

55th
Annual Report 2015

BIBOJEE GROUP



BANNU
WOOLLEN MILLS LIMITED

Bannu Woollen Mills Ltd.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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COMPANY'S PROFILE

Board Of Directors	Mr. Raza Kuli Khan Khattak	Chairman
	Lt. Gen. (Retd) Ali Kuli Khan Khattak	
	Mrs. Shahnaz Sajjad Ahmad	Chief Executive
	Mr. Ahmad Kuli Khan Khattak	
	Mr. Mushtaq Ahmad Khan, FCA	
	Mrs. Zeb Gohar Ayub	
	Dr. Shaheen Kuli Khan	
Audit Committee	Syed Zubair Ahmed Shah (NIT)	
	Mr. Ahmad Zeb Khan (Independent)	
	Mr. Ahmad Zeb Khan	Chairman
	Lt. Gen. (Retd) Ali Kuli Khan Khattak	Member
Human Resource & Remuneration Committee	Mr. Ahmad Kuli Khan Khattak	Member
	Mr. Mushtaq Ahmad Khan, FCA	Member
	Lt. Gen. (Retd) Ali Kuli Khan Khattak	Chairman
	Mrs. Shahnaz Sajjad Ahmad	Member / CEO
	Mr. Ahmad Kuli Khan Khattak	Member
	Mr. Mushtaq Ahmad Khan, FCA	Member
Company Secretary	Mr. Waqar Ahmad	
Chief Financial Officer	Mr. A.R. Tahir	
	Chief Operating Officer (COO)	
Head Of Internal Audit	Mr. Salman Khan	
Auditors	M/S. Hameed Chaudhri & Co	
	Chartered Accountants	
Bankers	National Bank Of Pakistan	
	Bank Alfalah Ltd	
Legal Adviser	M/S Hassan & Hassan, Advocates	
	Paaf Building, 1-D, Kashmir/ Egerton Road, Lahore	
Tax Consultant	M. Nawaz Khan & Co	
	1-Ground Floor, Farrah Centre, 2 Mozang Road, Lahore	
Registrars & Shares Registration Office	Management & Registration Services (Pvt) Limited,	
	Business Executive Centre, F/17/3, Block 8,	
	Clifton, Karachi	
	Phone 021-35369174, 35375127-29	
	Fax. 021-35820325	
	E-Mail:registrationservices@live.co.uk	
Registered Office	Bannu Woollen Mills Ltd	
	D.I.Khan Road, Bannu	
	Tel. (0928) 615131, 611350	
	Fax. (0928) 611450	
	E-Mail: bannuwoollen@yahoo.com	
	Web Site " www.bwm.com.pk "	
Mills	D.I.Khan Road, Bannu	
	Tel. (0928) 613151, 611350	
	Fax (0928) 611450	
	E-Mail: bannuwoollen@yahoo.com	
	bwmld2K@gmail.Com	
	Web Site " www.bwm.com.pk "	

VISION

"TO BE MARKET LEADERS IN WOOLLEN/BLENDED FABRICS, BLANKETS & SHAWLS, BUILDING COMPANY IMAGE THROUGH INNOVATION AND COMPETITIVENESS, ENSURING SATISFACTION TO CUSTOMERS' AND STAKEHOLDERS AND TO FULFILL SOCIAL OBLIGATIONS."

MISSION STATEMENT

"LEAD PRODUCER OF QUALITY WOOLLEN/BLENDED FABRICS, BLANKETS & SHAWLS, WE SHALL BUILD ON OUR CORE COMPETENCIES AND ACHIEVE EXCELLENCE IN PERFORMANCE. WE AIM AT EXCEEDING EXPECTATIONS OF ALL STAKEHOLDERS. WE TARGET TO ACHIEVE TECHNOLOGICAL ADVANCEMENTS TO INCULCATE THE MOST EFFICIENT, ETHICAL AND TIME TESTED BUSINESS PRACTICES IN OUR MANAGEMENT.

WE SHALL STRIVE TO INNOVATE AND INTRODUCE ALTERNATE USES OF PRODUCTS TO BROADEN OUR CUSTOMER BASE TO HELP STRENGTHEN THE PHYSICAL INFRASTRUCTURE OF THE COUNTRY."

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 55th Annual General Meeting of the Shareholders of Bannu Woollen Mills Limited will be held at the registered office of the Company, Bannu Woollen Mills Limited, D.I. Khan Road, Bannu on **Thursday the 22nd October 2015 at 08.00 A.M.** to transact the following business.

1. To confirm the minutes of Annual General Meeting held on 29th October 2014.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June 2015 together with the directors' and auditors' reports thereon.
3. To consider and approve the payment of final cash dividend for the year ended 30th June 2015. The Board of Directors has recommended & approved the final cash dividend @30% i.e. Rs.3 /- per share for the year ended 30th June 2015.
4. To appoint auditors for the year ending 30th June 2016 and to fix their remuneration.
5. To consider any other business with the permission of the Chair.

By order of the Board


WAQAR AHMAD
Company Secretary

Kohat

Dated: October 01, 2015

NOTES:**BOOK CLOSURE:**

1. The Share transfer books of the Company shall remain closed from 14th October 2015 to 21st October 2015 (both days inclusive). The shares received in the Company's Registrar office i.e. Management & Registration Services (Pvt) Limited, Business Executive Centre, F-17/3, Block 8, Clifton, Karachi before close of business hours on 13th October 2015 will be considered in order for registration in the name of the transferees.

COMPUTERIZED NATIONAL IDENTITY CARD (CNIC)

2. Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 779 (1)2011 dated August 18, 2011 has directed all listed companies to ensure that Dividend Warrants should bear the Computerized National identity Card (CNIC) Numbers of the registered members. Members who have not yet provided attested copies of their valid CNICs / NTN (in case corporate entities) are requested to send the same directly to the Share Registrar at aforementioned address.

REVISION OF WITHHOLDING TAX ON DIVIDEND INCOME UNDER SECTION 150 OF THE FINANCE ACT 2015:

3. Please note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2015 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 12.50% and 17.50% respectively. According to clarification received from Federal Board of Revenue (FBR) withholding tax will be determined separately on 'Filer, Non-Filer' status of Principal shareholder as well as Joint Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares jointly, are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio / CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must be reached to our Share Registrar by **13th October 2015** otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s)

Shareholders are therefore requested to please check and ensure Filer status from Active Taxpayer List (ATL) available at FBR website <http://www.fbr.gov.pk/> as well as ensure that CNIC / passport number has been recorded by the participant / Investor Account Services by Share Registrar (in case of physical shareholding) Corporate bodies (non' individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in ATL at FBR website and recorded by respective Participant / investor Account Services or in case of physical shareholding by Company's Share Registrar.

DELIVERY OF THE UNCLAIMED / UNDELIVERED SHARES LYING WITH THE SHARE REGISTRAR:

4. As directed by SECP vide letter # SMD/CIW/Misc /14/2009 dated October 11, 2011 shareholders are requested to please contact / coordinate with Company's Share Registrar for collection of unclaimed / Undelivered Bonus Share Certificates.

TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:

5. In pursuance of the directions given by SECP vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Notice & Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.bwm.com.pk and send the said form duly filled in and signed along with copy of his / her / its CNIC / Passport to the Company's Share Registrar. Please note that giving email address for receiving of Notice & Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice and, in such case, Notice & Annual Financial Statements will be sent at your registered address, as per normal practice.

DIVIDEND MANDATE (OPTIONAL):

6. A shareholder may, if he so desires, direct the Company to pay dividend through his / her / its bank account. If you want to avail the facility of direct credit of dividend amount in your bank account, please provide the requisite information to Company's Share Registrar and CDC Shareholders are requested to send their bank account details to their respective Participant / Investor Account Services. In pursuance of directions given by SECP, kindly authorize the bank for direct credit of cash dividend in your bank account. (Please note that giving bank mandate for dividend payments is optional, in case you do not wish to avail this facility please ignore this notice and, in such case, dividend will be paid through dividend warrant to your registered address, as per normal practice). Standard request form is available at the Company's website i.e. www.bwm.com.pk

CHANGE IN ADDRESSES AND CONSOLIDATION OF FOLIOS:

7. Members of the Company are requested to immediately notify the change of address, if any, and ask for consolidation of their folio numbers.

PARTICIPATION IN ANNUAL GENERAL MEETING:

8. Any member entitled to attend and vote at this meeting shall be entitled to appoint any other member as his/her proxy to attend and vote in respect of him/her and the proxy instrument shall be received by the Company not later than 48 hours before the date of the meeting.

INSTRUCTION FOR CDC ACCOUNT HOLDERS:

9. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange commission of Pakistan;
 - a. **For attending the meeting:**
 - i. In case of account holder of CDC their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his original National Identity Card (N.I.C.) or Original Passport at the time of attending the Meeting.
 - ii. In case of corporate entity the Board of Directors' Resolution/Power of Attorney with certified specimen signature of the nominee shall be produced at the time of the meeting.
 - b. **For appointing proxies:**
 - i. In case of individuals account holder of CDC registration details are uploaded as per the regulations shall submit the proxy form as per the above requirements along with attested copies of N.I.C. or the Passport of the beneficial owner and shall be furnished with proxy form.
 - ii. The proxy shall produce his original N.I.C. or original Passport at the time of the meeting.
 - iii. In case of corporate entity the Board of Directors' Resolution/Power of Attorney with specimen signature shall be submitted along with proxy form to the company.
 - c. CDC Account Holders and Sub-account Holders, whose Registration details are available in Share Book Detail Report shall have to produce respective Original Computerized National Identity Cards (CNIC) or Original Passports for the purpose of identification to participate in the Annual General Meeting. Such Account Holders and Sub Account Holders should know the CNIC Numbers and CDC Account Number of the respective partner and should bring the same along with them. In case of Proxy, the person should positively attach the attested copy of the CNIC or passport. In case of corporate member's representative, usual documents should be accompanied for the same purpose.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Bannu Woollen Mills Ltd. take pleasure in presenting the Directors' report along with 55th annual report and audited financial statements for the year ended June 30, 2015.

FINANCIAL PERFORMANCE OF THE COMPANY FOR THE YEAR, 2015

We are pleased to report that your Company has earned net profit of Rs. 62.897 million after incorporating share of profit of Associated Companies and taxation. The actual profit before these adjustments for the year ended 30th June, 2015 amounts to Rs. 94.412 million as compared to profit of Rs. 89.981 million of the year 2014. The net sales increased by 1.03% attaining revenue of Rs. 796.977 million during the year under review (2014: Rs. 788.882 million).

FINANCIAL RESULTS

Current year's results compared with last year are given as under:

	Year ended June 30,	
	2015	2014
	(Rupees in thousands)	
Sales - Net	796,977	788,882
Gross Profit	248,343	226,353
Profit from Operations	106,707	97,376
Profit before Taxation	96,330	152,076
Profit after Taxation	62,897	131,640
	----- Rupees -----	
Earnings per Share	6.62	13.85

OPERATING PERFORMANCE

With the installed capacity of 3,346 woollen spindles and 50 shuttle less looms (2014: capacity was 3,346 woollen spindles and 50 shuttle less looms), the Company has produced 1,379,131 Kgs of 5 Nm of count yarn and 1,834,325 meters cloth based on 30 picks in year under review as compared to 1,347,944 Kgs of 5 Nm of count yarn and 2,063,578 meters cloth based on 30 picks for the year ended 30th June, 2014. Production efficiency decreased by 229,253 meters (11.11%) as compared to year 2014 mainly due to declined production of blazer cloth.

DIVIDENDS AND APPROPRIATIONS

Considering the current financial position, the board of directors recommended cash dividend of Rs.3 per share i.e. 30% (June 30, 2014: Rs. Nil).

FUTURE PROSPECTS

Considering the market trends and decline in sales of blazer cloth, the management has converted two of its carding machines from coarse to finer counts to cater for the demand of our fine fabrics. We have also purchased an Italian Ring Frame to fulfil the increased capacity of finer counts, which is currently at installation phase and hopefully will be in operation from October, 2015.

Going forward, we remain committed to improve the way we work, to be more professional, efficient and profitable to deliver sustained return to our shareholders in a well diversified manner.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business as are set by Chief Executive and reviewed in total by the Board in the light of Company's overall objectives. The Board is committed to maintain the high standards of good corporate governance. The Company has been in compliance with the provisions set out by the Securities and Exchange Commission of Pakistan and accordingly listing regulations of stock exchanges.

Following are the statements on Corporate and Financial Reporting Framework:

1. The financial statements, prepared by the management of Bannu Woollen Mills Ltd., present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.
3. Proper books of account of Bannu Woollen Mills Limited have been maintained.
4. International accounting standards, as applied in Pakistan, have been followed in preparation of these financial statements and departures there from have been adequately disclosed.
5. The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.

6. The system of internal controls is sound in design and has been effectively implemented and monitored.
7. There are no significant doubts upon the Company's ability to continue as a going concern.
8. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
9. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at 30 June, 2015, except for those disclosed in the financial statements.

COMMUNICATION

The Company places great importance on the communication with the shareholders. Annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Ordinance, 1984. The Company's activities are updated on its web site (www.bwm.com.pk), on timely basis.

CORPORATE SOCIAL RESPONSIBILITY

The Company considers social, environmental and ethical matters in the context of the overall business environment. The Company is committed to make conscious effort to consider and balance the interest of all stakeholders, in particular the community in which we live and who form our customer base.

HUMAN RESOURCE MANAGEMENT

Human resource planning and management is one of the most important focus point at the highest management level. The Company has a Human Resource and Remuneration Committee which is involved in selection, evaluation, compensation and succession planning of key personnel. It is also involved in recommending improvements in Company's human resource policies & procedures and their periodic review.

BOARD AUDIT COMMITTEE

Audit Committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial Reporting Framework and Corporate Control. The Committee consist of four persons. Majority of members are non-executive directors and the chairman of the committee is an independent director.

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. The terms of reference of the committee have been formed and advised to the committee for compliance.

The Audit committee has reviewed the quarterly, half-yearly and annual financial statements, besides the internal audit plan, material audit findings and recommendation of internal auditor.

In addition to above meetings, Audit Committee also met with external auditors without Chief Financial Officer and Head of Internal Audit.

MEETINGS OF BOARD AND ITS COMMITTEES IN 2014-15

During the year 2014-15 four board meetings, four audit committee and one HR & Remuneration committee meetings were held. The number of meetings attended by each director during the year is given here under:

Sr. No.	Director	Status	Committee Members		Attendance		
			Board Audit Committee	HR & Remuneration Committee	Board Meetings	Board Audit Committee	HR & Remuneration Committee
1.	Mr. Raza Kuli Khan Khattak	Re-elected on March 31, 2014	-	-	4 / 4	-	-
2.	Lt. Gen (Retd.) Ali Kuli Khan Khattak	Re-elected on March 31, 2014	✓	✓	4 / 4	4 / 4	1 / 1
3.	Mrs. Shahnaz Sajjad Ahmed	Re-elected on March 31, 2014	-	✓	4 / 4	-	1 / 1
4.	Mr. Ahmed Kuli Khan Khattak	Re-elected on March 31, 2014	✓	✓	3 / 4	3 / 4	1 / 1
5.	Mr. Mushtaq Ahmed Khan, FCA	Re-elected on March 31, 2014	✓	✓	3 / 4	3 / 4	1 / 1
6.	Mrs. Zeb Gohar Ayub	Re-elected on March 31, 2014	-	-	2 / 4	-	-
7.	Dr. Shaheen Kuli Khan Khattak	Re-elected on March 31, 2014	-	-	3 / 4	-	-
8.	Syed Zubair Ahmed (NIT)	Re-elected on March 31, 2014	-	-	4 / 4	-	-
9.	Mr. Ahmed Zaib Khan (Independent)	Elected on March 31, 2014	✓	-	4 / 4	4 / 4	-

Leave of absence was granted to the directors unable to attend the board meetings.

The Board is pleased to report further that Bannu Woollen Mills Limited is compliant with the provisions of best practices of Code of Corporate Governance as on 30th June, 2015.

KEY OPERATING AND FINANCIAL DATA (SIX YEARS SUMMARY)

Key operating and financial data of last six years in enclosed.

PATTERN OF SHAREHOLDING

The statement of pattern of shareholding of the Company as at June 30, 2015 is enclosed. This statement is prepared in accordance with the Code of Corporate Governance and the provisions of Companies Ordinance, 1984 read with Companies (Amendment) Ordinance, 2002.

APPOINTMENT OF AUDITORS

The Company's auditors M/s Hameed Chaudhri & Co., Chartered Accountants, HM House, 7 Bank Square, Lahore retire and being eligible, offer themselves for reappointment. The Board and Board Audit Committee have recommended that the retiring auditors be reappointed.

THANKS AND APPRECIATION

We would like to place on record deep appreciation for the efforts of the executives, officers and other staff members and workers for their hard work, co-operation and sincerity to the Company in achieving the best possible results. The Board also wishes to place on record the appreciations to all banks, customers and suppliers for continued support to the Company with zeal and dedication. The Management is quite confident that these relations and co-operation will continue in the years to come.

For & on behalf of Board of Directors



RAZA KULI KHAN KHATTAK
Chairman

Dated: 23 September, 2015

KEY OPERATING AND FINANCIAL DATA
SIX YEARS SUMMARY

	Rs. In million					
	2015	2014	2013	2012	2011	2010
Sales (Net)	796.977	788.882	807.725	663.406	569.195	415.428
Gross Profit	248.343	226.353	230.434	192.515	177.469	113.327
Operating Profit	106.707	97.376	101.697	101.100	98.667	51.003
Profit Before Taxation	96.330	152.076	176.130	135.691	143.757	94.268
Taxation	33.433	20.436	30.063	(1.469)	(1.180)	6.915
Profit After Taxation	62.897	131.640	146.067	137.160	144.937	87.353
Dividend	30%	0%	* 25%	30%	50%	20%
Earnings Per Share	6.62	13.85	15.37	18.04	19.06	11.49
Break Up Value Per Share	101.72	94.88	99.49	85.96	72.68	54.54
Non-Current Assets	1,229.960	1,228.315	1,111.966	1,025.078	960.393	559.793
Current Assets	779.446	689.877	674.155	457.201	449.985	354.769
Total Assets	2,009.406	1,918.192	1,786.121	1,482.279	1,410.378	914.562
Share Capital	95.063	95.063	76.050	76.050	76.050	76.050
Revenue Reserves	881.440	806.860	680.547	561.921	476.650	338.704
Equity	976.503	901.923	756.597	637.971	552.700	414.754
Surplus on revaluation of property, plant and equipment	556.975	563.214	569.656	576.730	569.107	238.868
Non-Current Liabilities	237.009	235.050	205.114	179.208	125.273	98.757
Current Liabilities	238.919	218.005	254.754	88.370	163.298	162.183
	475.928	453.055	459.868	267.578	288.571	260.940
Total liabilities	2,009.406	1,918.192	1,786.121	1,482.279	1,410.378	914.562

* Bonus Shares

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. CUN (Incorporation Number) 0 0 0 1 0 8 0

2. Name of the Company **BANNU WOOLLEN MILLS LIMITED**

3. Pattern of holding of the shares held by the shareholders as at 3 0 0 6 2 0 1 5

4. No of shareholders	Shareholdings	Total shares held
214	shareholding from 1 to 100 shares	6,839
297	shareholding from 101 to 500 shares	106,219
205	shareholding from 501 to 1000 shares	180,254
372	shareholding from 1,001 to 5,000	935,929
67	shareholding from 5,001 to 10,000	505,152
32	shareholding from 10,001 to 15,000	400,511
13	shareholding from 15,001 to 20,000	228,976
6	shareholding from 20,001 to 25,000	137,352
4	shareholding from 25,001 to 30,000	110,056
4	shareholding from 30,001 to 35,000	128,996
7	shareholding from 35,001 to 40,000	266,475
4	shareholding from 40,001 to 45,000	169,154
4	shareholding from 45,001 to 50,000	196,475
1	shareholding from 50,001 to 55,000	54,076
2	shareholding from 55,001 to 60,000	113,090
2	shareholding from 60,001 to 65,000	121,335
2	shareholding from 65,001 to 70,000	134,000
4	shareholding from 70,001 to 75,000	294,790
2	shareholding from 75,001 to 80,000	153,097
1	shareholding from 80,001 to 85,000	83,176
1	shareholding from 85,001 to 90,000	90,000
2	shareholding from 90,001 to 95,000	180,748
2	shareholding from 95,001 to 100,000	193,062
1	shareholding from 100,001 to 105,000	101,238
1	shareholding from 120,001 to 125,000	123,318
1	shareholding from 310,001 to 315,000	311,000
1	shareholding from 465,001 to 470,000	468,137
1	shareholding from 485,001 to 490,000	485,957
1	shareholding from 730,001 to 735,000	731,626
1	shareholding from 2,495,001 to 2,500,000	2,495,212
1,255	Total	9,506,250

5. Categories of shareholders	share held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children.	1,184,594	12.46
5.2. Associated Companies, undertakings and related parties.	3,235,778	34.04
5.3 NIT and ICP	469,074	4.93
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	4,500	0.05
5.5 Insurance Companies	N.A	N.A
5.6 Modarabas and Mutual Funds	N.A	N.A
5.7 Share holders holding 10% Bibojee Services (Pvt.) Ltd	2,495,212	26.25
5.8 General Public		
a. Local	4,121,475	43.36
b. Foreign	NIL	NIL
5.9 Others		
Joint Stock Companies	216,871	2.28
NBP Employees Pension Fund	42,797	0.45
NBP Employees Benevolent Fund	1,501	0.02
Institute of Business & Technology	17,500	0.18
Trustee Treet Provident Fund	74,000	0.78
Trustee Treet Gratuity Fund	33,000	0.35
Trustee-Treet corp. Ltd. Group employees superannuation fund	71,500	0.75
Trustees Treet Corp Ltd Employees Service Fund	31,000	0.33
Waqf-e-Kuli Khan Trust	2,660	0.02

6. Signature of Secretary



7. Name of Signatory

WAQAR AHMAD

8. Designation

Company Secretary

9. NIC Number

3 3 1 0 0 - 1 9 3 5 7 6 2 - 3

10. Date

Day: 3 0 Month: 0 6 Year: 2 0 1 5

DETAILS OF PATTERN OF SHAREHOLDING AS PER
REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

CATEGORIES OF SHAREHOLDERS		SHARES HELD
1.	ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES: M/S JANANA DE MALUCHO TEXTILE MILLS LTD, M/S.BIBOJEE SERVICES (PVT) LTD. M/S UNIVERSAL INSURANCE CO. LTD,	731,626 2,495,212 8,940
2.	N.I.T. & I.C.P: M/S.INVESTMENT CORPORATION OF PAKISTAN CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	937 468,137
3.	DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN: MR.RAZA KULI KHAN KHATTAK, Chairman MRS.SHAHIDA KHATOON W/O MR. RAZA KULI KHAN KHATTAK LT.GEN. (RETD) ALI KULI KHAN KHATTAK Director MRS.NELOFAR ALI KULI KHAN W/O LT.GEN. (RETD) ALI KULI KHAN KHATTAK MR.AHMED KULI KHAN KHATTAK Director MRS.NASREEN AHMED KULI KHAN W/O MR.AHMED KULI KHAN KHATTAK MR.MUSHTAQ AHMED KHAN (FCA) Director MRS.SAEEDA MUSHTAQ W/O MR. MUSHTAQ AHMAD KHAN, FCA MRS.ZEB GOHAR AYUB Director MRS.SHAHNAZ SAJJAD AHMED Chief Executive DR. SHAHEEN KULI KHAN Director MR. AHMAD ZEB KHAN Director SYED ZUBAIR AHMAD SHAH (NIT) Director	56,573 46,475 54,076 95,062 56,517 101,238 *485,957 19,687 33,746 111,435 123,318 10 500
4.	EXECUTIVES	44,487
5.	JOINT STOCK COMPANIES	1,770,895
6.	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS	4,500
7.	SHAREHOLDERS HOLDING 10% OR MORE: M/S.BIBOJEE SERVICES (PVT) LTD.	2,495,212
8.	GENERAL PUBLIC & OTHERS	4,614,964

**These shares also include the shares registered in the name of his wife and daughter pledged with bank through CDC.*

**Statement of Compliance with the Code of
Corporate Governance**
[See clause (xi)]

Name of Company **BANNU WOOLLEN MILLS LIMITED**
Year Ending **30TH JUNE 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 and Islamabad Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

CATEGORY	NAMES
Independent Director	Mr. Ahmad Zeb Khan
Executive Directors	Mrs. Shahnaz Sajjad Ahmad Mr. Mushtaq Ahmad Khan, FCA
Non-Executive Directors	Mr. Raza Kuli Khan Khattak Lt. Gen. (Retd) Ali Kuli Khan Khattak Mr. Ahmad Kuli Khan Khattak Mrs. Zeb Gohar Ayub Dr. Shaheen Kuli Khan Mr. Syed Zubair Ahmad (NIT) Mr. Ahmad Zeb Khan

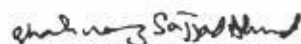
2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board of Directors of the Company during the year ended 30th June 2015.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors are well conversant with the legal requirements and such are fully aware of their duties and responsibilities.
10. There were no new appointments of CFO, Company Secretary and Head of Internal Audit during the year ended 30th June 2015.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises four members, of whom one is independent director and three are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises four members, of whom two are non-executive directors and the chairman of the committee is a non executive director.
18. The board has set up an effective internal audit function and the employees working therein are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

Signature
(Name in block letters)

· CNIC Number



MRS. SHAHNAZ SAJJAD AHMAD
(Chief Executive)

17301-1363131-2

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **BANNU WOOLLEN MILLS LIMITED** (the Company) for the year ended June 30, 2015 to comply with the requirements of Regulation No.35 of Chapter XI contained in the Listing Regulations issued by the Karachi Stock Exchange Limited and Islamabad Stock Exchange Limited where the Company is listed.

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

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

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

LAHORE; September 23, 2015

Hameed Chaudhri & Co.

**HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS**

AUDITORS' REPORT TO THE MEMBERS

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

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, its 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).

Hameed Chaudhri & Co.

**HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS**

Audit Engagement Partner: Nafees ud din

LAHORE; September 23, 2015

BALANCE SHEET AS AT JUNE 30, 2015

ASSETS		2015	2014
Non-current assets	Note	Rupees in thousand	
Property, plant and equipment	5	862,240	862,146
Investments in Associated Companies	6	364,226	362,455
Advances	7	60	300
Security deposits		3,434	3,414
		<u>1,229,960</u>	<u>1,228,315</u>
Current assets			
Stores and spares	8	57,387	38,637
Stock-in-trade	9	472,266	416,380
Trade debts	10	219,551	204,214
Current portion of advances	7	240	240
Advances to employees - unsecured, considered good		1,508	2,301
Advance payments		67	1,700
Trade deposits and prepayments	11	69	216
Sales tax refundable		5,197	7,262
Income tax refundable, advance tax and tax deducted at source		19,655	17,644
Cash and bank balances	12	3,506	1,283
		<u>779,446</u>	<u>689,877</u>
TOTAL ASSETS		<u>2,009,406</u>	<u>1,918,192</u>
EQUITY AND LIABILITIES			
Equity			
Authorised capital			
20,000,000 (2014: 20,000,000) ordinary shares of Rs.10 each		200,000	200,000
Issued, subscribed and paid-up capital	13	95,063	95,063
Reserves	14	805,500	705,500
Unappropriated profit		75,940	101,360
Shareholders' equity		<u>976,503</u>	<u>901,923</u>
Surplus on revaluation of property, plant and equipment	15	556,975	563,214
Liabilities			
Non-current liabilities			
Demand finances	16	2,500	12,500
Staff retirement benefits - gratuity	17	160,505	139,163
Deferred taxation	18	74,004	83,387
		<u>237,009</u>	<u>235,050</u>
Current liabilities			
Trade and other payables	19	139,459	89,648
Accrued mark-up	20	364	1,009
Short term finances	21	49,778	94,779
Current portion of demand finances	16	10,000	10,000
Taxation	22	39,318	22,569
		<u>238,919</u>	<u>218,005</u>
Total liabilities		<u>475,928</u>	<u>453,055</u>
Contingencies and commitments	23		
TOTAL EQUITY AND LIABILITIES		<u>2,009,406</u>	<u>1,918,192</u>

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

Shahnaz Sajjad Ahmad
Shahnaz Sajjad Ahmad
 Chief Executive

Ali Kuli Khan Khattak
Lt. Gen (Retd)
Ali Kuli Khan Khattak
 Director

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

	Note	2015 Rupees in thousand	2014
Sales	24	796,977	788,882
Cost of Sales	25	548,634	562,529
Gross Profit		248,343	226,353
Distribution Cost	26	33,529	33,071
Administrative Expenses	27	101,120	88,353
Other Expenses	28	10,260	9,489
Other Income	29	(3,273)	(1,936)
		141,636	128,977
Profit from Operations		106,707	97,376
Finance Cost	30	12,295	7,395
		94,412	89,981
Share of Profit of Associated Companies- net	6	1,918	62,095
Profit before Taxation		96,330	152,076
Taxation	31	33,433	20,436
Profit after Taxation		62,897	131,640
Other Comprehensive Loss			
Items that will not be reclassified to profit or loss:			
- gain on remeasurement of staff retirement benefit obligation		0	322
- share of other comprehensive income / (loss) of Associated Companies (net of taxation)		414	(5,442)
		414	(5,120)
Total Comprehensive Income		63,311	126,520
		----- Rupees -----	
Earnings per Share	32	6.62	13.85

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

Shahnaz Sajjad Ahmad
Shahnaz Sajjad Ahmad
Chief Executive

Ali Kuli Khan
Lt. Gen (Retd)
Ali Kuli Khan Khattak
Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015**

	2015	2014
	(Rupees in thousand)	
Cash flow from operating activities		
Profit for the year - before taxation and net share of profit on investments in Associated Companies	94,412	89,981
Adjustments for non-cash and other charges:		
Depreciation	38,345	34,745
Unclaimed payable balances written-back	(22)	(56)
Staff retirement benefits - gratuity (net)	21,342	18,655
Mark-up on bank deposits and dealers' balances	(1,857)	(1,040)
Finance cost	12,295	7,395
Workers' welfare fund	2,401	1,775
Gain on sale of operating fixed assets	(851)	0
Profit before working capital changes	166,065	151,455
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
Stores and spares	(18,750)	(6,516)
Stock-in-trade	(55,886)	(70,283)
Trade debts	(15,337)	39,335
Advances	1,033	(575)
Advance payments	1,633	(1,268)
Trade deposits and prepayments	147	(76)
Other receivables	0	607
Sales tax refundable	2,065	4,400
Increase in trade and other payables	49,215	19,654
	(35,880)	(14,722)
Cash generated from operations	130,185	136,733
Taxes paid	(28,948)	(16,811)
Net cash generated from operating activities	101,237	119,922
Cash flow from investing activities		
Fixed capital expenditure	(39,081)	(82,213)
Sale proceeds of operating fixed assets	1,493	0
Security deposits	(20)	(606)
Dividend received on investments	4,678	0
Mark-up received on bank deposits and dealers' balances	1,857	1,040
	(31,073)	(81,779)
Net cash used in investing activities		
Cash flow from financing activities		
Demand finances - net	(10,000)	22,500
Short term finances - net	(45,001)	(52,218)
Dividend paid	0	(26)
Finance cost paid	(12,940)	(8,465)
	(67,941)	(38,209)
Net cash used in financing activities		
Net increase / (decrease) in cash and cash equivalents	2,223	(66)
Cash and cash equivalents - at beginning of the year	1,283	1,349
Cash and cash equivalents - at end of the year	3,506	1,283

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

Shahnaz Sajjad Ahmad
Shahnaz Sajjad Ahmad
Chief Executive

Ali Kuli Khan Khattak
Lt. Gen (Retd)
Ali Kuli Khan Khattak
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015**

	Share capital	Reserves			Unappropriated profit	Total
		Capital	Revenue	Sub-total		
		Share premium	General			
----- Rupee in thousand -----						
Balance as at June 30, 2013	76,050	19,445	542,555	562,000	118,547	756,597
Transfer	0	0	143,500	143,500	(143,500)	0
Transaction with owners:						
Nominal value of bonus shares issued	19,013	0	0	0	(19,013)	0
Total comprehensive income for the year ended June 30, 2014:						
- profit for the year	0	0	0	0	131,640	131,640
- other comprehensive loss	0	0	0	0	(5,120)	(5,120)
	0	0	0	0	126,520	126,520
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation) on account of incremental depreciation for the year						
	0	0	0	0	7,483	7,483
Effect of items directly credited in equity by Associated Companies						
	0	0	0	0	11,323	11,323
Balance as at June 30, 2014	95,063	19,445	686,055	705,500	101,360	901,923
Transfer	0	0	100,000	100,000	(100,000)	0
Total comprehensive income for the year ended June 30, 2015:						
- profit for the year	0	0	0	0	62,897	62,897
- other comprehensive income	0	0	0	0	414	414
	0	0	0	0	63,311	63,311
Transfer from surplus on revaluation of property, plant and equipment (net of deferred taxation) on account of:						
- incremental depreciation for the year	0	0	0	0	6,831	6,831
- revalued assets sold during the year	0	0	0	0	321	321
Effect of items directly credited in equity by Associated Companies						
	0	0	0	0	4,117	4,117
	95,063	19,445	786,055	805,500	75,940	976,503

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

Shahnaz Sajjad Ahmad
Shahnaz Sajjad Ahmad
 Chief Executive

Ali Kuli Khan
Lt. Gen (Retd)
Ali Kuli Khan Khattak
 Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1. LEGAL STATUS AND OPERATIONS

Bannu Woollen Mills Limited (the Company) was incorporated in Pakistan as a Public Company in the year 1960 and its shares are quoted on Karachi and Islamabad Stock Exchanges. It is principally engaged in manufacture and sale of woollen yarn, cloth and blankets. The Company's registered office and its Mills are located at D.I. Khan Road, Bannu.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy notes.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand unless otherwise stated.

2.4 Accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

(a) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

(b) Stores & spares and stock-in-trade

The Company estimates the net realisable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make sale.

(c) Provision for impairment of trade debts

The Company assesses the recoverability of its trade debts if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

(d) Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 17.

(e) Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

2.5 No critical judgment has been used in applying the accounting policies.

3. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS**3.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant**

The amendments to following standards have been adopted by the Company for the first time for financial year beginning on July 01, 2014:

- a) IAS 32 (Amendments) 'Financial instruments: presentation'. These amendments update the application guidance in IAS 32 'Financial instruments: presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The application of these amendments has no material impact on the Company's financial statements.
- b) IAS 36 (Amendment) 'Impairment of assets'. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of this amendment has no material impact on the Company's financial statements.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2014 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following are the new standards and amendments to existing approved accounting standards that are effective for the periods beginning January 01, 2015 that may have an impact on the financial statements of the Company:

- a) IFRS 9 'Financial instruments - classification and measurement' is applicable on accounting periods beginning on or after January 01, 2015. IFRS 9 replaces the parts of IAS 39 'Financial instruments: recognition and measurement', that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The Company does not expect to have a material impact on its financial statements due to application of this standard.
- b) IFRS 12 'Disclosure of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.
- c) IFRS 13 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.
- d) Annual improvements 2014 applicable for annual periods beginning on or after January 01, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5, 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits' and IAS 34, 'Interim financial reporting'. The Company does not expect to have a material impact on its financial statements due to application of these amendments.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore have not been presented here.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment and depreciation

These, other than freehold land, buildings on freehold land, plant & machinery and capital work-in-progress, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount whereas buildings on freehold land and plant & machinery are stated at revalued amounts less accumulated depreciation and any identified impairment loss. Capital work-in-progress is stated at cost. Cost of some items of plant & machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior years. Borrowing costs are also capitalised for the period upto the date of commencement of commercial production of the respective plant & machinery, acquired out of the proceeds of such borrowings.

Freehold land, buildings on freehold land and plant & machinery were revalued during prior years. Surplus arisen on revaluation of these assets has been credited to surplus on revaluation of property, plant and equipment account in accordance with the requirements of section 235 of the Companies Ordinance, 1984 and shall be held on the balance sheet till realisation. Revaluation is carried-out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. The accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of these assets (net of deferred taxation) is transferred directly to equity.

Depreciation is taken to profit and loss account applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in Note 5.1. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to profit and loss account as and when incurred. Major renewals and replacements are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to profit and loss account.

4.2 Investments in Associated Companies

Investments in Associated Companies are accounted for by using equity basis of accounting, under which the investments in Associated Companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the Associated Companies after the date of acquisition. The Company's share of profit or loss of the Associated Companies is recognised in the Company's profit or loss. Distributions received from Associated Companies reduce the carrying amount of investments. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the Associated Companies arising from changes in the Associated Companies' equity that have not been recognised in the Associated Companies' profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

The carrying amount of investments is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

4.3 Stores and spares

Stores and spares are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for identified obsolete and slow moving items.

4.4 Stock-in-trade

Basis of valuation are as follows:

<u>Particulars</u>	<u>Mode of valuation</u>
Raw materials:	
- at warehouses	- At lower of annual average cost and net realisable value.
- in transit	- At cost accumulated to the balance sheet date.
Work-in-process	- At lower of cost and net realisable value.
Finished goods	- At lower of cost and net realisable value.
Usable waste	- At estimated realisable value.

Cost in relation to work-in-process and finished goods represents annual average manufacturing cost, which consists of prime cost and appropriate manufacturing overhead.

Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.

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

4.5 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash-in-hand and balances with banks.

4.7 Borrowings and borrowing cost

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

4.8 Staff retirement benefits (defined benefit plan)

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2014 on the basis of the projected unit credit method by an independent Actuary.

4.9 Trade and other payables

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

4.10 Provisions

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

4.11 Taxation

(a) Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments, where necessary, relating to prior years, which arise from assessments framed / finalised during the year.

(b) Deferred

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited to the profit and loss account except for deferred tax arising on surplus on revaluation of property, plant and equipment, which is charged to revaluation surplus.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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 realised.

4.12 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

4.13 Financial instruments

Financial instruments include deposits, trade debts, other receivables, bank balances, demand finances, trade & other payables, accrued mark-up and short term finances. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.14 Off-setting

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

4.15 Foreign currency translation

Foreign currency transactions are recorded in Pak Rupees using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated in Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are taken to profit and loss account.

4.16 Revenue recognition

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

- sales are recorded on dispatch of goods.
- return on deposits is accounted for on 'accrual basis'.
- Dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

4.17 Impairment of non financial assets

Non financial assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

4.18 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 37 to these financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2015 (Rupees in thousand)	2014
Operating fixed assets - tangible	5.1	828,410	860,163
Capital work-in-progress	5.5	33,830	1,983
		<u>862,240</u>	<u>862,146</u>

5.1 Operating fixed assets

Particulars	Freehold land	Buildings on freehold land			Plant & machinery	Weighment and material handling equipment	Tools and equipment	Furniture and fixtures	Electric fittings	Office equipment	Computers and T.V.	Vehicles	Arms	Total
		Factory	Residential	Others										

Rupees in thousand

As at June 30, 2013

Cost / revaluation	495,000	29,074	15,109	18,258	451,164	464	30	703	6,102	517	1,058	23,912	4,016	1,045,407
Accumulated depreciation	0	4,825	1,709	4,999	200,138	377	14	406	2,909	296	761	15,686	299	232,419
Book value	495,000	24,249	13,400	13,259	251,026	87	16	297	3,193	221	297	8,226	3,717	812,988

Year ended June 30, 2014:

Additions	0	6,028	0	0	70,780	0	0	31	437	0	2,759	1,885	0	81,920
Depreciation for the year	0	2,475	1,340	1,326	26,182	9	1	30	332	22	728	1,928	372	34,745
Book value	495,000	27,802	12,060	11,933	295,624	78	15	298	3,298	199	2,328	8,183	3,345	860,163

Year ended June 30, 2015:

Additions	0	0	0	1,524	1,086	0	0	0	109	360	52	4,103	0	7,234
Disposal:														
- cost	0	0	0	0	(2,839)	(165)	0	0	0	0	0	(500)	0	(3,504)
- depreciation	0	0	0	0	2,289	145	0	0	0	0	0	428	0	2,862
Depreciation for the year	0	2,780	1,206	1,219	29,579	8	1	30	339	32	712	2,105	334	38,345
Book value	495,000	25,022	10,854	12,238	266,581	50	14	268	3,068	527	1,668	10,109	3,011	828,410

As at June 30, 2014

Cost / revaluation	495,000	35,102	15,109	18,258	521,944	464	30	734	6,539	517	3,817	25,797	4,016	1,127,327
Accumulated depreciation	0	7,300	3,049	6,325	226,320	386	15	436	3,241	318	1,489	17,614	671	267,164
Book value	495,000	27,802	12,060	11,933	295,624	78	15	298	3,298	199	2,328	8,183	3,345	860,163

As at June 30, 2015

Cost / revaluation	495,000	35,102	15,109	19,782	520,191	299	30	734	6,648	877	3,869	29,400	4,016	1,131,057
Accumulated depreciation	0	10,080	4,255	7,544	253,610	249	16	466	3,580	350	2,201	19,291	1,005	302,647
Book value	495,000	25,022	10,854	12,238	266,581	50	14	268	3,068	527	1,668	10,109	3,011	828,410
Depreciation rate (%)		10	10	10	10	10	10	10	10	10	30	20	10	

5.2 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Sold through negotiation to
----- Rupees in thousand -----						
Plant and machinery						
Diesel generator	2,839	2,289	550	962	412	Fazal Chemicals (Pvt.) Ltd., Lahore.
Weighing bridge	165	145	20	191	171	Mr. Rauf Khan, Contractor, Bannu.
Vehicle						
Suzuki Alto	500	428	72	340	268	Mr. Rashid Minhas, Bannu. (employee).
	3,504	2,862	642	1,493	851	

5.3 Had the operating fixed assets been recognised under the cost model, the carrying amounts of each revalued class of operating fixed assets would have been as follows:

	2015 (Rupees in thousand)	2014
Freehold land	152	152
Buildings on freehold land	20,583	21,205
Plant & machinery	202,746	224,174
	223,481	245,531

5.4 Depreciation for the year has been apportioned as under:

Cost of sales	32,708	29,000
Administrative expenses	5,637	5,745
	38,345	34,745

5.5 Capital work-in-progress

Plant and machinery	33,412	0
Advance payments:		
- to building contractors	0	1,760
- for purchase of computers	418	223
	33,830	1,983

6. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted

2015 **2014**
(Rupees in thousand)

Babri Cotton Mills Ltd. (BCM)		
144,421 (2014: 144,421) ordinary shares of Rs.10 each - cost	1,632	1,632
Equity held: 3.95% (2014: 3.95%)		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BCM	25,542	22,004
(Loss) / profit for the year - net of taxation	(3,384)	3,243
Share of other comprehensive income / (loss) - net of taxation	174	(185)
	23,964	26,694
Janana De Malucho Textile Mills Ltd. (JDM)		
1,559,230 (2014:1,559,230) ordinary shares of Rs.10 - cost	27,762	27,762
Equity held: 32.59% (2014: 32.59%)		
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by JDM	311,636	254,404
Dividend received	(4,678)	0
Profit for the year - net of taxation	5,302	58,852
Share of other comprehensive income / (loss) - net of taxation	240	(5,257)
	340,262	335,761
	364,226	362,455

6.1 Market values of the Company's investments in BCM and JDM as at June 30, 2015 were Rs.5.777 million (2014: Rs.10.544 million) and Rs.143.808 million (2014: Rs.129.416 million) respectively.

6.2 Summarised financial information of BCM, based on its audited financial statements for the year ended June 30, 2015, is as follows:

- equity as at June 30,	607,039	673,113
- total assets as at June 30,	1,833,788	2,149,359
- total liabilities as at June 30,	621,945	869,859
- revenue for the year ended June 30,	1,757,969	1,927,396
- (Loss) / profit before taxation for the year ended June 30,	(123,803)	113,915
- (Loss) / profit after taxation for the year ended June 30,	(85,587)	82,020
- other comprehensive income / (loss) for the year ended June 30,	4,390	(4,678)

6.3 Summarised financial information of JDM, based on its audited financial statements for the year ended June 30, 2015, is as follows:

- equity as at June 30,	1,044,159	1,023,320
- total assets as at June 30,	3,487,615	3,576,849
- total liabilities as at June 30,	1,177,869	1,276,033
- revenue for the year ended June 30,	2,542,780	2,983,385
- profit before taxation for the year ended June 30,	14,721	249,465
- profit after taxation for the year ended June 30,	16,271	180,597
- other comprehensive income/(loss) for the year ended June 30,	738	(16,133)

- 6.4 The management, as at June 30, 2015, has carried out impairment testing of its investments in the Associated Companies as required under IAS 36, 'Impairment of Assets'. The recoverable amount of investments in BCM and JDM amounted Rs.83.763 million and Rs.872.981 million respectively. The recoverable amounts of investments have been determined using the 'value-in-use' computations. In assessing the value in use, estimated future cash flows have been discounted to their present value using pre-tax discount rates that reflects current market assessments of the time value of money. The pre-tax discount rates applied to cash flow projections by BCM and JDM are 7.79% and 8.16% respectively. As a result of the aforementioned impairment testing, the management has concluded that the carrying values of investments in Associated Companies do not exceed the recoverable amounts.

7. ADVANCES- Unsecured	Note	2015	2014
Advance against salary to an executive:		(Rupees in thousand)	
Opening balance		540	0
Amount advanced during the year		0	600
Less: deductions made during the year		(240)	(60)
Closing balance		300	540
Less: recoverable within following twelve months		(240)	(240)
		<u>60</u>	<u>300</u>

- 7.1 Maximum aggregate amount due from the executive at any month-end during the year was Rs.540 thousand (2014: Rs.600 thousand).
- 7.2 Fair value adjustment as required by IAS 39, 'Financial instruments: recognition and measurement' arising in respect of advances made to an executive is not considered material and hence not recognised.

8. STORES AND SPARES

Stores		25,356	9,415
Spares		34,031	31,222
	8.1	<u>59,387</u>	<u>40,637</u>
Less: provision for slow moving stores and spares		2,000	2,000
		<u>57,387</u>	<u>38,637</u>

- 8.1 Inventory valuing Rs.6,719 thousand was in transit as at June 30, 2015; (no inventory was in transit as at June 30, 2014).

- 8.2 The Company does not hold any stores and spares for specific capitalisation.

9. STOCK-IN-TRADE

Raw materials:			
- at warehouse		178,809	152,178
- in transit		16,110	41,242
		<u>194,919</u>	<u>193,420</u>
Work-in-process		31,096	23,115
Finished goods		246,251	199,845
		<u>472,266</u>	<u>416,380</u>

10. TRADE DEBTS - Unsecured - Considered good

Mark-up has been charged on the balances due after normal credit term and grace period at the rates applicable on short term finance facilities as disclosed in note 21.

11. TRADE DEPOSITS AND PREPAYMENTS

	2015 (Rupees in thousand)	2014
Prepayments	21	64
Letters of credit	48	152
	<u>69</u>	<u>216</u>

12. CASH AND BANK BALANCES

Cash-in-hand	445	2
Cash at banks on:		
- current accounts	602	670
- dividend accounts	551	551
- PLS accounts	1,908	60
	<u>3,061</u>	<u>1,281</u>
	<u>3,506</u>	<u>1,283</u>

12.1 These carry profit at the rate of 4.5% (2014: 7%) per annum.

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014			
---- Numbers ----				
2,259,375	2,259,375	Ordinary shares of Rs.10 each fully paid in cash	22,594	22,594
7,246,875	7,246,875	Ordinary shares of Rs.10 each issued as fully paid bonus shares	72,469	72,469
<u>9,506,250</u>	<u>9,506,250</u>		<u>95,063</u>	<u>95,063</u>

13.1 Ordinary shares held by the Associated Companies and an Associate at the year-end:

	2015 Numbers of shares	2014
Janana De Malucho Textile Mills Ltd.	731,626	731,626
Bibojee Services (Pvt.) Ltd.	2,495,212	2,495,212
The Universal Insurance Company Ltd.	8,940	8,940
Waqf-e-Kuli Khan	2,660	2,660
	<u>3,238,438</u>	<u>3,238,438</u>

14. RESERVES**Capital**

Share premium reserve:

859,375 shares @ Rs.7.50 per share
issued during the financial year 1991-92

650,000 right shares @ Rs.20.00 per share
issued during the financial year 1993-94

Revenue - general reserve

2015 (Rupees in thousand)	2014
6,445	6,445
13,000	13,000
<u>19,445</u>	<u>19,445</u>
786,055	686,055
<u>805,500</u>	<u>705,500</u>

15. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - Net

15.1 The Company had revalued its freehold land on October 01, 1978, May 15, 1999, June 30, 2004 and February 20, 2011. Buildings on freehold land and plant & machinery were revalued on October 01, 1978, June 30, 2004 and February 20, 2011. These fixed assets were revalued by Independent Valuers on the basis of market value / depreciated market values and resulted in revaluation surplus aggregating Rs.666.039 million.

15.2 The Company, during the financial year ended June 30, 2012, has again revalued its aforementioned fixed assets. The revaluation exercise has been carried-out by independent Valuers - M/s Yunus Mirza & Co., Architects, Engineers and approved Surveyors, I.I. Chundrigar Road, Karachi. Freehold land has been revalued on the basis of current market value whereas buildings on freehold land and plant & machinery have been revalued on the basis of depreciated market values. The net appraisal surplus arisen on latest revaluation aggregating Rs.17.805 million has been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984. The year-end balance has been arrived at as follows:

	Note	2015 (Rupees in thousand)	2014
Opening balance		596,885	608,223
Less: transferred to unappropriated profit :			
- on account of incremental depreciation for the year		(10,195)	(11,338)
- upon sale of revalued assets		(479)	0
		586,211	596,885
Less: deferred tax on:			
- opening balance of surplus		33,671	38,548
- incremental depreciation for the year		(3,364)	(3,855)
- sale of revalued assets		(158)	0
		30,149	34,693
		556,062	562,192
Resultant adjustment due to reduction in tax rate		913	1,022
Closing balance		556,975	563,214

**16. DEMAND FINANCES - Secured
National Bank of Pakistan (NBP)**

Balance as at June 30,	16.1	12,500	22,500
Less: current portion grouped under current liabilities		(10,000)	(10,000)
		2,500	12,500

16.1 This demand finance facility was utilised during the preceding financial year for import of two woollen condenser cards of Chinese origin. The finance facility carries mark-up at 6-months KIBOR + 2.50% per annum; the effective mark-up rate charged by NBP during the year ranged from 11.63% to 12.17% (2014: 12.17%) per annum. The finance facility is repayable in 30 equal monthly instalments commenced from April, 2014 and is secured against first charge over current assets of the Company for Rs.33.333 million and first charge over fixed assets of the Company for Rs.33.333 million.

17. STAFF RETIREMENT BENEFITS - Gratuity

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

Significant actuarial assumptions	2015	2014
- discount rate	13%	13%
- expected rate of growth per annum in future salaries	12%	12%
- mortality rates	SLIC	SLIC
	2001-2005	2001-2005
	Setback 1 year	
- withdrawal rates	Age-based	Age-based
- retirement assumption	Age 60	Age 60

Amount recognised in the balance sheet is the present value of defined benefit obligation at the reporting date.

The movement in the present value of defined benefit obligation is as follows:	2015	2014
	(Rupees in thousand)	
Opening balance	139,163	120,830
Current service cost	8,627	9,049
Interest cost	18,091	12,687
Benefits paid	(5,376)	(3,081)
Remeasurements: experience adjustments	0	(322)
Closing balance	160,505	139,163

Expense recognised in profit and loss account:

Current service cost	8,627	9,049
Interest cost	18,091	12,687
Charge for the year	26,718	21,736

Remeasurement recognised in other comprehensive income

Experience adjustments	0	(322)
------------------------	---	-------

Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2015	2014	2013	2012	2011
	----- Rupees in thousand -----				
Present value of defined benefit obligation	160,505	139,163	120,830	89,275	72,958
Experience adjustment on obligation	0	(322)	12,865	0	16,823

Year-end sensitivity analysis:

	Impact on defined benefit obligation		
	Change in assumption	Increase	Decrease
	Rupees in thousand		
Discount rate	1%	154,742	167,583
Salary growth rate	1%	167,596	154,756

17.1 The average duration of the defined benefit obligation as at June 30, 2015 is 4 years.

17.2 The expected contribution to defined benefit obligation for the year ending June 30, 2016 is Rs.6.989 million.

18. DEFERRED TAXATION - Net

2015 2014
(Rupees in thousand)

This is composed of the following:

Taxable temporary differences arising in respect of:

- accelerated tax depreciation allowances	45,407	50,376
- surplus on revaluation of property, plant & equipment	29,237	33,671
	<u>74,644</u>	<u>84,047</u>

Deductible temporary difference arising in respect of provision against slow moving stores and spares

(640)	(660)
<u>74,004</u>	<u>83,387</u>

19. TRADE AND OTHER PAYABLES

Due to Associated Companies		0	28
Creditors		7,487	27,479
Bills payable	19.1	38,814	0
Advances from customers		11,813	7,467
Security deposits - interest free, repayable on demand		2,300	3,100
Accrued expenses		62,439	34,124
Workers' (profit) participation fund	19.2	5,183	4,922
Waqf-e-Kuli Khan	28.1	1,672	3,249
Workers' welfare fund		6,888	6,270
Unclaimed dividends		2,515	2,515
Others		348	494
		<u>139,459</u>	<u>89,648</u>

19.1 These are secured against the securities as detailed in note 21.

19.2 Workers' (profit) participation fund (the Fund)*

Opening balance	4,922	4,903
Add: interest on funds utilised in the Company's business	0	88
	<u>4,922</u>	<u>4,991</u>
Less: payments made during the year	4,922	4,991
	<u>0</u>	<u>0</u>
Add: allocation for the year	5,183	4,922
	<u>5,183</u>	<u>4,922</u>

* The Fund's audit for the year ended June 30, 2014 was carried-out by M/s Inaam ul Haq & Co., Chartered Accountants, 33-A, Behind Queens Centre, Shahrah-e-Fatima Jinnah, Lahore

20. ACCRUED MARK-UP

Mark-up accrued on:

- demand finances	120	232
- short term finances	244	723
- an Associated Company's balance	0	54
	<u>364</u>	<u>1,009</u>

21. SHORT TERM FINANCES - Secured

Short term finance facilities available from National Bank of Pakistan (NBP) under mark-up arrangements aggregate Rs.270 million (2014: Rs.270 million). NBP, during the year, charged mark-up on these finance facilities at the rates ranging from 9.99% to 12.18% (2014: 11.04% to 12.18 %) per annum; mark-up is payable on quarterly basis. Facilities available for opening letters of credit aggregate Rs.100 million (2014: Rs.100 million) out of which the amount remained unutilised at the year-end was Rs.54.762 million (2014: Rs.70.234 million). The aggregate facilities are secured against pledge of stocks, first charge on current and fixed assets of the Company for Rs.193.333 million and Rs.280.333 million respectively and lien on import documents. These facilities are available upto December 31, 2015.

22. TAXATION - Net

	2015 (Rupees in thousand)	2014
Opening balance	22,569	35,327
Add: provision made during the year:		
- current [net of tax credit under section 65B of the Ordinance amounting Rs.0.155 million (2014: Rs.7.122 million)]	38,589	21,840
- prior year	3,314	(1,548)
Less: payments/adjustments made during the year against completed assessments	41,903	20,292
	25,154	33,050
Closing balance	39,318	22,569

22.1 Income tax assessments of the Company have been completed upto the tax year 2014 i.e. accounting year ended June 30, 2014.

22.2 Due to location of the mills in the most affected area, the income of the Company was exempt from tax under clause 126F of the second schedule to the Income Tax Ordinance, 2001 (the Ordinance) starting from the tax year 2010. As per management's contention, exemption available under clause 126F was a specific exemption granted by the Federal Board of Revenue to the specific areas of Khyber Pakhtunkhwa. The Company had filed a writ petition before the Islamabad High Court, Islamabad praying exemption from levy of minimum tax under section 113 of the Ordinance. The Peshawar High Court, Peshawar, in an identical writ petition concerning exemption of minimum tax filed by a Group Company, had granted exemption from levy of minimum tax. The management is confident that Islamabad High Court will also grant exemption from levy of minimum tax; accordingly, no provision for minimum tax for the financial year ended June 30, 2012 was made in the books of account as well as provisions for minimum tax made during the financial years ended June 30, 2010 and June 30, 2011 aggregating Rs.7.777 million were written-back in the books of account. An adverse judgment by the Islamabad High Court will create tax liability under section 113 of the Ordinance aggregating Rs.14.417 million.

The Finance Act, 2015 has omitted clause 126F of the Ordinance and has inserted a new sub-clause (xx) of clause (11A) in part IV of the second schedule of the Ordinance wherein exemption from levy of minimum tax under section 113 of the Ordinance has been provided. The amendment would have a retrospective impact being related to tax years 2010, 2011 and 2012.

22.3 The Company has filed a reference application before the Lahore High Court against the orders of the Appellate Tribunal Inland Revenue (ATIR) for setting-aside the decisions for the Assessment Years 1986-87 to 1988-89; however, no additional tax liability is likely to arise in case of an adverse judgment by the Court.

- 22.4** The Income Tax Department (the Department) for the tax year 2004 has charged tax under section 122(5A) of the Ordinance amounting Rs.1.781 million against which a reference application is pending adjudication before the Lahore High Court. The Department, however, during July, 2010 has issued an order under section 221 of the Ordinance creating demand of Rs.775 thousand.
- 22.5** The assessing officer has levied tax amounting Rs.123 thousand under sections 161/205 of the Ordinance for tax year 2006 against which the Company's appeal has been set-aside by the Appellate Tribunal Inland Revenue (ATIR) and is pending for decision by the Department.
- 22.6** The Commissioner Inland Revenue - Appeals (CIRA) for the tax year 2008 has decided the appeal in the Company's favour and deleted the demand of Rs.4.368 million. The Department has filed further appeal with ATIR, which is pending adjudication.
- 22.7** The Department for the tax year 2009 has charged tax under section 122(5A) of the Ordinance amounting Rs.3.553 million against which the Company has filed an appeal with the CIRA, which is pending adjudication.
- 22.8** The Department for the tax year 2013 has charged tax under section 221 of the Ordinance (Rectification of mistakes) amounting Rs.28.673 million against which the Company has filed an appeal with CIRA, which is pending adjudication. The CIRA has stayed recovery of tax against payment of 10% of the impugned demand. As per management's contention, the Assessing Officer while passing order under section 221 of the Ordinance ignored the fact that previous year refund adjustment column was available in the income tax return and the Company had correctly claimed adjustment as per law.

23. CONTINGENCIES AND COMMITMENTS

- 23.1** Refer contents of notes 22.2 to 22.8.
- 23.2** Commitments against irrevocable letters of credit for spare parts outstanding as at June 30, 2015 were for Rs.6.424 million; (2014: for raw materials and spares parts aggregated Rs.29.766 million).
- 23.3** Treet Corporation had filed a petition in the Peshawar High Court (PHC) against the Company and its Board of Directors challenging the election of directors of the Company in the extra-ordinary general meeting held on March 31, 2014. The Company's management, based on its legal Advisors' advice, was of the view that nominees of Treet Corporation were not eligible to contest the election in terms of section 187 (h) of the Companies Ordinance, 1984, i.e. the nominees were not members of the Company on the date of election. The suit was dismissed as withdrawn by the PHC on February 09, 2015.
- 23.4** The Company has filed a writ petition before the PHC against the Government of Khyber Pakhtunkhwa and Others in respect of minimum wages Notification dated September 09, 2014 whereby minimum wage of workers' were enhanced upto Rs.15,000 per month. The PHC has admitted the writ petition and granted an interim order against the enhancement of minimum wages. An adverse judgment by the PHC will create additional wage liabilities aggregating Rs.18.708 million approximately. Exercising abundant precaution, the Company, however, has made provisions aggregating Rs.18.708 million in its books of account under the head of Trade and Other Payables.

24. SALES - Net

	Note	2015 (Rupees in thousand)	2014
Fabrics and blankets		824,124	819,362
Waste		1,605	3,217
		<u>825,729</u>	<u>822,579</u>
Less:			
- discount		21	360
- sales tax		28,731	33,337
		<u>28,752</u>	<u>33,697</u>
		<u>796,977</u>	<u>788,882</u>

25. COST OF SALES

Raw materials consumed	25.1	309,985	404,643
Salaries, wages and benefits	25.2	165,923	121,028
Power and fuel		56,986	49,760
Stores and spares consumed		12,453	16,135
Repair and maintenance		21,100	22,738
Depreciation		32,708	29,000
Insurance		2,764	1,991
Others		1,102	853
		<u>603,021</u>	<u>646,148</u>
Adjustment of work-in-process			
Opening		23,115	30,401
Closing		(31,096)	(23,115)
		<u>(7,981)</u>	<u>7,286</u>
Cost of goods manufactured		<u>595,040</u>	<u>653,434</u>
Adjustment of finished goods			
Opening stock		199,845	108,940
Closing stock		(246,251)	(199,845)
		<u>(46,406)</u>	<u>(90,905)</u>
		<u>548,634</u>	<u>562,529</u>
25.1 Raw materials consumed			
Opening stock		193,420	206,756
Add: purchases		311,484	391,307
		<u>504,904</u>	<u>598,063</u>
Less: closing stock		194,919	193,420
		<u>309,985</u>	<u>404,643</u>

25.2 These include Rs.11.109 million (2014: Rs.9.038 million) in respect of staff retirement benefits - gratuity.

	Note	2015 (Rupees in thousand)	2014
26. DISTRIBUTION COST			
Commission		30,523	30,077
Travelling		29	61
Salaries and benefits	26.1	2,138	1,190
Outward freight		41	34
Advertisement and sales promotion		513	1,463
Communication		87	91
Vehicles' running		149	123
Others		49	32
		33,529	33,071

26.1 These include Rs.126 thousand (2014: Rs.102 thousand) in respect of staff retirement benefits - gratuity.

27. ADMINISTRATIVE EXPENSES

Salaries and benefits	27.1	74,567	61,244
Travelling - directors		433	659
- others		831	628
Rent, rates and taxes		1,596	1,641
Entertainment / guest house expenses		1,079	642
Communication		803	784
Printing and stationery		665	761
Electricity		4,312	2,879
Insurance		68	29
Repair and maintenance		3,266	3,521
Vehicles' running		4,460	4,904
Advertisement		67	231
Subscription / papers and periodicals		570	425
Depreciation		5,637	5,745
Auditors' remuneration:			
- statutory audit		660	550
- half yearly review		150	126
- consultancy charges		60	75
- certification charges		10	10
- out-of-pocket expenses		50	42
		930	803
Legal and professional charges (other than Auditors)		1,836	3,457
		101,120	88,353

27.1 These include Rs.15.483 million (2014: Rs.12.596 million) in respect of staff retirement benefits - gratuity.

28. OTHER EXPENSES

	Note	2015 (Rupees in thousand)	2014
Donation to Waqf-e-Kuli Khan	28.1	1,672	1,770
Workers' (profit) participation fund	19.2	5,183	4,922
Workers' welfare fund		2,401	1,775
Donations (without directors' interest)		1,004	1,022
		<u>10,260</u>	<u>9,489</u>

28.1 The amount has been donated to Waqf-e-Kuli Khan, (a Charitable Institution) administered by the following directors of the Company:

- | | |
|---|-------------------------------|
| - Mr. Raza Kuli Khan Khattak | - Mr. Ahmad Kuli Khan Khattak |
| - Lt. General (Retd.) Ali Kuli Khan Khattak | - Mr. Mushtaq Ahmad Khan, FCA |
| - Mrs. Zeb Gohar Ayub Khan | - Mrs. Shahnaz Sajjad Ahmad |
| - Dr. Shaheen Kuli Khan Khattak | |

29. OTHER INCOME**Income from financial assets**

Mark-up earned on:

- PLS accounts	1,554	1,040
- dealers' balances	303	0
	<u>1,857</u>	<u>1,040</u>

Income from other than financial assets

Sale of empties / scrap

Unclaimed payable balances written-back

Gain on sale of operating fixed assets

5.2

543	840
22	56
851	0
<u>1,416</u>	<u>896</u>
<u>3,273</u>	<u>1,936</u>

30. FINANCE COST

Mark-up on:

- demand finances	2,123	0
- short term finances	10,043	6,865
- Associated Companies' balances	0	274

Interest on workers' (profit) participation fund

19.2

Bank charges

0	88
129	168
<u>12,295</u>	<u>7,395</u>

31. TAXATION

Current:

- for the year	38,589	21,840
- for prior year	3,314	(1,548)
	<u>41,903</u>	<u>20,292</u>

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Deferred:

- for the year	(9,383)	(897)
- resultant adjustment due to reduction in tax rate - net	913	1,041
	<u>(8,470)</u>	<u>144</u>
	<u>33,433</u>	<u>20,436</u>

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31.1 Relationship between tax expense and accounting profit

	2015	2014
	(Rupees in thousand)	
Accounting profit before tax	96,330	152,076
Tax calculated at the applicable rate of 33% (2014: 34%)	31,789	51,706
Tax effect of accounting and tax depreciation	6,788	(1,632)
Effect of final tax regime	468	0
Prior year's adjustment	3,314	(1,548)
Tax credit under section 65B of the Income Tax Ordinance, 2001	(155)	(7,122)
Tax effect of share of profit on investments in Associated Companies	(633)	(21,112)
Deferred tax	(9,383)	(897)
Effect on opening balance of deferred taxation due to reduction in tax rate	913	1,041
Others	332	0
Tax charge for the year	33,433	20,436

32. EARNINGS PER SHARE

There is no dilutive effect on earnings per share of the Company, which is based on:

Profit after taxation attributable to ordinary shareholders	62,897	131,640
	No. of shares	
Weighted average number of shares in issue during the year	9,506,250	9,506,250
	----- Rupees -----	
Earnings per share - basic	6.62	13.85

33. FINANCIAL RISK MANAGEMENT**33.1 Financial Risk Factors**

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

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

33.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of plant & machinery, raw materials and stores & spares denominated in U.S. \$. The Company's exposure to foreign currency risk for U.S. \$ is as follows:

	2015	2014
	(Rupees in thousand)	
Bills payable	38,814	0
Outstanding letters of credit	6,424	29,766
Total exposure	45,238	29,766

The following significant exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2015	2014	2015	2014
U.S. \$ to Rupee	101.16	102.17	101.70	98.75

Sensitivity analysis

At the reporting date, if Rupee had strengthened by 10% against U.S. \$ with all other variables held constant, profit after taxation for the year would have been higher by the amount shown below mainly as a result of foreign exchange gain on translation of financial liabilities.

Effect on profit for the year:

U.S. \$ to Rupee	3,881	0
------------------	-------	---

The weakening of Rupee against U.S. Dollar would have had an equal but opposite impact on the profit after taxation.

The sensitivity analysis prepared is not necessarily indicative of the effect on profit for the year and liabilities of the Company.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2015 Effective rate %	2014 %	2015 (Rupees in thousand) Carrying amount	2014
Fixed rate instruments				
Financial assets				
Bank balances	4.5	7	1,908	60
Variable rate instruments				
Financial liabilities				
Demand finances	11.63 to 12.17	12.17	12,500	22,500
Short term finances	9.99 to 12.18	11.04 to 12.18	49,778	94,779
			62,278	117,279

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2015, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs.0.623 million (2014: Rs.1.173 million) lower / higher, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result 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 instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk.

33.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 90 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

Exposure to credit risk

Maximum exposure to credit risk as at June 30, 2015 along with comparative is tabulated below:

	2015 (Rupees in thousand)	2014
Security deposits	3,434	3,414
Trade debts	219,551	204,214
Bank balances	3,061	1,281
	<u>226,046</u>	<u>208,909</u>

All the trade debts at the balance sheet date represent domestic parties.

	2015	2014
The ageing of trade debts at the year-end was as follows:	(Rupees in thousand)	
Not past due	115,720	58,934
Past due 1 - 30 days	1,128	18,183
Past due 30 - 150 days	88,122	102,903
Past due above 150 days	14,581	24,194
	219,551	204,214

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.26.603 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

33.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 3 years
----- Rupees in thousand -----				
2015				
Demand finances	12,500	13,466	10,917	2,549
Trade and other payables	115,575	115,575	115,575	0
Accrued mark-up	364	364	364	0
Short term finances	49,778	52,264	52,264	0
	178,217	181,669	179,120	2,549
2014				
Demand finances	22,500	25,700	12,183	13,517
Trade and other payables	70,989	70,989	70,989	0
Accrued mark-up	1,009	1,009	1,009	0
Short term finances	94,779	100,551	100,551	0
	189,277	198,249	184,732	13,517

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective at the respective year-ends. The rates of mark-up have been disclosed in the respective notes to these financial statements.

33.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates. At June 30, 2015, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values except for advances to employees, which are valued at their original costs less repayments.

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Working Director		Executives	
	2015	2014	2015	2014	2015	2014
----- Rupees in thousand -----						
Remuneration (including bonus)						
- current year	7,421	6,391	16,645	13,128	23,523	18,946
- arrears	140	0	459	0	0	0
Retirement benefits - gratuity	2,781	2,214	6,546	5,373	2,912	2,346
House rent	1,771	1,492	0	0	1,996	1,214
Insurance	4	4	0	0	13	22
Reimbursement of medical and other expenses	241	256	239	274	1,139	1,074
Utilities	126	51	691	618	1,117	642
	12,484	10,408	24,580	19,393	30,700	24,244
Number of persons	1	1	1	1	13	11

34.1 The chief executive, working director and executives have been provided with free use of the Company maintained cars. The chief executive and working director have also been provided with free use of residential telephone.

34.2 In addition to above, meeting fees of Rs.700 thousand (2014: Rs.780 thousand) were also paid to seven (2014: nine) non-working directors.

35. TRANSACTIONS WITH RELATED PARTIES

35.1 The Company's shareholders, vide a special resolution, have authorised the chief executive to advance loans upto Rs.5.0 million to any of the Company's associates to meet the business transactions involving payment / reimbursement of branch office / other expenses incurred on the Company's behalf.

35.2 Mark-up on Associated Companies' balances has not been accrued during the year as the Company has executed no such transactions attracting mark-up accrual; (2014: mark-up was accrued at the rates ranging 11.08% to 12.18% per annum calculated on daily product basis on the current account balances of the Associated Companies except for the balances of The Universal Insurance Company Ltd. as these balances had arisen on account of insurance premium payable).

35.3 The related parties of the Company comprise of associated undertakings, its directors and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties, remuneration of directors and key management personnel are disclosed in the relevant notes. There were no transactions with key management personnel other than under the terms of employment. Transactions with related parties are made at normal market prices.

Material transactions with related parties during the year were as follows:

Name	Nature of relationship	Nature of transaction	2015 --- Rupees in '000 ---	2014
Janana De Malucho Textile Mills Ltd. (JDM)	Associated Company	Purchase of raw materials	0	3,524
		Dividend received	4,678	0
		Mark-up expensed	0	274
The Universal Insurance Company Ltd. (UIC)	-do-	Insurance premium	0	241
		Expenses shared	0	383
Gammon Pakistan Ltd.	-do-	Rent of sign board	0	810
Waqf-e-Kuli Khan (Waqf)	Associated Undertaking	Donation	1,672	1,770

35.4 No bonus shares were issued during the current year; [the Company, during the preceding year, had issued 146,325, 1,788, 499,043 and 532 to JDM, UIC, Bibojee Services (Pvt.) Ltd. and Waqf as bonus shares].

36. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity and current ratios under the financing agreements.

37. OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

37.1 Fabric and blanket sales represent 99.68% (2014: 98.96%) of the total gross sales of the Company.

37.2 All of the Company's sales relate to customers in Pakistan.

37.3 All non-current assets of the Company as at June 30, 2015 are located in Pakistan.

37.4 Three (2014: three) of the Company's customers having sales aggregating Rs.588.731 million (2014: Rs.576.672 million) contributed towards 71.30% (2014: 70.10%) of the Company's gross sales. Each customer individually exceeded 10% of total gross sales.

38. CAPACITY AND PRODUCTION

It is difficult to describe precisely the production capacity in woollen spinning / weaving mills since it fluctuates widely depending on various factors such as types of material used, count of yarn spun, spindles' speed, twist, the present working condition of the machinery, specification of various products manufactured from time to time and power break downs, etc. Estimated capacity based on single working shift along with the actual production based on three shifts working is given below:

Yarn	2015	2014
Number of spindles installed	3,346	3,346
Number of spindles/shifts worked	2,235,200	1,963,050
Installed capacity at 5 Nm count (Kgs.)	1,993,096	1,993,096
Actual production converted into 5 Nm count (Kgs.)	1,379,131	1,347,944
Number of shifts worked	908	948
Cloth		
Number of looms installed	50	50
Number of looms/shifts worked	29,576	33,942
Installed capacity of 50 (2014: 50) operational looms at 30 picks (Meters) (single shift)	1,647,752	1,647,752
Actual production converted into 30 picks (Meters) (03 shifts)	1,834,325	2,063,578
Number of shifts worked	733	939

39. NUMBER OF EMPLOYEES

	2015	2014
Number of persons employed as at June 30,	----- Numbers -----	
- permanent	656	656
- contractual	0	24
Average number of employees during the year		
- permanent	665	636
- contractual	2	38

40. DATE OF AUTHORISATION FOR ISSUE

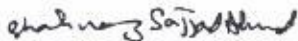
These financial statements were authorised for issue on 23 September, 2015 by the board of directors of the Company.


41. EVENT AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on September 23, 2015 has proposed a final cash dividend of Rs.3 per share (2014: Rs. Nil per share) for the year ended June 30, 2015. The financial statements for the year ended June 30, 2015 do not include the effect of proposed dividend amounting Rs. 28.519 million, which will be accounted for in the financial statements for the year ending June 30, 2016 after approval by the members in the annual general meeting to be held on October 22, 2015. The proposed dividend duly meets the minimum threshold prescribed by section 5A of the Income Tax Ordinance, 2001 as inserted through the Finance Act, 2015.

42. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, no material re-arrangements and re-classifications have been made in these financial statements.


Shahnaz Sajjad Ahmad
 Chief Executive


Lt. Gen (Retd)
Ali Kuli Khan Khattak
 Director

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