATT - 573	1,495,000	805,041	689,959	1,350,000	660,041	Negotiation	Tuseef Brothers
	2,514,220	972,363	1,541,857	2,250,000	708,143		
	3,615,552	1,323,695	2,291,857	3,000,000	708,143		

15.1.2 Transfers represent transfers from capital work in progress on related assets becoming available for use.

	Note	2015 *Rupees*	2014 *Rupees*
15.1.3 The depreciation charge for the year has been allocated as follows:			
Cost of sales	*24*	54,170,655	49,363,923
Administrative and selling expenses	*26*	4,482,903	4,771,075
		58,653,558	54,134,998

15.1.4 Last revaluation of property, plant and equipment was carried out by independent valuers, Empire Enterprises (Private) Limited, as at March 12, 2012. Had there been no revaluation, the cost, accumulated depreciation and net book value of revalued items would have been as follows:

	2015		
	Cost *Rupees*	Accumulated depreciation *Rupees*	Net book value *Rupees*
Freehold land	144,868	-	144,868
Buildings on freehold land	139,801,678	52,349,395	87,452,283
Plant and machinery	1,075,440,057	386,048,432	689,391,625
Electric installation	55,453,982	25,897,097	29,556,885
Laboratory equipment	4,282,115	3,431,309	850,806
Fire fighting equipment	382,181	237,809	144,372

	2014		
	Cost *Rupees*	Accumulated depreciation *Rupees*	Net book value *Rupees*
Freehold land	144,868	-	144,868
Buildings on freehold land	130,758,700	42,703,913	88,054,787
Plant and machinery	958,287,358	310,684,727	647,602,631
Electric installation	55,453,982	21,858,560	33,595,422
Laboratory equipment	4,282,115	2,998,713	1,283,402
Fire fighting equipment	382,181	199,300	182,881

The basis of revaluation used by the valuer are as follows:

Land

Revalued amount of land has been determined by reference to local market values of land taking into account prevailing fair market prices under the position and circumstances present on the date of revaluation and current market scenario for properties of similar nature in the immediate neighbourhood and adjoining areas.

Building

Revalued amount of building has been determined by reference to present depreciated replacement values after taking into consideration covered area and type of construction, age of civil and ancillary structures, physical condition and level of preventive maintenance carried out by the Company.

Plant and machinery

Revalued amount of plant and machinery has been determined by reference to present depreciated replacement values after taking in to consideration present physical condition, remaining useful economic lives, technological obsolescence and level of preventive maintenance carried out by the Company.

15.2 Capital work in progress

	2015			
	As at July 01, 2014 *Rupees*	Additions *Rupees*	Transfers *Rupees*	As at June 30, 2015 *Rupees*
Building	491,996	8,550,982	(9,042,978)	-
Plant and machinery	-	118,352,699	(118,352,699)	-
	491,996	126,903,681	(127,395,677)	-

	2014			
	As at July 01, 2013 *Rupees*	Additions *Rupees*	Transfers *Rupees*	As at June 30, 2014 *Rupees*
Building	9,242,761	2,846,703	(11,597,468)	491,996
Plant and machinery	9,717,159	136,832,428	(146,549,587)	-
	18,959,920	139,679,131	(158,147,055)	491,996

16 LONG TERM DEPOSITS

These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

	Note	2015 *Rupees*	2014 *Rupees*
17 STORES, SPARES AND LOOSE TOOLS			
Stores		10,712,790	8,840,363
Spares and loose tools		49,045,753	44,844,682
		59,758,543	53,685,045

17.1 It is impracticable to distinguish spares and loose tools each from the other.

17.2 There no stores and spares held exculsively for capitalization.

18 STOCK IN TRADE			
Raw material		748,174,701	393,900,755
Work in process		51,958,065	36,909,183
Finished goods	*18.1*	173,394,968	88,024,986
		973,527,734	518,834,924

18.1 Stock of finished goods include stock of waste valued at net realizable value ofRs. 1,553,470 (2014: Rs. 2,146,510).

18.2 Details of stock pledged as security are referred to in note 38 to the financial statements.

	Note	2015	2014
		Rupees	*Rupees*
19 TRADE DEBTS			
Local - *unsecured*		162,519,130	179,493,786
Foreign - *secured*	*19.1*	-	-
		162,519,130	179,493,786

19.1 These are secured against letters of credit

	Note	2015	2014
20 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to suppliers - *unsecured, considered good*		14,403,782	7,684,097
Advances to employees - *unsecured, considered good*	*20.1*	2,080,982	8,343,383
Security deposits		5,858,811	5,858,811
Prepayments		6,558,671	4,496,864
Letters of credit		21,375	6,907
Sales tax refundable		1,790,748	21,076,950
Insurance claims receivable		177,648	177,648
Other receivables - *unsecured, considered good*		140,600	240,000
		31,032,617	47,884,660

20.1 These represent advances to employees for purchases and expenses on behalf of the Company and those against future salaries and post employment benefits in accordance with the Company policy. No advances have been given to any of the directors or executives of the

	Note	2015	2014
		Rupees	*Rupees*
21 CURRENT TAXATION			
Advance income tax/income tax refundable		40,730,236	27,199,362
Provision for taxation	*30*	(20,961,415)	(23,245,001)
		19,768,821	3,954,361
22 CASH AND BANK BALANCES			
Cash in hand		1,139,537	1,010,188
Cash at banks			
current accounts		12,288,025	22,767,182
deposit/saving accounts	*22.1*	35,982	20,359
		12,324,007	22,787,541
		13,463,544	23,797,729

22.1 Effective mark-up rate in respect of deposit/saving accounts, for the year, ranges from 5% to 6% (2014: 6% to 7%).

23 TURNOVER - NET

	2015		
	Local	Export	Total
	Rupees	*Rupees*	*Rupees*
Yarn	2,255,737,482	1,014,223,921	3,269,961,403
Waste	81,521,021	-	81,521,021
	2,337,258,503	1,014,223,921	3,351,482,424
Sales tax	(71,813,855)		(71,813,855)
	2,265,444,648	1,014,223,921	3,279,668,569

	2014		
	Local	Export	Total
	Rupees	*Rupees*	*Rupees*
Yarn	2,461,663,707	1,330,218,318	3,791,882,025
Waste	87,593,487	-	87,593,487
	2,549,257,194	1,330,218,318	3,879,475,512
Sales tax	(83,329,509)	-	(83,329,509)
	2,465,927,685	1,330,218,318	3,796,146,003

23.1 Yarn export sales include indirect exports amounting to Rs. 1,014,223,921 (2014: Rs. 1,297,027,798).

	Note	2015	2014
		Rupees	*Rupees*
24 COST OF SALES			
Raw material consumed	*24.1*	2,321,642,954	2,439,807,590
Stores, spares and loose tools consumed		140,923,814	162,375,071
Salaries, wages and benefits	*24.2*	317,985,893	337,321,197
Power and fuel		530,275,927	623,959,129
Insurance		8,943,495	4,770,016
Vehicle running and maintenance		3,621,611	3,701,768
Rent, rates and taxes	*24.3*	13,800,000	6,600,000
Depreciation	*15.1.3*	54,170,655	49,363,923
Others		7,672,690	8,558,047
Manufacturing cost		3,399,037,039	3,636,456,741
Work in process			
As at beginning of the year		36,909,183	44,537,348
As at end of the year		(51,958,065)	(36,909,183)
		(15,048,882)	7,628,165
Cost of goods manufactured		3,383,988,157	3,644,084,906
Finished goods			
As at beginning of the year		88,024,986	58,415,695
As at end of the year		(173,394,968)	(88,024,986)
		(85,369,982)	(29,609,291)
		3,298,618,175	3,614,475,615

24.1 Raw material consumed

	2015	2014
As at beginning of the year	393,900,755	374,299,446
Purchased during the year	2,675,916,900	2,459,408,899
As at end of the year	(748,174,701)	(393,900,755)
	2,321,642,954	2,439,807,590

24.2 These include charge in respect of employees retirement benefits amounting to Rs. 27,583,641 (2014: Rs. 23,774,394).

24.3 This represents rent of production facility acquired subject to operating lease. See note 14.2.3.

	Note	2015	2014
		Rupees	Rupees
25 SELLING AND DISTRIBUTION EXPENSES			
Salaries wages and benefits	25.1	2,632,620	2,327,377
Inland transportation		4,857,160	11,815,297
Ocean freight and forwarding		-	1,774,066
Traveling		169,958	96,181
Communication		359,240	153,289
Insurance		120,913	101,219
Commission		9,804,319	21,941,500
Vehicle running and maintenance		720,094	618,432
Others		68,350	186,165
		18,732,654	39,013,526

25.1 These include charge in respect of employees retirement benefits amounting to Rs. 200,785 (2014: Rs. 63,952).

	Note	2015	2014
		Rupees	Rupees
26 ADMINISTRATIVE AND GENERAL EXPENSES			
Directors' remuneration		9,469,751	8,552,639
Salaries and benefits	26.1	20,945,315	19,934,436
Traveling, conveyance and entertainment		521,982	2,844,231
Printing and stationery		826,772	588,718
Electricity, water and gas		1,775,646	2,081,464
Communication		1,391,840	1,206,589
Vehicles running and maintenance		4,357,754	4,260,196
Legal and professional charges		1,237,260	809,850
Auditors' remuneration	26.2	810,000	810,000
Fee and subscription		1,453,187	2,315,402
Rent rates and taxes		2,640,000	2,640,000
Insurance		1,113,231	1,158,021
Repair and maintenance		279,837	1,248,482
Depreciation	15.1.3	4,482,903	4,771,075
Others		767,371	534,268
		52,072,849	53,755,371

26.1 These include charge in respect of employees retirement benefits amounting to Rs. 2,736,898 (2014: Rs. 3,346,490).

	Note	2015	2014
		Rupees	Rupees
26.2 Auditor's remuneration			
Annual statutory audit		650,000	650,000
Half yearly review		100,000	100,000
Review report under Code of Corporate Governance		50,000	50,000
Out of pocket expenses		10,000	10,000
		810,000	810,000
27 OTHER INCOME			
Gain on financial instruments			
Return on bank deposits		246,319	174,398
Other income			
Gain on disposal of operating fixed assets	15.1.1	988,270	708,143
		1,234,589	882,541

	Note	2015	2014
		Rupees	*Rupees*
28 FINANCE COST			
Interest / mark-up on long term borrowings:		1,683,068	-
Interest / mark-up on short term borrowings:		93,024,363	55,164,643
Interest on workers' profit participation fund		17,849	555,904
Bank charges and commission		1,508,122	1,345,355
		96,233,402	57,065,902
29 OTHER CHARGES			
Workers' Profit Participation Fund	*12.2*	-	1,635,907
Workers' Welfare Fund	*12.3*	811,379	1,064,175
Donations	*29.1*	3,587,884	4,351,258
		4,399,263	7,051,340

29.1 None of the directors or their spouses had any interest in donations made by the Company.

	Note	2015	2014
		Rupees	*Rupees*
30 PROVISION FOR TAXATION			
Current taxation			
current year	*30.1*	20,961,415	23,245,001
prior year		15,748,974	19,066,695
		36,710,389	42,311,696
Deferred taxation			
changes attributable to origination and reversal of temporary differences	*11*	(45,019,425)	(4,163,919)
changes attributable to changes in tax rates		(1,711,594)	(9,100,952)
		(46,731,019)	(13,264,871)
		(10,020,630)	29,046,825

30.1 Provision for taxation has been made under section 113, 154 and 169 (2014: section 113, 154 and section 169) of the Income Tax Ordinance, 2001 ("the Ordinance"), there is no relationship between aggregate tax expense and accounting profit. Accordingly no numerical reconciliation has been presented.

30.2 Assessments for the tax years up to 2014 are deemed assessments in terms of Section 120 (1) of the Ordinance, as per returns filled by the Company.

	Unit	2015	2014
31 LOSS PER SHARE			
Loss attributable to ordinary shareholders	*Rupees*	(200,410,650)	(22,210,208)
Weighted average number of ordinary shares outstanding during the year	*No. of shares*	8,775,000	8,775,000
Loss per share - *Basic*	*Rupees*	(22.84)	(2.53)

There is no diluting effect on the basic loss per share of the Company.

		2015	2014
		Rupees	*Rupees*
32 CASH GENERATED FROM OPERATIONS			
(Loss)/profit before taxation		(210,431,280)	6,836,617
Adjustments for non-cash and other items			
Interest / markup on borrowings		94,707,431	55,164,643
Notional interest		21,278,095	18,830,173
Gain on disposal of operating fixed assets		(988,271)	(708,143)
Provision for employees retirement benefits		30,521,324	27,184,836
Depreciation		58,653,558	54,134,998
		204,172,137	154,606,507
Operating (loss)/profit before changes in working capital		(6,259,143)	161,443,124
Changes in working capital			
Stores, spares and loose tools		(6,073,498)	(8,879,138)
Stock in trade		(454,692,810)	(41,582,435)
Trade debts		16,974,656	(3,502,548)
Advances, prepayments and other receivables		16,852,043	(9,205,114)
Trade and other payables		182,538,039	119,429,874
		(244,401,570)	56,260,639
Cash (used in)/generated from operations		(250,660,713)	217,703,763
33 CASH AND CASH EQUIVALENTS			
Cash and bank balances	*22*	13,463,544	23,797,729
		13,463,544	23,797,729

34 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise key management personnel and sponsors of the Company. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. Transactions with sponsors are limited to provision of interest free loans to the Company and rental payments for office premises used by the Company. Details of transactions and balances with related parties is as follows:

		2015	2014
		Rupees	*Rupees*
34.1 Transactions with related parties			
Nature of relationship	Nature of transactions		
Key management personnel	Short term employee benefits	9,469,751	8,552,639
Sponsors	Rent paid	2,640,000	2,640,000
Nature of relationship	Nature of balances		
Key management personnel	Short term employee benefits payable	650,000	650,000
Sponsors	Borrowings	212,471,950	212,471,950

35 FINANCIAL INSTRUMENTS

35.1 Financial instruments by class and category

	Note	2015		2014	
		Loans and receivables	Financial liabilities at amortized cost	Loans and receivables	Financial liabilities at amortized cost
		Rupees	*Rupees*	*Rupees*	*Rupees*
Financial assets					
Long term deposits	*16*	11,243,604	-	11,243,604	-
Trade debts	*19*	162,519,130	-	179,493,786	-
Security deposits	*20*	5,858,811	-	5,858,811	-
Insurance claims receivable	*20*	177,648	-	177,648	-
Cash and bank balances	*22*	13,463,544	-	23,797,729	-
		193,262,737	-	220,571,578	-
Financial liabilities					
Loan from sponsors	*8*	-	184,955,753	-	163,677,658
Long term finances	*9*	-	100,000,000	-	-
Short term borrowings	*13*	-	938,493,869	-	516,177,349
Accrued interest/mark-up		-	24,530,623	-	14,416,707
Trade creditors	*12*	-	384,447,806	-	281,355,831
Accrued liabilities	*12*	-	96,610,666	-	64,248,277
Unclaimed dividend	*12*	-	1,010,518	-	5,241,063
		-	1,730,049,235	-	1,045,116,885
		193,262,737	1,730,049,235	220,571,578	1,045,116,885

35.2 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts.

35.2.1 Methods of determining fair values

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. Fair values of financial assets and liabilities with no active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

35.2.2 Discount/interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

36 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company’s exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company’s exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

36.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

	Note	2015	2014
		Rupees	*Rupees*
36.1.1 Maximum exposure to credit risk			
The maximum exposure to credit risk as at the reporting date is as follows:			
Loans and receivables			
Trade debts	*19*	162,519,130	179,493,786
Security deposits	*20*	5,858,811	5,858,811
Insurance claims receivable	*20*	177,648	177,648
Cash at banks	*22*	12,324,007	22,787,541
		180,879,596	208,317,786

36.1.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2015	2014
	Rupees	*Rupees*
Customers	162,519,130	179,493,786
Banking companies and financial institutions	18,360,466	28,824,000
	180,879,596	208,317,786

36.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

36.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to cash deposits. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company.

36.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to trade debts. The Company is exposed to credit risk in respect of trade debts. The analysis of ages of trade debts as at the reporting date is as follows:

	2015		2014	
	Gross carrying amount	Accumulated Impairment	Gross carrying amount	Accumulated Impairment
	Rupees	*Rupees*	*Rupees*	*Rupees*
Neither past due nor impaired	76,371,499	-	141,444,511	-
Past due by 0 to 6 months	70,220,755	-	27,751,775	-
Past due by 6 to 12 months	4,290,770	-	1,715,202	-
Past due by over one year	11,636,106	-	8,582,298	-
	162,519,130	-	179,493,786	-

The Company's three (2014: four) significant customers account for Rs. 39.44 million (2014: Rs. 50.26 million) of trade debts as at the reporting date, apart from which, exposure to any single customer does not exceed 5% of trade debts as at the reporting date. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected. Further, trade debts amounting to Rs. nil (2014: Rs. nil) secured through confirmed letters of credit and thus do not carry any significant credit risk. The Company believes that no impairment allowance is necessary for receivables past due by upto 12 months based on historical default rates. No impairment allowance has been made for amounts past due by over one year as the same has been recovered subsequent to the reporting period.

36.1.4 Collateral held

The Company does not hold any collateral to secure its financial assets with the exception of trade debts, which are partially secured through confirmed letters of credit.

36.1.5 Credit risk management

As mentioned in note 36.1.3(b) to the financial statements, the Company's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by customers. In respect of trade debts, the Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

36.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

36.2.1 Exposure to liquidity risk

The followings is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	2015				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Loan from sponsors	184,955,753	209,000,000	209,000,000	-	-
Long term finances	100,000,000	126,899,529	10,899,782	115,999,747	-
Short term borrowings	938,493,869	938,493,869	938,493,869	-	-
Accrued interest/mark-up	24,530,623	24,530,623	24,530,623	-	-
Trade creditors	384,447,806	384,447,806	384,447,806	-	-
Accrued liabilities	96,610,666	96,610,666	96,610,666	-	-
	1,729,038,717	1,779,982,493	1,663,982,746	115,999,747	-

	2014				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees	*Rupees*	*Rupees*	*Rupees*	*Rupees*
Loan from sponsors	163,677,658	209,000,000	-	209,000,000	-
Long term finances	-	-	-	-	-
Short term borrowings	516,177,349	519,649,299	519,649,299	-	-
Accrued interest/mark-up	14,416,707	14,416,707	14,416,707	-	-
Trade creditors	281,355,831	281,355,831	281,355,831	-	-
Accrued liabilities	64,248,277	64,248,277	64,248,277	-	-
	1,039,875,822	1,088,670,114	879,670,114	209,000,000	-

36.2.2 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company also maintains various lines of credit with banking companies. The Company also has continued financial support from its sponsors in the form of interest free loans for any short term or long term liquidity requirements.

36.3 Market risk

36.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency. The company is not currently exposed to currency risk as at the reporting date.

36.3.2 Interest rate risk

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

36.3.2(a) Interest/mark-up bearing financial instruments

The effective interest/mark-up rates for interest/mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/mark-up bearing financial instruments as at the reporting date are as follows:

	2015	2014
	Rupees	*Rupees*
Fixed rate instruments		
Financial assets	35,982	20,359
Financial liabilities	184,955,753	163,677,658
Variable rate instruments		
Financial assets	-	-
Financial liabilities	1,038,493,869	516,177,349

36.3.2(b) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

36.3.2(c) Cash flow sensitivity analysis for variable rate instruments and cash flow hedges

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 10.42 million (2014: Rs. 5.20 million). A decrease of 100 basis points wound have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

36.3.2(d) Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

36.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of 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 instruments. The Company is not exposed to price risk since the fair values of the Company's financial instruments are not based on market prices.

37 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Any temporary shortfall is met through interest free loans from sponsors. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders and seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances and loan from sponsors, including current maturity. Total capital employed includes total equity (as shown in the balance sheet plus surplus on revaluation of property, plant and equipment) plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	Unit	2015	2014
Total debt	*Rupees*	284,955,753	163,677,658
Total equity	*Rupees*	382,174,127	584,478,446
		667,129,880	748,156,104
Gearing	*% age*	42.71%	21.88%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance.

	2015 *Rupees*	2014 *Rupees*
38 RESTRICTION ON TITLE, AND ASSETS PLEDGED AS SECURITY		
Mortgages and charges		
Charge over current assets	516,000,000	783,282,000
Charge over fixed assets	2,238,122,000	1,179,782,000
Pledge		
Raw material	748,174,701	394,553,911
Finished goods	111,351,498	77,081,411

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	2015		
	Chief Executive *Rupees*	Directors *Rupees*	Executives *Rupees*
Managerial remuneration	3,180,000	4,080,000	8,186,400
Allowances and perquisites	2,209,751	-	132,000
Post employment benefits	-	-	1,083,233
	5,389,751	4,080,000	9,401,633
Number of persons	1	3	8

	2014		
	Chief Executive	Directors	Executives
	Rupees	*Rupees*	*Rupees*
Managerial remuneration	2,940,000	4,080,000	7,095,400
Allowances and perquisites	1,532,639	-	132,000
Post employment benefits	-	-	1,031,494
	4,472,639	4,080,000	8,258,894
Number of persons	1	3	8

Additionally the chief executive, directors and executives are also provided company maintained vehicles.

40 SEGMENT INFORMATION

40.1 The Company is a single reportable segment.

40.2 All non-current assets of the Company are situated in Pakistan.

40.3 All sales of the Company have originated from Pakistan.

40.4 Sales include Rs. nil (2014: Rs. 493 million) representing revenue derived from sales to a nil (one) customer. There is no other single significant external customer to whom sales in excess of 10% of the Company's total sales were made during the year.

41 NUMBER OF EMPLOYEES

Total number of employees of the Company as at the reporting date are 1,664 (2014: 1,649). Average number of persons employed by the Company during the year are 1,568 (2014: 1,492).

42 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating unitsare equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

43 PLANT CAPACITY AND ACTUAL PRODUCTION

	Unit	2015	2014
Owned			
Number of spindles installed	*No.*	56,076	56,076
Plant capacity on the basis of utilization converted into 40s count	*Kgs*	8,555,000	8,555,000
Actual production converted into 40s count	*Kgs*	5,263,000	6,644,991
Leased			
Number of spindles installed	*No.*	26,468	14,400
Plant capacity on the basis of utilization converted into 40s count	*Kgs*	4,560,053	2,591,500
Actual production converted into 40s count	*Kgs*	1,912,600	1,520,878

It is difficult to precisely compare production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist etc. It would also vary according to the pattern of production adopted in a particular year.

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 08, 2015 by the Board of Directors of the Company.

45 GENERAL

45.1 Figures have been rounded off to the nearest rupee.

45.2 Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.

MIAN IQBAL SALAHUDDIN
Chief Executive

MIAN YOUSAF SALAHUDDIN
Director

Lahore
Date : October 08, 2015

PATTERN OF SHAREHOLDING OF ORDINARY SHARES
AS AT ON JUNE 30, 2015

Sr.	Shareholding		No. of shareholders	Total shares held
	From	To		
1	1	100	941	61,612
2	101	500	333	91,525
3	501	1000	97	83,475
4	1001	5000	145	394,992
5	5001	10000	30	235,466
6	10001	15000	11	143,694
7	15001	20000	8	135,205
8	20001	25000	4	95,000
9	25001	30000	2	55,500
10	30001	35000	2	65,841
11	35001	40000	2	77,500
12	40001	50000	2	97,393
13	55001	85000	3	203,600
14	90001	165000	2	223,500
15	170001	345000	1	218,000
16	345001	350000	1	348,279
17	350001	1550000	3	4,631,468
18	1550001	1650000	1	1,612,950
		Total:	1,588	8,775,000

CATEGORIES WISE PATTERN OF SHAREHOLDING

Categories of shareholders	No. of shareholders	Total shares held	Percentage
FINANCIAL INSTITUTIONS	10	152,876	1.74
INDIVIDUALS	1565	8,142,491	92.80
JOINT STOCK COMPANIES	7	74,401	0.84
MUTUAL FUND	1	348,279	3.97
INVESTMENT COMPANIES	3	23,995	0.27
OTHERS	2	32,958	0.38
	1,588	8,775,000	100.00

Information as Required Under Code of Corporate Governance at June 30, 2015

Categories of shareholders		Shareholding	Percentage
Directors, CEO, and their spouse and minor children			
Main Iqbal Salahuddin	Chief Executive Officer	1,543,820	17.59
Mst. Munira Salahuddin	Director	1,612,950	18.38
Mian Asad Salahuddin	Director	1,543,828	17.59
Mian Yousaf Salahuddin	Director	1,543,820	17.59
Mian Sohail Salahuddin	Director	7,500	0.09
Sheikh Abdul Salam	Director	2,500	0.03
Syed Abid Raza Zaidi	Director	2,500	0.03
Executive		Nil	Nil
Associated Companies		Nil	Nil
NIT		Nil	Nil
ICP		12,495	0.14
Public Sector Companies & Corporation		Nil	Nil
Banks, DFIs, NBFI & Insurance Companies, Takaful, Modarabas and Mutual Funds		599,551	6.83
Others		32,958	0.38
Public		1,873,078	21.35
Total		8,775,000	100.00

Shareholding 5% and More

Name	Shares held	Percentage
Mian Iqbal Salahuddin	1,543,820	17.59
Mst. Munira Salahuddin	1,612,950	18.38
Mian Asad Salahuddin	1,543,828	17.59
Mian Yousaf Salahuddin	1,543,820	17.59
	6,244,418	71.16

NOTES

FORM OF PROXY

Sally Textile Mills Limited

4 - F, Gulberg II, Lahore.

I/We ______________________________

of ______________________________

being a member of SALLY TEXTILE MILLS LIMITED, hereby appoint

(NAME)

of ______________________________

or failing him ______________________________

(NAME)

of ______________________________

(being a member of the Company) as my/our proxy to attend, act and vote for me/us and on my/our behalf, at the 47th Annual General Meeting of the Company to be held at the FOUR SEASONS HALL, Queens Road, Lahore on Saturday, October 31st 2015 at 10:00 a.m. and at every adjournment thereof.

As witness my hand this ____________ day of ______________ 2015

Signed by the said in the presence of ______________________

____
Signature

Witness

____
Signature

Affix
Revenue Stamp

Note: Proxies on order to be effective, mut be received at the Company's Registered Office not less than forty-eight hours before the time for holding the meeting and mut be duly stamped, signed and witnessed.

AFFIX
CORRECT
POSTAGE

The Company Secretary
SALLY TEXTILE MILLS LIMITED
4-F, Gulberg II, Lahore.