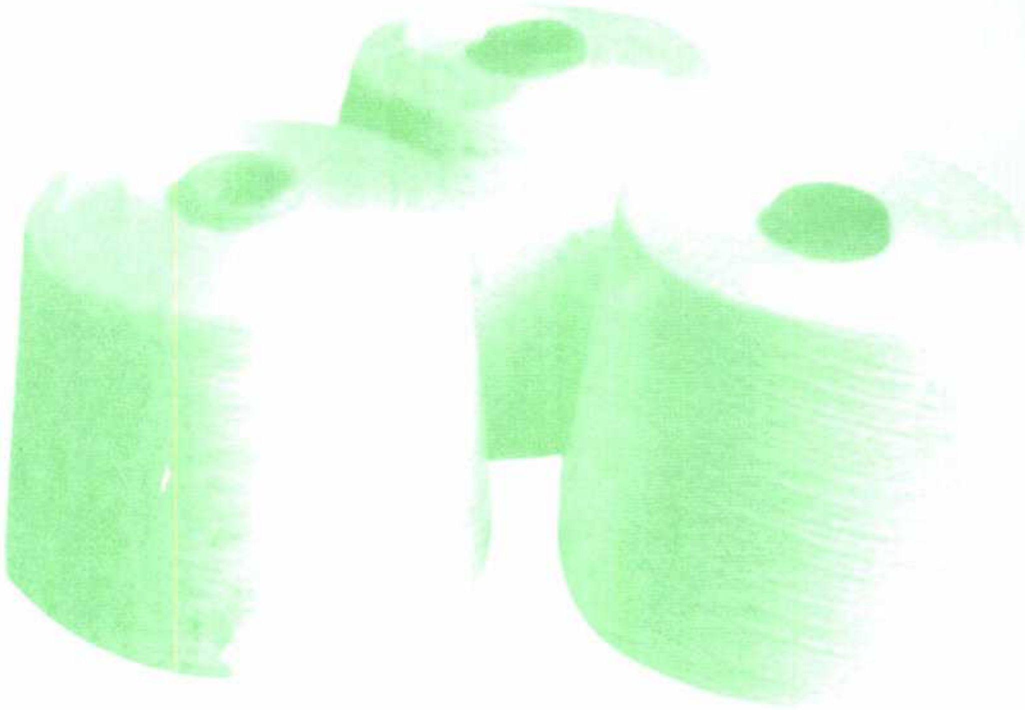
ANNUAL REPORT 2015



MIAN TEXTILE
INDUSTRIES LIMITED

CONTENTS

COMPANY INFORMATION

Board of Directors:	
Chairperson	: Mrs. Nargis Jehangir
Chief Executive Officer	: Mian Muhammad Jehangir
Directors	: Mian Waheed Ahmad : Mian Muhammad Nawaz : Mian Waqar Ahmad : Mian Khurram Jehangir : Ms. Ayesha Jehangir
Nominee Director – NIT	: Mr. Muhammad Arshad
Company Secretary	: Mr. Muhammad Masud Mufti
Chief Financial Officer	: Mr. Muhammad Irfan
Auditors	: Manzoor Hussain Mir & Company Chartered Accountants
Audit Committee	: Mian Waheed Ahmad Chairman : Mian Khurram Jehangir Member : Ms. Ayesha Jehangir Member
HR & Remuneration Committee	: Mian Waqar Ahmad Chairman : Mian Khurram Jehangir Member : Ms. Ayesha Jehangir Member
Bankers	: Habib Bank Limited : NIB Bank Ltd. (formerly PICIC) : Industrial Development Bank of Pakistan : National Bank of Pakistan : The Bank of Punjab
Head Office & Registered Office	: 29-B/7, Model Town, Lahore. Phone: 35831804-5 (2 lines) Fax: 35830844 Email: info@miantextile.com
Mills	: 48.5 K.m. Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur. Phone: (04943) 540384, 042-35834029
Shares Registrar	: Hameed Majeed Associates (Pvt.) Ltd. H.M House 7-Bank Square, Lahore. Tel: 37235081-82 Fax: 37358817

MISSION STATEMENT

To provide quality products to customers and explore new markets to promote / expand sale of the company through good governance and foster a sound and dynamic team, so as to achieve optimum price of products of the Company for sustainable and equitable growth and prosperity of the company.

VISION STATEMENT

To transform the Company into a modern and dynamic yarn & cloth manufacturing Company with highly professional and fully equipped to play meaningful role on sustainable basis in the economy of Pakistan.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the "CCG") contained in Regulation No. 35 of listing regulations of both Karachi Stock Exchange and Lahore Stock Exchange 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 the representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes four (4) non-executive and (3) executive directors including CEO.

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

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

4. No casual vacancy occurs during the year under review.

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

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

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive 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. 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. Having minimum 14 years of education by all of directors and 16 years of experience by 5 out of 7 directors on the board make them exempt from any director's training program. However, the company intends to arrange for orientation course for minimum one director in near future.

10. The board has approved appointment of CFO and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The director's 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. The staff is considered to be suitably qualified and experienced for the purpose and is fully conversant with the policies and procedures of the Company.

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

17. The board has formed an HR and Remuneration Committee. It comprises (3) members of whom (2) 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, which has been effectively implemented.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the 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 ICAP.

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

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

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

23. All related party transactions entered during the year were at arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by Audit Committee and Board of Directors.

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

For and on Behalf of the Board

Lahore.
October 05, 2015

MIAN MUHAMMAD JEHANGIR
Chief Executive Officer

MANZOOR HUSSAIN MIR & CO.
CHARTERED ACCOUNTANTS

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37 32 36 17
FAX 37 35 38 65
RES 35 86 82 87
35 86 80 83
E-mail: mhmandco@gmail.com

AL-NOOR BUILDING,
43-BANK SQUARE,
LAHORE.

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of ***MIAN TEXTILE INDUSTRIES LIMITED*** to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited and Listing Regulation's of Chapter No. XIII of the Lahore Stock Exchange (Guarantee) Limited where the Company is listed.

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

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

Further, sub- Regulation (Xiii) of listing Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N -269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, subject to audit observations expressed in our audit report effecting the compliance with the Code of Corporate Governance, 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 of Corporate Governance as applicable to the Company for the year ended June 30, 2015.

Lahore.
October 05, 2015

(MANZOOR HUSSAIN MIR & CO.)
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Manzoor Hussain Mir

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 29th Annual General Meeting of the Shareholders of ***Mian Textile Industries Limited*** will be held on ***Saturday October 31, 2015*** at ***11:00 A.M*** at the Registered Office of the Company at 29-B/7, Model Town, Lahore to transact the following business:-

Ordinary Business:

1. To confirm the minutes of the last Extra Ordinary General Meeting of the Shareholders of the Company held on May 30, 2015.

2. To receive, consider and adopt the audited financial statements of the company together with the Director's and Auditor's reports thereon for the year ended June 30, 2015.

3. To appoint Auditors and fix their remuneration for the year ending on June 30th, 2016.

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

By order of the Board

Lahore:
Dated: October 05, 2015

Muhammad Masud Mufti
Company Secretary

Notes:

a) The share transfer books of the Company will remain closed from October 22, 2015 to October 31, 2015 (both days inclusive). Transfers received in order at the Registered Office of the Company up to the close of business on October 21, 2015 will be in time to affect the voting rights at the meeting.

b) Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his/her CNIC with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC. Representatives of corporate members should bring the usual documents required for such purpose

c) The Shareholders are requested to notify the Company, the change in their address, if any, immediately to the Company's Registrar Hameed Majeed Associates (Pvt.) Ltd. - H. M. House 7, Bank Square, Lahore.

d) Members are requested to provide by mail or fax, photocopy of their CNIC and email address to enable the Company to comply with the relevant laws.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors of Mian Textile Mills Limited, I am pleased to welcome you to the 29th Annual General Meeting of the Company and submit their report together with audited financial statements of the Company and Auditor's Report thereon for the year ended June 30, 2015.

During the period, due to non-availability of working capital limits from the banks, the company succeeded to enter into lease agreements for renting out its weaving factory building for a period of three years and spinning building together with plant & machinery for one year with third parties in the best interest of the Company to save the fixed overheads and also to reduce loss being sustained due to non-availability of working capital and wear & tear of the machinery.

However, the spinning unit party could not continue and immediately terminated the agreement in February-2015. Due to irrepressible adverse condition prevailing in the market the management could not find another party interested for agreement on conversion or lease basis so far.

The Financial results of the Company are summarized below:

	2015 (Rs. in '000')	2014 (Rs. in '000')
Continuing operations:		
Sales	-	139,868
Gross Profit	-	8,721
Rental income from investment property	30,753	-
Operating Loss	(4,816)	(4,955)
Finance cost	9,894	3,151
Loss before taxation:		
from continuing operations	(30,631)	(33,367)
Provision for taxation	-	1,399
Loss after taxation:		
From continuing operations	(30,631)	(34,766)
From discontinued operations	-	(16,897)
Total loss after taxation	(30,631)	(51,663)
Comprehensive Loss for the year	(26,397)	(22,752)
E.P.S	(1.39)	(2.34)

Future outlook

Despite adverse market condition, the management of the company is still striving hard to keep the operations of the mills running.

The management is hopeful that the agreement for weaving factory building will be extended for further period after expiry in 2017.

As the cotton season has started now and the government is also showing interest in resolving issues relating to textile industry, which is evident from a recent meeting of the Prime Minister of Pakistan with APTMA members, so the management of the company is also hopeful that it will be able to either run the spinning unit by itself or enter into agreement with some party in near future.

During the previous year the management has succeeded to make settlement agreements amicably with its major bankers i.e. NIB Bank Limited, Industrial Development Bank Limited and Habib Bank Limited in June 2013, August 2013 and November 2013 respectively. The management is very hopeful that it would also be able to get its remaining loans rescheduled/settled with the remaining banks/leasing company, as done by Faysal bank ltd., Allied bank ltd., Grays leasing ltd., NIB bank ltd., IDBP & HBL, for which a petition under section 284 & 285 of the Companies Ordinance 1984 for enforcing compromise amongst the company and all of its creditor Banks has also been filed by the Company in the Lahore High Court. In this way company's finance cost shall substantially be reduced and the company shall also be able to reduce loss being sustained due to non-availability of working capital. The sponsoring directors are also willing to provide loans in their personal capacity. They have already provided loans on account of bridge finance and short term borrowings.

Dividend

In view of the losses sustained, the directors have not recommended any dividend for the period ended as at June 30, 2015.

Notes

Furthermore, we give hereunder our comments on the observations recorded by the company's auditors in their report.

A. The directors of the company are optimistic that if re-scheduling/settlement of remaining loans is done as done by various above mentioned banks/leasing company and due to continued support by the lenders and sponsoring directors by providing further temporary funding (during the year further funds of Rs. 38.619 million brought in the company by the directors) will ensure the company's ability to continue as going concern and will help to revive its own production and to recoup its losses.

   In this regard, the management has given a mitigating plan in Note 3.

B. The reclassification of certain short-term loans and mark-up on short-term and long-term loans has made on the basis of litigations and positive ongoing meetings with the banks. The management is of the view that it would be able to get its remaining loans rescheduled/settled as was done by its major banks. The management has moved to banks to allow making payments as per proposal already discussed and verbally agreed by the banks in recent meetings. The management is hopeful that this will be done soon.

C. The Company applied to its various banks for rescheduling but they filed suit against Company, which are either settled or pending before the various Courts. The liability is not at all ascertainable at this stage. The company has also filed a petition under section 284 & 285 of the Companies Ordinance, 1984 for enforcing compromise amongst the company and all of its creditor Banks in the Lahore High Court. The liability, if any, arising on the judgment by the Courts would be provided at the material time. However, as a result of settlement already made with major banks, no mark-up is payable on that loans. The management is hopeful that its outstanding loans with remaining banks shall also be rescheduled/settled as was done with above mentioned banks, which have waived off the entire outstanding/deferred mark-up of the Company.

   The Company has also filed suits against its various banks for recovery of damages.

D. The management is vigorously pursuing the recovery suit filed against its debtor and also trying to resolve the matter and recover the amount from other debtor amicably. The management is hopeful that it will be able to recover the amount from debtors indicated at note 17.16 & 23.1 otherwise, the provision shall be created in next year.

E. As a result of settlement with HBL, there are no foreign currency loans outstanding against the company. Now the company has to pay the settlement amount in Pak Rupees only, so there is no question for translation of any foreign currency loan into Pak Rupees.

F. Due to adverse condition prevailing in the market, a number of mills have already shutdown while remaining are forced to close down one shift to mitigate losses. Consequently, there are also not much buyers interested for textile machineries/assets in the market these days. Despite the above facts, the company had to make payments to the banks to fulfill its commitments made through settlement agreements with its banks. Due to above reason, the management could not be able to fetch the price of machineries as per revaluation carried in June 2014.

G. Director's loan amounting to Rs. 38.564 million represents interest-free and unsecured long term loans obtained from the directors of the Company. The repayment terms of the loan have not yet been finalized.

H. Due to economic upheavals and adverse market conditions, the company entered into lease agreement with third parties. Since there were a very few number of workers of administrative nature remaining during the year till the close of the year, so the management decided not to conduct actuarial valuation this year, which will surely be conducted once the company shall be able to restart its own production or enter into agreement with some other party on conversion basis. However, accrual has been made in accounts on fair estimate basis.

Since the management has valid and justified reasons/basis for all the paragraphs (A) to (H) mentioned in auditor's report, so the adverse opinion given by the auditors is totally unjustified and we strictly deny the same.

CORPORATE AND FINANCIAL REPORTING FRAME WORK

The directors also confirm compliance with Corporate and Financial Reporting Framework of the SECP's Code of Corporate Governance for the following:

a) The financial statements prepared by the management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
b) Proper books of accounts have been maintained by the Company;
c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from (if any) has been adequately disclosed;
e) The system of internal control is sound in design and has been effectively implemented and monitored;
f) There are no doubts upon the company's ability to continue as a going concern.
g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges.
h) Operating and financial data and key ratios of six years are annexed.
i) A statement showing pattern of shareholding is annexed.
j) During the year, no trading was carried out by the CEO, Directors, CFO, Company Secretary, their spouses & minor children.

BOARD MEETING

During the financial year under consideration, four meetings were held and the attendance by the respective directors was as follows:

S.No.	Name of Directors	No. of meetings attended
1	Mian Muhammad Jehangir	4
2	Mian Waheed Ahmed	4
3	Mian Muhammad Nawaz	-
4	Mian Waqar Ahmed	-
5	Mian Khurram Jehangir	4
6	Mrs. Nargis Jehangir	-
7	Ms. Ayesha Jehangir	-
8	Mr. Muhammad Arshad (NIT)	4

Leave of absence was granted to Directors who could not attend some of the Board meetings.

AUDIT COMMITTEE

The Board constituted an Audit Committee comprising the following Directors:

1.	Mian Waheed Ahmed	Chairman
2.	Ms. Ayesha Jehangir	Member
3.	Mian Khurram Jehangir	Member

HUMAN RESOURCES & REMUNERATION COMMITTEE

The Board constituted an HR&R Committee comprising the following Directors:

1.	Mian Waqar Ahmed	Chairman
2.	Ms. Ayesha Jehangir	Member
3.	Mian Khurram Jehangir	Member

AUDITORS

The present auditors M/s Manzoor Hussain Mir & Co. Chartered Accountants will retire at the conclusion of the Annual General Meeting. The auditors of the Company shall be appointed in the forthcoming AGM for the next year ending on 30th June 2016 and their remuneration shall be fixed.

PATTERN OF SHAREHOLDINGS

A statement-showing pattern of shareholding as on June 30, 2015 is annexed.

ACKNOWLEDGEMENT

We like to place on record our gratitude to the valued clients, regulatory authorities, banks and financial institutions and also the shareholders for their continued support. We also appreciate the efforts and dedication shown by the staff for managing the company's affairs successfully during this tough time.

ON BEHALF OF THE BOARD

Lahore:
October 05, 2015

Mian Muhammad Jehangir
Chief Executive Officer

PERFORMANCE OF LAST SIX YEARS AT GLANCE

(RUPEES IN '000')

FINANCIAL DATA	2015	2014	2013	2012	2011	2010
PROFIT & LOSS ACCOUNT						
Sales	-	151,926	233,662	92,965	151,053	268,913
Cost of sales	-	155,423	240,669	113,636	152,911	258,533
Gross profit/(loss)	-	(3,497)	(7,007)	(20,670)	(1,859)	10,381
Rental income from investment property	30,753	-	-	-	-	-
Operating profit/(loss)	(4,816)	(21,732)	(22,899)	(35,677)	(16,472)	(4,315)
Profit/(loss) before taxation	(30,631)	(50,143)	(46,423)	(52,438)	(36,002)	(36,071)
Net profit/(loss) after taxation	(30,631)	(51,663)	(47,617)	(26,325)	(37,601)	(37,446)
Comprehensive loss for the year	(26,397)	(22,752)	(36,997)	(15,041)	(25,604)	(24,684)
BALANCE SHEET						
Paid up capital	221,052	221,052	221,052	221,052	221,052	221,052
Fixed assets	415,083	427,961	575,115	603,276	653,651	688,533
Current assets	30,913	22,696	68,366	81,573	65,368	104,052
Current liabilities	226,555	112,809	108,383	128,335	89,312	238,244
KEY RATIOS						
Gross profit/(loss) ratio	-	-2.30%	-3.00%	-22.23%	-1.23%	3.86%
Operating profit/(loss) ratio	-15.66%	-14.30%	-9.80%	-38.38%	-10.90%	-1.60%
Net profit/(loss) ratio	-99.60%	-34.01%	-20.38%	-28.32%	-24.89%	-13.92%
Current ratio	1 : 0.14	1 : 0.20	1 : 0.63	1 : 0.64	1 : 0.73	1 : 0.44
Earning/(loss) per share (Rs.)	(1.39)	(2.34)	(2.15)	(1.19)	(1.70)	(1.69)

PATTERN OF SHAREHOLDING (AS AT JUNE 30, 2015)

Number of ShareHol	Shareholdings From	To	Total Number of Share Held	Percentage of Total Capital
299	1 -	100	23,716	0.11
771	101 -	500	332,465	1.50
242	501 -	1000	225,998	1.02
346	1001 -	5000	974,515	4.41
72	5001 -	10000	562,024	2.54
22	10001 -	15000	283,400	1.28
22	15001 -	20000	396,700	1.79
8	20001 -	25000	190,200	0.86
9	25001 -	30000	261,100	1.18
3	30001 -	35000	96,800	0.44
3	35001 -	40000	109,000	0.49
3	40001 -	45000	130,100	0.59
3	45001 -	50000	145,500	0.66
2	50001 -	55000	106,400	0.48
1	55001 -	60000	60,000	0.27
1	60001 -	65000	65,000	0.29
2	65001 -	70000	137,295	0.62
1	70001 -	75000	73,500	0.33
1	135001 -	140000	139,000	0.63
2	145001 -	150000	300,000	1.36
2	150001 -	155000	305,500	1.38
1	165001 -	170000	168,000	0.76
1	170001 -	175000	175,000	0.79
2	175001 -	180000	354,000	1.60
1	200001 -	205000	202,868	0.92
1	205001 -	210000	210,000	0.95
1	215001 -	220000	215,734	0.98
1	305001 -	310000	308,800	1.40
1	420001 -	425000	420,900	1.90
1	645001 -	650000	645,578	2.92
1	1425001 -	1430000	1,425,809	6.45
1	1950001 -	1955000	1,952,800	8.83
1	2180001 -	2185000	2,185,000	9.88
1	3565001 -	3570000	3,566,198	16.13
1	5355001 -	5360000	5,356,300	24.23
1,830			**22,105,200**	**100.00**

FORM 34

Patten of Holding of Shares

Held by the Share Holders as at 30/06/2015

	Categories of Share Holders	Numbers	Shares Held	%
-	Individuals	1792	5,426,271	24.55
-	Investment Companies	3	33,800	0.15
-	Insurance Companies	1	420,900	1.90
-	Financial Institution	3	54,715	0.25
-	Joint Stock Companies	11	15,049	0.07
-	Modaraba Companies	4	27,500	0.12
-	Mutual Funds	1	69,656	0.32
-	CEO, Directors, Spouses & Relative	13	16,053,709	72.62
-	Others	2	3,600	0.02
	TOTAL:	**1,830**	**22,105,200**	**100.00**

CATEGORIES OF SHAREHOLDERS AS ON JUNE 30, 2015

			No. of Shares	%
1	**ASSOCIATED COMPANY**		NIL	-
2	**NIT AND ICP**			
	a)	National Bank Of Pakistan, Trustee Department	54,415	
	b)	Investment Corporation of Pakistan	12,900	
			67,315	0.30
3	**DIRECTORS**			
	a)	Mian Muhammad Jehangir	5,356,300	24.23
	b)	Mian Muhammad Nawaz	202,868	0.92
	c)	Mian Waheed Ahmad	2,185,000	9.88
	d)	Mian Waqar Ahamd	154,000	0.70
	e)	Mian Khurram Jehangir	1,952,800	8.83
	f)	Mrs. Nargis Jehangir	3,566,198	16.13
	g)	Ms. Ayesha jehangir	1,575,809	7.13
			14,992,975	**67.83**
4	**DIRECTORS' SPOUSES & MINOR CHILDRENS RELATIVES**		1,060,734	4.80
5	**PUBLIC SECTOR COMPANIES AND CORPORATIONS**		420,900	1.90
6	**BANKS DEVELOPMENT FINANCIAL INSTITUTIONS NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS**		1,357,698	6.14
7	**GENERAL PUBLIC**		4,205,578	19.03
			22,105,200	**100.00**

8 **SHAREHOLDERS HOLDING FIVE PERCENT OR MORE:**

Mian Muhammad Jehangir	5,356,300	24.23
Mrs. Nargis Jehangir	3,566,198	16.13
Mian Waheed Ahmed	2,185,000	9.88
Mian Khurram Jehangir	1,952,800	8.83
Ms. Ayesha Jehangir	1,575,809	7.13

9 **DURING THE FINANCIAL YEAR THE TRADING IN SHARES OF THE COMPANY BY THE CEO, DIRECTORS, CFO, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN IS AS FOLLOW:**

Nill -

MANZOOR HUSSAIN MIR & CO.
CHARTERED ACCOUNTANTS

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FAX 37 35 38 65
RES 35 86 82 87
35 86 80 83
E-mail: mhmandco@gmail.com

AL-NOOR BUILDING,
43-BANK SQUARE,
LAHORE.

AUDITORS' REPORT TO THE MEMBERS

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

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

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

(A) Equity as per balance sheet as on June 30, 2015 shows adverse balance of Rs. 463.819 million. The current liabilities on afore-said date are amounting to Rs. 226.555 million while the current assets are Rs. 30.913 million. The current liabilities have exceeded the current assets by Rs. 195.642 million. The un-provided interest amounting to Rs. 219.512 million, un-provided provision for doubtful debtors of Rs. 14.142 million in paragraph (D) and un-provided foreign exchange loss amounting Rs. 79.660 million in paragraph (E) are when considered, the equity adverse balance will increase to Rs. 777.133 million (without impairment loss of machinery not determinable at this stage) while excess of current liabilities over the current assets will increase to Rs. 918.704 million including overdue liabilities in paragraph (B). As per profit and loss account, the loss amounting to Rs. 30.631 million has been sustained in 2015 and the Company continuously has sustained losses for more than a decade. Despite further funds of Rs. 38.619 million brought in the Company by the directors and sponsors, the Company is short of liquid funds and is not in a position to make payment of short term loans as per its commitment with banks. The Company has made proposals for payments of loans which are yet not accepted.

The above condition indicates that material uncertainty exists which cast significant doubt on the Company ability to continue as a going concern and may be unable to realize its assets and discharge its liabilities in the normal course of business. No adjustment is made in financial statement which may result from this uncertainty. The financial statements are prepared by the management on-going concern basis and for the reason recorded on note 3.

(B) A perusal of note (8.8.1) to accounts shows that short term loans, overdue and current portion of long term liabilities to the tune of Rs. 243.060 million and markup on bank loans and leases amounting to Rs. 166.688 million are incorrectly classified as long term loans and deferred liabilities. Thus long term liabilities are overstated by Rs. 409.748 million and current liabilities are understated by that extent. The management has explained to us that they have moved to banks to allow to make payments as per their proposal submitted to the banks. Similarly, it is stated that petition has been filed under sections 284 & 285 for enforcing compromise made with the banks but we are not provided any approval letter from the banks accepting the proposal or any binding decision from the court to support contention of the Company's management. In the absence of any documentary evidence, the classification of current loans and liabilities as long term liabilities is not in order.

(C) Due to litigation with banks and leasing companies, mark up on short term loans and leasing note (8.8.1) aggregating to Rs. 219.512 million are not provided and accumulated losses are understated to that extent while current year's loss is understated by Rs.22.145 million. Mark up on previously settled loans is accounted for at cost of fund.

Letters were dropped to the Habib Bank Limited, The Bank of Punjab, Industrial Development Bank Limited and First National Bank Modaraba for confirmation of loans balances and mark up charged but they did not respond to our letters despite the repeated requests. Therefore, their loans balances amounting Rs. 113.340 million remained un-confirmed as well as the mark up outstanding Rs. 112.760 million.

(D) Debtors indicated at note (17.16) & (23.1) aggregating to Rs.14.142 million are doubtful recovery for which no provision is raised and losses for the year are understated by said amount.

(E) Foreign currency loans disclosed at note (8.6) are not translated into Pak Rupees at the exchange rates prevailing as on 30.06.2015, as required by ISA-21 as a result of which non-current liabilities and loss for the year are understated by Rs.79.660 million and accumulated losses are also reduced by that extent.

(F) Other operating expenses note (35) includes loss of Rs. 15.523 million on disposal of non-current assets (machinery) held for sale, the value where-of which as per revaluation carried in June 2014 was Rs. 28.305 million. This indicates that carrying cost of the machinery as per account books is higher than its present market value/ fair value and, in our opinion the Company has not followed its procedure for provision of impairment loss laid down at note (4.10).

In view of heavy loss, it was obligatory for the company to get its assets revalued as at June 30, 2015 and make the provision for the impairment loss on the machinery of Rs. 128.000 million included at note (19.1) of fixed assets and that held for sale included at note (28) Rs.4.142 million. The losses for year are thus understated. In the absence of valuation report the impairment is not determinable.

(G) No terms and conditions regarding repayment of directors' loan amounting to Rs.38.564 million are made as stated at note (7) in the form of agreement and in the absence of such agreement as required by IAS-39 for amortization loan cannot be fulfilled.

(H) Due to non-valuation of gratuity note (10.2) approved by the actuarial, the provision of IAS-19 has not been complied with.

(I) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(J) 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;

(K) in our opinion, and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in paragraphs (A) to (H) the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part there of do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

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

Lahore.
October 05, 2015

(MANZOOR HUSSAIN MIR & CO.)
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Manzoor Hussain Mir

BALANCE SHEET

Equity and Liabilities	Note	2015 Rupees	2014 Rupees
Share capital and reserves			
Share capital	5	**221,052,000**	221,052,000
Accumulated loss		**(684,870,520)**	(658,473,269)
		(463,818,520)	(437,421,269)
Surplus on revaluation of Property, plant & equipment	6	**230,785,779**	235,019,982
Non-current liabilities			
Director's bridge finance & loan	7	**38,563,713**	38,563,713
Long term financing	8	**222,110,611**	345,110,611
Liabilities against assets subject to finance lease	9	**20,949,639**	20,949,639
Deferred liabilities	10	**169,754,018**	163,020,463
Long term deposits	11	**4,444,444**	-
Current liabilities			
Trade and other payables	12	**48,448,598**	47,877,112
Accrued mark-up	13	-	-
Short term borrowings	14	**103,551,276**	64,931,836
Current and overdue portion of non-current liabilities	15	**74,555,556**	-
Provision for taxation	16	-	-
		226,555,430	112,808,948
Contingencies and commitments	17	-	-
Liabilities directly associated with Non-Current assets held for sale	18	**5,000,000**	8,000,000
		454,345,114	486,052,087

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

Lahore:
October 05, 2015

MIAN MUHAMMAD JEHANGIR
Chief Executive Officer

MIAN WAHEED AHMED
Director

AS AT JUNE 30, 2015

Properties and assets	Note	2015 Rupees	2014 Rupees
Non-current assets			
Property, plant and equipment	19	**316,061,880**	427,961,288
Investment property	20	**99,021,428**	-
Long term deposits	21	**3,648,244**	3,648,244
Current assets			
Stores and spares	22	**637,325**	2,222,883
Trade debts	23	**19,038,140**	12,685,240
Loans and advances	24	**592,706**	381,205
Trade deposits and short term prepayments	25	**6,281,413**	4,901,487
Tax refunds due from Government	26	**2,471,567**	820,987
Cash and bank balances	27	**1,891,694**	1,684,471
		30,912,845	22,696,273
Assets held for sale	28	**4,700,717**	31,746,282
		454,345,114	486,052,087

Lahore:
October 05, 2015

MIAN MUHAMMAD JEHANGIR
Chief Executive Officer

MIAN WAHEED AHMED
Director

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

	Note	2015 Rupees	2014 Rupees
Continuing operations			
Sales	29	-	139,867,786
Cost of sales	30	-	131,146,815
Gross profit		-	8,720,971
Rental income from investment property	31	30,753,023	-
Operating Profit		30,753,023	-
Operating expenses			
Rental expense of investment property	32	1,249,750	-
Distribution cost	33	1,478,618	1,518,248
Administrative expenses	34	32,840,875	12,158,056
		35,569,243	13,676,304
Operating loss		(4,816,220)	(4,955,333)
Other operating charges	35	18,937,266	27,363,337
Other operating income	36	3,016,515	2,102,818
Finance cost	37	9,894,483	3,151,379
Loss before taxation from continuing operations		(30,631,454)	(33,367,231)
Taxation	38	-	1,398,678
Loss for the year after taxation from continuing operations		(30,631,454)	(34,765,909)
Discontinued operations			
Loss for the year from discontinued operations	28.2	-	(16,896,851)
Total loss for the year after taxation		(30,631,454)	(51,662,760)
Loss per share - basic & diluted	39		
From continuing operations		(1.39)	(1.57)
From discontinued operations		-	(0.76)
Total loss per share - basic & diluted		(1.39)	(2.34)

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

Lahore:
October 05, 2015

MIAN MUHAMMAD JEHANGIR
Chief Executive Officer

MIAN WAHEED AHMED
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
Loss for the year after taxation	**(30,631,454)**	(51,662,760)
Other comprehensive income		
Transferred from surplus on Revaluation of Fixed assets on account of:		
Incremental depreciation charged during the year	**4,135,146**	8,465,409
Disposal of Plant and Machinery	**99,057**	20,445,832
Total comprehensive loss for the year	**(26,397,251)**	(22,751,519)

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

Lahore:
October 05, 2015

MIAN MUHAMMAD JEHANGIR
Chief Executive Officer

MIAN WAHEED AHMED
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation from continuing operations		(30,631,454)	(33,367,231)
Adjustments for non-cash and other items:			
Depreciation		15,611,221	25,975,583
Gratuity net of provision related to school		581,061	1,969,312
Loss/(Gain) on disposal of property, plant and equipment		(277,370)	11,400,335
Loss from discontined operations		-	(16,776,267)
Loss on disposal of non-current asset held for sale (machinery)		17,071,515	-
Un-claimed balances written back		(2,290,640)	(1,754,896)
Profit on security deposit (SNGPL)		(448,505)	-
Provision raised for Claims receivable being bad of recovery		28,757	15,446,848
Provision raised for obsolete stores and spares		-	516,154
Provision raised for Doubtful debts		1,836,994	-
Excess provision written off		-	(193,605)
Finance cost		9,894,483	3,151,379
		42,007,516	39,734,843
Operating profit before working capital changes		11,376,062	6,367,612
Adjustments for Working Capital Changes			
(Increase) / decrease in current assets:			
Stores and spares		(520,724)	5,011,958
Stock in trade		-	6,566,868
Trade debts		(8,218,651)	7,349,895
Loans and advances		(211,501)	1,552,629
Trade deposits, prepayments and other receivables		(931,421)	(302,564)
Tax refunds due from Government		(21,070)	(361,921)
(Decrease) / increase in current liabilities:			
Trade and other payables		2,862,127	(19,627,190)
Short term borrowings		38,619,440	25,808,391
Net working capital changes		31,578,200	25,998,066
Finance cost paid		(3,614,382)	(1,005,820)
Gratuity paid		(127,608)	(5,289,913)
Income tax paid		(1,629,510)	(1,478,193)
		(5,371,500)	(7,773,926)
Net cash generated from/ (used in) operating activities		37,582,762	24,591,752
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(2,304,078)	(2,908,982)
Investment property		(3,293,428)	-
Proceeds from disposal of property, plant and equipment		15,221,967	44,251,634
Net cash (used in) / generated from investing activities		9,624,461	41,342,652
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of:			
Long term financing		(54,000,000)	(81,870,880)
Long term deposits		10,000,000	-
Liabilities associated with Non-Current assets held for sale		(3,000,000)	8,000,000
Net cash (used in)/ generated from financing activities		(47,000,000)	(73,870,880)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		207,223	(7,936,476)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,684,471	9,620,947
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27	1,891,694	1,684,471

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

Lahore:	**MIAN MUHAMMAD JEHANGIR**	**MIAN WAHEED AHMED**
October 05, 2015	Chief Executive Officer	Director

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

Particulars	Share Capital	Accumulated Loss	Shareholders' Equity
	----------------	Rupees	----------------
Balance as at June 30, 2013	**221,052,000**	**(635,721,750)**	**(414,669,750)**
Total comprehensive loss for the year	-	(22,751,519)	**(22,751,519)**
Balance as at June 30, 2014	**221,052,000**	**(658,473,269)**	**(437,421,269)**
Total comprehensive loss for the year	-	(26,397,251)	**(26,397,251)**
Balance as at June 30, 2015	**221,052,000**	**(684,870,520)**	**(463,818,520)**

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

Lahore:
October 05, 2015

MIAN MUHAMMAD JEHANGIR
Chief Executive Officer

MIAN WAHEED AHMED
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2015

1 LEGAL STATUS AND NATURE OF BUSINESS

Mian Textile Industries Limited, "the Company", was incorporated in Pakistan on December 01, 1986 as a Public Limited Company under the Companies Ordinance, 1984. Its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 29-B/7, Model Town, Lahore and its manufacturing facilities are located at 48.5 K.M. Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur. The Company is principally engaged in the business of manufacturing, sale and export of textile products. Due to the un-economical condition the production of own yarn and cloth was closed down since 2010 and conversion services were extended to other parties. The company resumed its own production of cloth in last quarter of the year 2012 but has closed Weaving Unit with effect from November 2013. Most of the Weaving machinery has been sold out to sub-sidise the loans settlement agreements arrived at with banks. The management has no intention of resuming Weaving section in future. Weaving section building has been leased to a third party for 3 years and agreement will expire in October 2017. Spinning section machinery, factory building were leased to third party for one year up to 31st July 2015 but agreement was terminated by lessee in February 2015. The management intends to run spinning unit by itself or to enter an agreement with some other interested party on conversion basis in the near future.

2 STATEMENT OF COMPLIANCE

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

2.1 Standards, amendments or interpretations that became effective during the year

During the year certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation were either not relevant to the Company's operations or were not expected to have any significant impact on the Company's financial statements.

2.2 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

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

Standard or Interpretation		Effective Date Periods Beginning on or After
- IFRS 13	Fair value measurement	January 1, 2015
- IFRS 10	Consolidated financial statements	January 1, 2016
- IFRS 11	Joint arrangements	January 1, 2015
- IFRS 12	Disclosure of interests in other entities	January 1, 2015
- IAS 16 & 38	Clarification of Acceptable Method of Depreciation and Amortization	January 1, 2016
- IAS 16 & 41	Agriculture: Bearer Plants	January 1, 2016

The management anticipates that adoption of above new standards and amendments of the standards will have no material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which have not been notified up to June 30, 2015 by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

Standard		IASB Effective Date Periods Beginning on or After
- IFRS 9	Financial instruments	January 1, 2018
- IFRS 14	Regulatory Deferral Accounts	January 1, 2016
- IFRS 15	Revenue from Contracts with Customers	January 1, 2017

3 BASIS OF PREPARATION OF FINANCIAL STATEMENTS ON GOING CONCERN ASSUMPTION

These financial statements have been prepared under the historical cost convention, except certain property, plant and equipment shown at revalued amounts as stated in Note 19, investment property shown at fair value amounts as stated in Note 20, using, except for cash flow statements, accrual basis of accounting.

These financial statements are prepared on the assumption that the company will continue as a going concern for a foreseeable future. The company has suffered a loss of Rs. 30.631 million during the year ended June 30, 2015 (2014: Rs. 50.143 million) and accumulated losses are of Rs. 684.870 million (2014: Rs. 658.473 million). The current liabilities of the company have exceeded over current assets by Rs. 195.642 million (2014: Rs. 90.113 million) as at the balance sheet date. Although the Weaving machinery is sold for liquidation of banks loans but still financial difficulties exist. These conditions cast a significant doubt about the Company's ability to continue as a going concern. These financial statement do not include adjustments results from this uncertainty and financial statements are prepared on going concern basis for reasons stated below.

3.1 Mitigating Plans

The management has decided to take following steps for improvement in the business activities:

3.1.1 During the previous year the management has succeeded to make settlement agreements amicably with its major bankers i.e. NIB Bank Limited, Industrial Development Bank Limited and Habib Bank Limited in June 2013, August 2013 and November 2013 respectively. The management is very hopeful that it would also be able to get its remaining loans rescheduled/settled with the remaining banks/leasing company as done by Faysal bank ltd., Allied bank ltd., Grays leasing ltd., NIB bank ltd., IDBP & HBL, for which a petition under section 284 & 285 of the Companies Ordinance 1984 for enforcing compromise amongst the company and all of its creditor Banks has also been filed by the Company in the Lahore High Court. In this way company's finance cost shall substantially be reduced and the company shall also be able to reduce loss being sustained due to non-availability of working

3.1.2 The management has succeeded to enter into a Lease agreement with third party on 28th October 2014 for lease of building of its Weaving unit for a period of 3 years and hopeful that it will be extended for further period.

3.1.3 The management has also succeeded to enter into a lease agreement with another party on 24th June 2014 for lease of its Spinning building together with plant & machinery with the expiry date of 31st July 2015. However, the party could not be able to continue and immediately terminated the agreement in February 2015. Due to irrepressible adverse condition prevailing in the market the management could not find another party interested for agreement on conversion or lease basis.

However, as the cotton season has started now and the government is also showing interest in resolving issues relating to textile industry, which is evident from a recent meeting of the Prime Minister of Pakistan with APTMA members, so the management of the company is hopeful that it will be able to enter into agreement with some party preferably on conversion basis in near future.

3.1.4 Due to adverse market conditions and recovery suits filed by certain banks, the Company has made amicable settlement with its major banks to settle their liabilities through sale of machinery and or through funding by the Directors/their family members.

By payment of settlement amounts to the banks, the Company will have the following benefits:

(i) Litigations with the banks shall be closed.

(ii) Banks Liabilities/financial/legal charges shall be substantially reduced.

(iii) The Company shall be in a position to obtain working capital facilities from banks to run the Spinning Unit more efficiently.

(iv) The Company will be able to reduce loss being sustained due to non-availability of working capital and wear & tear of the old machinery.

3.1.5 The directors are also willing to provide loans in their personal capacity. They have already provided loans on account of bridge finance and short term borrowings.

As a result of above steps, we will be able to run the business successfully.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Functional and presentation currency

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

4.2 Significant estimates and judgments

The preparation of financial statements in conformity with approved International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Useful life of depreciable assets (note. 4.8)
- Investment property (note. 4.9)
- Provisions for doubtful receivables (note. 4.13)
- Slow moving inventory (note. 4.11, 4.12)
- Taxation (note. 4.7)
- Impairment (note. 4.10)
- Fair value measurement (note. 4.21)

However, the management believes that the change in outcome of the estimates would not have a significant effect on the amount disclosed in the financial statements.

4.3 Provisions

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

4.4 Staff retirement benefits

The Company operates an un-funded gratuity scheme for all its employees according to the terms of their employment. Under this scheme, gratuity is paid to the retiring employees on the basis of their last drawn basic salary for each completed year of service.

4.5 Trade and other payables

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

4.6 Contingencies

The Company has disclosed significant contingent liabilities for the pending litigation and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the balance sheet date.

4.7 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax at the rate of 1% of the turnover under section 113 of the Income Tax Ordinance, 2001, whichever is higher.

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is to be realized or liability is to be settled.

4.8 Property, plant and equipment

4.8.1 Operating fixed assets

Owned assets

Property, plant and equipment are stated at cost/revalued amounts less accumulated depreciation and identified impairment losses, if any, except freehold land which is stated at revalued amount. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing the assets to working condition.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. Revalued amount has been determined by an independent professional valuer on the basis of open market value of the asset based on estimated gross replacement cost, depreciated to reflect the residual service potential of the asset having paid due regard to age, condition and obsolescence. Any 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 of the asset. Cost in relation to self constructed assets includes direct cost of material, labor and other allocable expenses.

Increases in the carrying amount arising on revaluation of plant and equipment are credited to surplus on revaluation of fixed assets. Decreases that offset available surplus are charged against this surplus, all other decreases are charged to profit or loss. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the profit or loss) and depreciation based on the asset's original cost - incremental/decremental depreciation on revalued assets is transferred to/from surplus on revaluation of fixed assets from/to retained earnings (accumulated loss). All transfers to/from surplus on revaluation are net of applicable deferred taxation.

Depreciation is charged to income by applying reducing balance method without taking into account any residual value at the rates specified in Note 19. The remaining useful life of the depreciable assets and depreciation method are reviewed periodically to ensure that the depreciation method and periods of depreciation are consistent with the expected pattern of economic benefits from property, plant and equipment. Full month's depreciation is charged on additions to fixed assets during the month, where as no depreciation is charged on the assets disposed off during the month. The Company reviews the value of the assets for possible impairment on annual basis. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

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

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and replacements are capitalized and the assets so replaced, if any, other than those kept as stand by, are retired.

4.8.2 Capital work in progress

Capital work in progress is stated at cost less any identified impairment losses. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

4.8.3 Leased assets

Finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged on the basis similar to operating fixed assets applying reducing balance method at the rates specified in Note 19 to write off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of the lease periods.

Insurance and other maintenance costs are borne by the Company.

Finance cost and depreciation on leased assets are charged to current year's income.

Operating leases

Lease rentals payable under the operating leases are charged to profit and loss account on a straight line basis over the term of the relevant leases.

4.8.4 Non-Current assets held for sale

Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less cost to sell, if their carrying value is to be recovered principally through a sale transaction with in one year of the date of balance sheet rather then through continuing use and depreciation on such assets cease. Also refer to Note No. 28.

4.9 Investment property

Properties which are held to earn rentals or for capital appreciation or for both are classified as investment properties. Investment properties are initially recognized at cost, being the fair value of the consideration given. Subsequently these are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date.. Also refer to Note No. 4.21.

Any gain or loss arising from a change in fair value is charged to profit or loss. Rental income from investment properties is accounted for as described in note 4.19.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Latest fair market valuation was carried out by the independent valuer on June 30, 2014 and there is no material change in the recorded valuation as at June 30, 2015.

For the purpose of subsequent measurement, the Company determines with sufficient regularity the fair value of the items of investment property based on available active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Valuations wherever needed are performed as of the reporting date by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of fixed assets. Upon disposal of the item, the related surplus on revaluation is transferred to retained earnings (accumulated loss). Any loss arising in this manner is immediately charged to profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording.

An item of Investment property is derecognized either when disposed of or permanently withdrawn from use and no future economic benefits is expected from its disposal.

4.10 Impairment

The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the year.

4.11 Stores and spares

These are valued at lower of moving average cost and net realizable value except for items in transit that are valued at cost comprising the invoice value plus incidental charges paid thereon till the balance sheet date. Provision is made against obsolete and slow moving items.

4.12 Stock in trade

Basis of valuation are as follows:

In 2015 there was no stocks. However, in earlier years these were valued in following manners.

Particulars	Mode of valuation
Raw materials	At lower of moving average cost and net realizable value.
Stocks in transit	At cost comprising the invoice value plus incidental charges paid thereon.
Work-in-process	At estimated average manufacturing cost.
Finished goods	At lower of average manufacturing cost and net realizable value.
Wastes	At net realizable value.
Store & spares	At moving average cost.

Cost in relation to work in process consists of prime cost and attributable production overheads.

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

4.13 Trade debts and other receivables

Receivables are carried at original invoice amount less an estimate made for doubtful receivable balances based on review of outstanding amounts at year end. Bad debts are written off when identified.

4.14 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at banks.

4.15 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on the accrual basis. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to income in the period in which these are incurred.

4.16 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak rupees at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the balance sheet date and in case of forward exchange contracts at the committed rates. Gains or losses on exchange are charged to income.

4.17 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments and are remeasured at fair value. Any gain/loss on de-recognition and on remeasurement of such financial instruments other than investments available for sale, is charged to income for the period in which it arises.

4.18 Related party transactions

All transactions with related parties are measured at arm's length prices determined in accordance with the Comparable Un-controlled Price Method except in circumstances where it is not in the interest of the Company to do so.

4.19 Revenue recognition

(i) Local sales are recorded when goods are delivered to customers and invoices raised.

(ii) Export sales are booked on shipment basis on receipt of bill of lading.

(iii) Processing charges are recorded when goods are delivered to customers and invoices raised.

(iv) Gain on 'sale and lease-back' transactions that result in finance lease, is deferred and amortized over the lease term.

(v) Dividend income is recognized when the right to receive payment is established.

(vi) Profits on short term deposits is accounted for on time apportioned basis on the principal outstanding and at the rate applicable.

(vii) Rental income from investment properties is credited to profit or loss on accrual basis.

4.20 Off setting of financial assets and liabilities

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

4.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. When applicable, the Company measures the fair value of an instrument and non-financial assets carried at fair value, using the quoted price in an active market for that instrument and non-financial assets carried at fair value. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

	2015 Rupees	2014 Rupees
5 SHARE CAPITAL		
Authorized capital		
22,500,000 (2014: 22,500,000) ordinary shares of Rupees 10 each	**225,000,000**	225,000,000
Issued, subscribed and paid up share capital		
22,105,200 (2014: 22,105,200) ordinary shares of Rupees 10 each fully paid up in cash	**221,052,000**	221,052,000
6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Opening balance	**235,019,982**	302,725,937
Surplus on investment property	**(76,560,233)**	-
Surplus on other operating assets	**158,459,749**	-
- Adjustment as a result of fresh revaluation	-	(38,794,714)
	158,459,749	263,931,223
Surplus transferred to accumulated loss:		
- Incremental depreciation charged during the year	**(4,135,146)**	(8,465,409)
- Disposal during the year	**(99,057)**	(20,445,832)
Surplus on other operating assets	**154,225,546**	235,019,982
Surplus on investment property	**76,560,233**	-
	230,785,779	235,019,982

6.1 As a result of revaluations of property, plant and equipment carried out in May 2008, April 2004 and September 1995, surplus of Rs. 762.469 million was raised that was credited to 'surplus on revaluation of property, plant and equipment' in terms of Section 235 of the Companies Ordinance, 1984.

In 2014 the Land, Building and Plant & Machinery were revalued by approved Independent Valuer- Hamid Mukhtar & Co. (Pvt) Ltd., Lahore. There is no material change in the recorded valuation as at June 30, 2015.

Refer to Note No. 19.1 & 19.3.

6.2 The Company has adopted first time IAS 40 'investment property' from beginning of this year and applied fair value model of accounting as basis for measurement of investment property. All investment properties are measured under IFRS 13 'fair value measurement' and there is no change in fair value as the assets were recently revalued as at June 30, 2014.

Refer to Note No. 4.9, 6.1, 19.1, 19.3 & 20.

7 DIRECTORS' BRIDGE FINANCE & LOAN

This represents interest-free and unsecured long term loans obtained from the directors of the Company. The repayment terms of the loan have yet not been finalized.

	Note	2015 Rupees	2014 Rupees
8 LONG TERM FINANCING			
Financing from banking companies:			
The Bank of Punjab	8.1	**38,827,229**	38,827,229
National Bank of Pakistan - DF-I	8.2	**45,000,000**	45,000,000
National Bank of Pakistan - DF-II	8.3 (a)	**8,000,000**	8,000,000
National Bank of Pakistan - DF-III	8.3 (b)	**1,545,342**	1,545,342
Habib Bank Limited	8.4	**25,000,000**	25,000,000
Habib Bank Limited	8.5	**14,959,598**	58,959,598
Habib Bank Limited	8.6	**34,553,035**	34,553,035
NIB Bank Limited	8.7	**123,225,407**	133,225,407
		291,110,611	345,110,611
Less: current portion shown under current liabilities	15	**69,000,000**	-
		222,110,611	345,110,611

8.1 This represents Demand Finance obtained from The Bank of Punjab. It is repayable in 17 equal quarterly instalments commencing from July 2010 and carries mark-up at 3 Months KIBOR + 100 bps with no floor to be paid quarterly. It is secured against collaterals and equitable mortgage on industrial land in the name of directors of the Company, personal guarantees of the owners of the property and directors of the Company and ranking charge of Rs. 53.773 million over all the present and future current and fixed assets of the Company. Sanctioned limit originally is Rs. 38.827 million valid upto 31-07-2014.

The Company has filed a suit for damages against Bank of Punjab for recovery of claims and damages of Rs. 140.253 million. The legal advisors vide letter dated July 13, 2015 have stated that there is no scope of any loss to the company. This suit is presently pending adjudication before Lahore High Court Lahore, wherein after completion of evidence proceedings, presently case is fixed for Arguments. The Company is vigilantly pursuing this case.
Refer to note 17.6.

Bank of Punjab has also filed a suit against the company for recovery of Rs. 56.298 million as confirmed by the legal advisor named "Lawyers & Lawyers" vide their letter dated July 13, 2015. This suit is also presently pending adjudication before Lahore High Court Lahore and this case is being vigorously and diligently contested by the Company.

The management is of the view that this loan will be restructured and therefore has not classified it under current liabilities as current and overdue portion amounting to Rs. 38.827 million (2014:Rs. 38.827 million), unprovided mark up is Rs. 19.894 million (2014:Rs. 19.702 million) and unconfirmed deferred mark up is Rs. 38.930 million (2014:Rs. 20.852 million) refer to Note 10.1.2.
Letters dropped to Bank of Punjab for confirmation of balances were not responded.

8.2 This represents Demand Finance sanctioned by the National Bank of Pakistan. It is repayable in 16 equal quarterly instalments commencing from February 2011 and carries mark-up at 3 Months KIBOR + 3.5% p.a. with no floor / cap to be paid quarterly. It is secured against ranking charge of Rs. 45 million on fixed assets of the Company including 40% margin and personal guarantees of all sponsoring directors.

8.3 (a) This represents Demand Finance sanctioned by the National Bank of Pakistan. It is repayable in 4 equal quarterly instalments of Rs. 2 million each commencing from February 2015 and carries no mark-up. It is secured against ranking charge of Rs. 13.333 million on fixed assets of the Company and personal guarantees of all sponsoring directors.

(b) Cash Finance facility of Rs. 75 million (reduced from Rs. 150 million) sanctioned by the bank for meeting the working capital requirements of the Company. This facility carries mark-up at 3 Months KIBOR plus 2% per annum without floor/cap payable quarterly. It is secured against pledge of raw materials and personal guarantees of all the sponsoring directors of the Company. This facility has expired on September 30, 2009. Refer to note. 10.1.4.

Last year National Bank of Pakistan has filed a suit against the company for recovery of Rs. 77.252 million as confirmed by the legal advisor named "Lawyers & Lawyers" vide their letter dated July 13, 2015. This suit is also presently pending adjudication before Lahore High Court Lahore and is being vigorously and diligently contested by the Company.

Legal advisor named "Lawyers & Lawyers" vide their letter dated July 13, 2015 has confirmed that a Petition under section 284 & 285 of the Companies Ordinance 1984 for enforcing compromise amongst the Company and all of its creditor Banks has been filed by the Company before the Lahore High Court Lahore vide CO No.24/2013. The Company is vigilantly pursuing this case. There is no scope of any loss to the Company.

Bank as per its confirmation letter No # NBP/SAMD-N/15/2057 dated September 14, 2015 has confirmed limit of Rs. 129.55 million of short term loans while balances extended to company are Rs. 54.545 million as on 30th June 2015. Total markup is confirmed by bank outstanding on 30th June 2015 Rs. 32.252 million.

Current and overdue portion of National Bank of Pakistan is amounting to Rs. 54.545 million (2014:Rs. 49.745 million). Refer to note 17.15 and 10.1.4.

8.4 This represents certain utilized portion of finance against packing credit FAPC (Pledge) of Rs. 62.874 million (utilized) from Habib Bank Limited as of 15-10-2009 to meet the working capital requirements of the company that carries mark up at 3 Months KIBOR plus 2% subject to a floor rate of 12% per annum & (LIBOR plus 2.5% per annum with floor of 5.50% per annum in case of foreign finance). All the facilities expired on 31-12-2009.

8.5 This represents short term facility (FAPC-Hypo) of Rs. 56.442 million (utilized) & Running finance of Rs. 2.98 million (utilized), obtained from the bank that carries mark up at 3 Months KIBOR plus 2% with floor of 12% per annum (LIBOR plus 2.5% per annum with floor 5.5% per annum in case of foreign finance). The loan is secured against ranking hypothecation and 1st pari passu/ranking charges on current and fixed assets of the company. All the facilities expired on 31-12-2009.

8.6 This represents certain utilized portion of finance against packing credit FAPC (Pledge) of Rs. 62.874 million (utilized), cash finance of Rs. 15.445 million (utilized), running finance of Rs. 5.000 million (utilized), and FAPC of Rs. 8.920 million (utilized) to meet the working capital requirements of the company obtained from the bank that carries mark up at 3 Months KIBOR plus 2% with floor of 12% per annum (LIBOR plus 2.5% per annum with floor 5.5% per annum in case of foreign finance). The loan is secured against ranking hypothecation and 1st pari passu/ranking charges on current and fixed assets of the company. All the facilities were expired on 31-12-2009.

Bank as per its confirmation letter No # MP/THS/86 dated September 22, 2014 confirmed limit of Rs. 204.235 million of short term loans while balances extended to company are Rs. 154.512 million as on 30th June 2015 whereas the balances reflected by books on the said date are Rs. 74.513 million. The foreign currency loans as at 30th June 2015 are converted by bank at exchange rates prevailing on balance sheet date and exchange variation loss of Rs. 79.660 million is not incorporated in books.
This year letters dropped to Habib Bank Limited for confirmation of balances were not responded.
Also refer to note 10.1.3 & 17.13.

The Company as per Settlement agreement dated 22 November 2013 agreed to pay entire liability of Habib Bank Limited by a total payment of Rs. 114.700 Million (Settlement Amount) through sale of assets/machinery to prospective buyer. A sum of Rs. 40 million was paid against a sum of 68.820 Million within eight months from the date of agreement and the balance payment of Rs. 45.880 Million within twelve months from the date of the agreement. In case of delay/refusal from prospective buyer in making payment as per schedule then the Company will pay the Settled Amount from their own pocket through sale of assets/machinery. Any waiver of the amounts mentioned in the suit i.e. Rs. 210.650 Million shall only be granted once the Company pay the entire Settlement Amount as mentioned above.

(a) The Company could not make payment of Rs. 68.820 million by due date 22-07-2014 and accordingly vide a Supplement agreement dated 10 September 2014 agreed that balance amount of first settlement of Rs. 68.820 million would be paid in the manner of an amount of Rs. 8.820 Million by 22-10-2014 and balance amount of first installment of Rs. 20.0 Million by 22-11-2014.

The second installment of Rs. 45.880 Million shall be paid as per terms of the compromise agreement by or before 22-11-2014 i.e. 12 months from the date of main compromise agreement dated 23-11-2013 and decree dated 2-12-2013. That subject to this agreement all the terms and conditions of the Settlement agreement dated 23-11-2013 as well as decree dated 02-12-2013 shall be valid and are in field and shall be enforceable at the option of Bank in accordance with Law.

(b) The Company and the bank have filed compromise agreement and cases against each other has withdrawn.
Refer to note. 17.13.

The management was of the view that this loan will be restructured and therefore, has not classified it under current liabilities as current and overdue portion amounting to Rs. 38.013 million (2014:Rs. 118.513 million), unprovided mark up is Rs. 59.063 million (2014:Rs. 50.535 million) and also have deferred the mark up payable to the bank Rs. 44.245 million (2014:Rs. 44.245 million).

This year the Company has made proposal to Habib Bank Limited. Now due to current adverse condition prevailing in the market mainly because of non-availability of uninterrupted supply of gas & electricity to the industry, high input cost and tough competition from our regional competitors, a number of mills have already shutdown while remaining are forced to close down one shift to mitigate losses. Consequently, there are also no buyers for textile machineries/assets in the market these days.

So in the light of above facts, keeping in view the current irrepressible adverse market condition, as discussed and agreed during our meeting, we like to propose hereunder that we will manage to pay the remaining balance of settled amount as per following schedule and give us a letter of approval for the payment of balance settlement amount as per below schedule as already agreed in our meeting:

	Rs. in million	On or before
	12.00	31-12-2015
	12.00	31-03-2016
	12.50	30-06-2016
	14.20	30-09-2016
Total	50.70	

8.7 The Company swapped its entire loan liability towards UBL (except Rs. 5.1 million) in pursuance of new loan agreement arrived at between the Company and NIB Bank Limited (formerly PICIC) in August 2004 for Rs. 210 million against which PICIC disbursed Rs. 195.976 million to the Company. This loan was repayable in 24 equal quarterly instalments of Rs.13.331 million each commencing from December 2006, after a grace period of one and a half year, and carries mark up at 3 Months KIBOR plus 4.75% per annum subject to floor of 10.5% per annum. Currently the Company is in litigation with the bank due to non-repayment of loan instalments. Refer note 17.5.

NIB bank has filed a suit against recovery of its dues amounting to Rs. 263.768 million. Letters dropped to bank for confirmation of loan balances and interest outstanding remain unconfirmed. The legal advisor vide its letter dated July 13, 2015 has stated that settlement agreement has been affected amongst the parties in terms whereof, this suit has to be adjourned Sine Die. This suit is presently pending adjudication before the Lahore High Court Lahore.

The Company has also filed a suit for damages against NIB Bank Limited for recovery of Rs. 567.627 million. The legal advisor vide its letter dated September 09, 2014 has stated that settlement agreement has been affected amongst the parties in terms whereof, this suit has to be withdrawn and there is no scope of any loss to the company in the instant matter. This year legal advisor has not replied on this suit.

The Company has also filed a Writ Petition against Federation and NIB Bank Limited, thereby seeking protection under Article 10-A of the Constitution. This Writ Petition is pending adjudication before the Honorable Lahore High Court Lahore. The legal advisor vide its letter dated July 13, 2015 has stated that there is no scope of any loss to the company in the instant matter.

The Company as per Settlement agreement dated 28 June 2013 has agreed to pay entire liability of NIB Bank Limited by a total payment of 110.924 million in three installments by down payment of Rs. 11.092 million at the time of execution of this agreement and agreed to pay 66.554 million within Eight months from the date of execution of this agreement i.e. 28 February 2014 and balance payment of Rs. 33.277 million within Four months after the payment of second payment i.e. 28 June 2014. The NIB Bank Limited has agreed to waive off Rs 152.844 million against entire liability of Rs. 263.768 million as any waiver of the amounts mentioned in the suit shall only be granted once the Company pays the entire Settlement amount. However, if more than 60% settled amount would be paid in 12 months then in case of delays of balance amount, the NIB is entitled to claim cost funds on balance amount from date of default of this Agreement till payment of remaining settlement amount. However in case the balance settled amount is not received within the period of next twelve months, the bank shall have the right to cancel/withdraw this arrangement and will continue pursue its recovery suit. As the entitlement is subject to compliance of said payments, the adjustments are not made in these financial statements.

The management is of the view that this loan will be restructured and therefore, has not classified it under current liabilities as current and overdue portion amounting to Rs. 90.725 million (2014:Rs. 133.225 million) further more, the Company has not accrued the mark-up relating to the loan amounting to Rs. 114.591 million (2014:Rs. 101.880 million).

NIB Bank as per its confirmation letter No # NIB/REM-MTI/0051/2015 dated September 30, 2015 has confirmed outstanding position of long term facility 125.184 million while balances extended to company are Rs. 123.225 million as on 30th June 2015. Total markup is confirmed by bank outstanding on 30th June 2015 Rs. 106.034 million.

This year the Company has made proposal NIB Bank Limited that out of total settlement amount of Rs. 110.924 million, we have already paid Rs. 67.663 million (61%).

Now due to current adverse condition prevailing in the market mainly because of non-availability of uninterrupted supply of gas & electricity to the industry, high input cost and tough competition from our regional competitors, a number of mills have already shutdown while remaining are forced to close down one shift to mitigate losses. Consequently, there are also no buyers for textile machineries/assets in the market these days.

So in the light of above facts, keeping in view the current irrepressible adverse market condition, as discussed and agreed during our meeting, we like to propose hereunder that we will manage to pay the remaining balance of settled amount as per following schedule and give us a letter of approval for the payment of balance settlement amount as per below schedule as already agreed in our meeting:

	Rs. in million	On or before
	10.00	31-12-2015
	10.00	31-03-2016
	12.50	30-06-2016
	10.70	30-09-2016
Total	43.20	

8.8 Followings are short term loans, overdues, current portion of long term liabilities classified as long term liabilities, markup accrued & unprovided markup for which approval was not received yet from banks.

		Note no.	Overdues loans	Unprovided markup	Overdues markup
				2015	
8.8.1	Financing from banking companies:			-----------Rupees in million-----------	
	The Bank of Punjab	8.1	**38.827**	**19.894**	**38.930**
	National Bank of Pakistan	8.2 & 8.3	**54.545**	**4.905**	**29.002**
	Habib Bank Limited	8.4 to 8.6	**38.013**	**59.063**	**44.245**
	NIB Bank Limited	8.7	**90.725**	**114.591**	**24.926**
	Industrial Development Bank Limited		-	**16.521**	**15.631**
			222.110	**214.974**	**152.734**
	Leasing: First National Bank Modaraba	9.2	**20.950**	**4.538**	**13.954**
			243.060	**219.512**	**166.688**

		Overdues loans	Unprovided markup	Overdues markup
			2014	
8.8.2	Financing from banking companies:		-----------Rupees in million-----------	
	The Bank of Punjab	38.827	19.702	20.852
	National Bank of Pakistan	49.745	3.020	24.813
	Habib Bank Limited	118.513	50.535	44.245
	NIB Bank Limited	133.225	101.880	24.926
	Industrial Development Bank Limited	-	16.521	19.231
		340.310	191.658	134.067
	Leasing: First National Bank Modaraba	15.698	5.708	8.245
		356.008	197.366	142.312

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2015 Rupees	2014 Rupees
9.1 Movement in finance lease liability is as follows:			
Opening balance		**20,949,639**	20,949,639
Payments made during the year		-	-
		20,949,639	20,949,639
Current portion shown under current liabilities	15	-	-
		20,949,639	20,949,639

9.2 The future minimum lease payments and their present value, to which the company is committed under lease agreements are as fallows:

	Due not later than one year	Due over one year and up to five years	Due over five years	2014	2015
			-Rupees-		
Minimum lease payments	26,287,781	2,600,496	-	**28,888,277**	28,888,277
Security deposits adjustable on expiry of lease term	-	2,866,667	-	**2,866,667**	2,866,667
Gross minimum lease payments	26,287,781	5,467,163	-	**31,754,944**	31,754,944
Financial charges allocated to future periods	(8,204,835)	(2,600,470)	-	**(10,805,305)**	(10,805,305)
Present value of minimum lease payments	18,082,946	2,866,693	-	**20,949,639**	20,949,639
Current portion shown under current liabilities	-	-	-	-	-
	18,082,946	2,866,693	-	**20,949,639**	20,949,639

9.2.1 The company has executed finance lease agreements with financial institution (leasing company) to acquire plant and machinery. The liabilities under these lease agreements are payable in monthly instalments by February 2017 and were originally subject to finance cost at the rate 14.75% (2014: 14.75%) (approximately) per annum which are used as discounting factors. Taxes, repairs, replacements and insurance costs are borne by the Company. The security deposits shall be adjusted against the residual value along with the last instalment as the management of the Company intends to exercise its option to purchase the assets upon completion of their respective lease terms.

9.2.2 These are secured against security deposits, titles of ownership of leased assets and personal guarantees of directors of the Company.

9.2.3 First National Bank Modaraba has filed a suit against the company for recovery of Rs. 29.995 million. This suit was presently pending adjudication before the Banking Court No.II Lahore, wherefrom it has been decreed on 29-01-2015 and presently as appeal of the same is pending adjudication before Honorable Lahore High Court Lahore, whereas execution proceedings before the Banking Court No. II are pending. The legal advisors vide letter dated July 13, 2015 have stated that this case is being vigorously and diligently contested by the Company.

The Company has also filed a suit against the First National Bank Modaraba for recovery of Rs. 47.550 million. This suit was presently pending adjudication before the Banking Court No.II Lahore, which was dismissed on 29-01-2015 and presently as appeal of the same is pending adjudication before Honorable Lahore High Court Lahore. The legal advisors vide letter dated July 13, 2015 have stated that there is no scope of any loss to the Company. Refer to note. 17.7.

9.2.4 In relation to Note 9.2.1 to 9.2.3 no adjustments are made in books for claims and counter claims. Letters dropped to First National Bank Modaraba for confirmation of balances were not responded.

10 DEFERRED LIABILITIES	**Note**	**2015 Rupees**	2014 Rupees
Deferred mark-up	10.1	**166,688,432**	160,408,330
Staff retirement benefits - unfunded gratuity scheme	10.2	**3,065,586**	2,612,133
		169,754,018	163,020,463

10.1 **Deferred mark up:**

Industrial Development Bank of Pakistan (Frozen)-Secured	10.1.1	**15,631,000**	19,231,000
The Bank of Punjab	10.1.2	**38,930,177**	35,047,454
Habib Bank Limited	10.1.3	**44,245,366**	44,245,366
National Bank of Pakistan	10.1.4	**29,002,301**	24,813,220
First National Bank Modaraba	10.1.5	**13,953,877**	12,145,580
NIB Bank Limited (PICIC)	10.1.6	**24,925,710**	24,925,710
		166,688,431	160,408,330

10.1.1 This represents the mark up frozen by financial institution. Its repayment is deferred in 60 equal monthly instalments of Rs. 0.417 million each commencing from November 2010. The loan is secured against mortgage / hypothecation of fixed assets of the Company.

As per the bank confirmation dated 20-08-2011 the bank has withdrawn restructuring package which was given to the company vide letter dated 14-06-2011 due to the default of the company in repayment of deferred mark-up. Bank has also passed the entries in its books to cancel the restructuring. As per bank the overdue and current portion of deferred mark up is Rs. 15.631 million (2014:Rs. 19.231 million) which was not recognized in books. Refer to note. 17.8. The unprovided mark up amount Rs 16.521 million (2014:Rs. 16.521 million).

The Company as per Settlement agreement dated 01 August 2013 has agreed to pay entire liability of Industrial Development Bank of Pakistan by a total payment of 12.807 million (Settlement Amount) in three installments by down payment of Rs. 1.281 million at the time of execution of this agreement and agreed to pay 7.686 million within Eight months from the date of execution of this agreement i.e. 01 April 2014 and balance payment of Rs. 3.840 million within a period of Twelve months from the date of execution of this agreement i.e. 01 August 2014. The Industrial Development Bank of Pakistan has agreed that after payment of entire settlement amount as per package, the Bank will waive off balance frozen liability of Rs. 12.229 million along with frozen markup of Rs. 16.521 million. As the entitlement is subject to compliance of said payments, the adjustments are not made in these financial statements.

However, if more than 60% settled amount would be paid in 12 months then in case of delay in payment of balance amount, the Industrial Development Bank of Pakistan is entitled to claim cost funds on balance amount from date of default of this Agreement till payment of remaining settlement amount. However in case the balance settled amount is not received within the period of next twelve months, the bank shall have the right to cancel/withdraw this agreement and shall proceed according to Law for balance frozen liability together with frozen markup.

Letters dropped to Industrial Development Bank of Pakistan for confirmation of balances were not responded.

10.1.2 This represents overdue mark up aggregating Rs 14.196 million relating to the period from October 2006 to June 2009 as a result of rescheduling vide letter dated 04-07-2009 from the Bank of Punjab. The overdue deferred mark up shall be paid after the last instalment of Demand Finance liability as on 01-07-2014. The unprovided mark up amount Rs 19.894 million (2014:Rs. 19.702 million) refer to note 8.1.

10.1.3 This year the Company has deferred the markup of Rs nil (2014:Rs. nil). The unprovided mark up amount Rs 59.063 million (2014:Rs. 50.535 million). Refer to Note 8.6.

10.1.4 The company has requested the bank for rescheduling of loan liability, however, this proposal is under process by the bank as at the balance sheet date therefore this year the Company has also deferred the mark up of Rs nil (2014:Rs. nil). The unprovided mark up amount Rs 4.905 million (2014:Rs. 3.020 million). Refer to note 8.2 & 8.3.

10.1.5 This include Rs 3.900 million unpaid mark up for the period from September 2006 till March 2009 kept frozen by the bank and shall be paid in 12 equal monthly instalment of 0.325 million from March 2016 to February 2017.

The management is of the view that this loan will be restructured. The unprovided mark up amount Rs 4.538 million (2014:Rs. 5.708 million). Refer to note 9.2.4.

10.1.6 The unprovided mark up amount to Rs 114.591 million (2014:Rs. 101.880 million). Refer to note 8.7.

	Note	2015 Rupees	2014 Rupees
10.2 Staff retirement benefits - unfunded gratuity scheme			
Reconciliation of payable to defined benefit plan:			
The amounts recognized in balance sheet are as follows:			
Present value of defined benefit obligation		**3,065,586**	2,612,133
Unrecognized net actuarial gains/(losses)		**-**	-
		3,065,586	2,612,133
Movement in net liability recognized is as follows:			
Opening balance at July 01,		**2,612,133**	5,932,734
Service cost recognized during the year		**581,061**	1,969,312
Benefits paid during the year		**(127,608)**	(5,289,913)
Closing balance as at June 30,		**3,065,586**	2,612,133

Last actuarial valuation was carried out as at June 30, 2009 under the ' Projected Unit Credit Method'. The significant assumptions used for actuarial valuation were as follows:

	Note	2015	2014
In current year provision is based on estimate basis.			
Discount rate		**13%**	13%
Expected rate of salary increase		**11%**	11%
Expense recognized in the income statement			
Current service cost	10.2.1	**581,061**	1,969,312
Interest cost		**-**	-
		581,061	1,969,312

10.2.1 These include Rupees 0.172 million (2014: Rupees Nil) were recovered from lessee.

11 LONG TERM DEPOSITS

	Note	2015	2014
Security deposits of lease:			
Style Textile (Pvt) Limited		**10,000,000**	-
Less: current portion shown under current liabilities		**(5,555,556)**	-
		4,444,444	-

12 TRADE AND OTHER PAYABLES

	Note	2015	2014
Creditors for:			
Goods		**6,613,814**	9,253,539
Expenses		**3,390,842**	4,009,608
Accrued expenses		**20,754,868**	15,038,863
Advances from customers		**11,302,232**	14,194,488
Income tax deducted at source	12.1	**87,445**	607,674
Unclaimed dividend		**415,333**	415,333
Others (School)	12.2	**5,884,064**	4,357,607
		48,448,598	47,877,112

12.1 It relates to year 2015.

12.2 A school named Deen Public High School is being run by the Company and all its income and expenses are being charged to the school. It include Rs. nil (2014:Rs. nil) in respect of staff retirement benefits.

	Note	2015 Rupees	2014 Rupees
13 ACCRUED MARK UP			
Mark up accrued on:			
Long term financing	13.1	-	-
Liabilities against assets subject to finance lease	13.2	-	-
		-	-

13.1 Un provided mark-up for the year is Rs. 214.974 million (2014:Rs. 191.658 million). Refer to note 8.8.1 and 8.

13.2 Un provided mark-up for the year is Rs. 4.538 million (2014:Rs. 5.708 million). Refer to note 8.8.1 and 9.

14 SHORT TERM BORROWINGS

From related parties - unsecured

	Note	2015 Rupees	2014 Rupees
Loan from family associates	14.1	**83,551,276**	44,931,836
Others	14.2	**20,000,000**	20,000,000
		103,551,276	64,931,836

14.1 This represents interest-free and unsecured loan obtained from family associates of the Company. The repayment terms of the loan have yet not been finalized.

14.2 From third party carrying no markup. It is treated as short term with mutual consent. However there is no agreement reduced in writing containing terms and conditions of its repayment.

15 CURRENT AND OVERDUE PORTION OF NON-CURRENT LIABILITIES

	Note	2015 Rupees	2014 Rupees
Long term financing	15.1	**69,000,000**	-
Liabilities against assets subject to finance lease	15.2	-	-
Security deposits of lease	11	**5,555,556**	-
		74,555,556	-

15.1 Because of the litigations with various banks as stated in notes from 8.1 to 8.7 the company has not recognized fully the overdue and current portion of non current liabilities which otherwise if incorporated the current portion of non current liabilities would have increased by Rs. 222.110 million (2014:Rs. 340.310 million). Also refer to note 8.8.1.

15.2 Because of the litigations with various banks as stated in notes from 9.2.1 to 9.2.4 the company has not recognized fully the overdue and current portion of liabilities against assets subject to finance lease which otherwise if incorporated the current portion of liabilities against assets subject to finance lease would have increased by Rs. 20.950 million (2014:Rs. 15.698 million). Also refer to note 8.8.1.

15.3 The company has classified current liability under long term loan liability. Current and overdue portion of National Bank of Pakistan is amounting to Rs. 54.545 million. Refer to note. 8.3.

16 PROVISION FOR TAXATION

	Note	2015 Rupees	2014 Rupees
Provision made for the current year	38	-	1,398,678
Provision adjusted during the year		-	(1,398,678)
		-	-

17 CONTINGENCIES AND COMMITMENTS

17.1 Cotton claims of Rs. 29.851 million (US $ 500,186) are lodged against foreign cotton suppliers and their agents in the Pakistan (Ralli Brothers) for weight shortage, bad quality supplied and late shipments. The suit is filed in the court of Civil Judge, Lahore and is still subjudice. This year no confirmation from legal advisor is available. However, this was considered bad of recovery and amount was written off in 2013 and half was written off in 2014. Also refer to note. 25.2.

17.2 Claims filed by M/s Cargill and others for Rs. 7.873 million have been awarded in exparte arbitration proceedings. These claims have not been admitted by the Company. The management is hopeful that no loss is expected to arise. The application filed in the court of Civil Judge, Lahore is still pending adjudication. This year no confirmation from legal advisor is available.

17.3 Writ petition filed against WAPDA on refusal of request for reduction of load was disposed off by the court with the direction to approach WAPDA authorities. The matter is still pending with the said authority.

17.4 Electricity duty case is pending with Honourable High Court. No confirmation from legal advisor of the company is available.

17.5 NIB bank has filed a suit against recovery of its dues amounting to Rs. 263.768 million. Letters dropped to bank for confirmation of loan balances and interest outstanding remain unconfirmed. The legal advisor vide its letter dated July 13, 2015 has stated that settlement agreement has been affected amongst the parties in terms whereof, this suit has to be adjourned Sine Die. This suit is presently pending adjudication before the Lahore High Court Lahore.

The Company has also filed a suit for damages against NIB Bank Limited for recovery of Rs. 567.627 million. The legal advisor vide its letter dated September 09, 2014 has stated that settlement agreement has been affected amongst the parties in terms whereof, this suit has to be withdrawn and there is no scope of any loss to the company in the instant matter. This year legal advisor has not replied on this suit.
Refer to note 8.7 and 10.1.6.

The Company has also filed a Writ Petition against Federation and NIB Bank Limited, thereby seeking protection under Article 10-A of the Constitution. This Writ Petition is pending adjudication before the Honorable Lahore High Court Lahore. The legal advisor vide its letter dated July 13, 2015 has stated that there is no scope of any loss to the company in the instant matter.

17.6 The Company has filed a suit for damages against Bank of Punjab for recovery of claims and damages of Rs. 140.253 million. The legal advisors vide letter dated July 13, 2015 have stated that there is no scope of any loss to the company. This suit is presently pending adjudication before Lahore High Court Lahore, wherein after completion of evidence proceedings, presently case is fixed for Arguments. The Company is vigilantly pursuing this case.

Bank of Punjab has also filed a suit against the company for recovery of Rs. 56.298 million as confirmed by the legal advisor named "Lawyers & Lawyers" vide their letter dated July 13, 2015. This suit is also presently pending adjudication before Lahore High Court Lahore and this case is being vigorously and diligently contested by the Company.
Refer to note 8.1 and 10.1.2.

17.7 First National Bank Modaraba has filed a suit against the company for recovery of Rs. 29.995 million. This suit was presently pending adjudication before the Banking Court No.II Lahore, wherefrom it has been decreed on 29-01-2015 and presently as appeal of the same is pending adjudication before Honorable Lahore High Court Lahore, whereas execution proceedings before the Banking Court No. II are pending. The legal advisors vide letter dated July 13, 2015 have stated that this case is being vigorously and diligently contested by the Company.

The Company has also filed a suit against the First National Bank Modaraba for recovery of Rs. 47.550 million. This suit was presently pending adjudication before the Banking Court No.II Lahore, which was dismissed on 29-01-2015 and presently as appeal of the same is pending adjudication before Honorable Lahore High Court Lahore. The legal advisors vide letter dated July 13, 2015 have stated that there is no scope of any loss to the Company.
Refer to note. 9.2.3 and 10.1.5.

17.8 IDBP agreed to write off mark up of Rs. 16.521 million on liquidation of its entire restructured loan (refer to Note. 10.1.1) and the said mark up relating to prior years was not recognized as liability in the financial statements.

17.9 Bank guarantee amounting to Rs. nil (2014: nil) in favour of Sui Northern Gas Pipelines Limited.

17.10 Appeals of Company relating to years 2005 & 2007 on the issue of minimum tax levied u/s 113 of Income Tax Act 2001 involving tax liability aggregating to Rs. 4.507 million are decided by the Income Tax Appellate in favour of Company vide Appellate Order dated April 13, 2015.

17.11 Appeal filed by Company to ATIR for tax year 2010 against various curtailment & add backs confirmed by CIR(A) made by DCIR vide Order u/s 122(5A) is pending. Demand of Rs. 0.173 million is illegal and not provided.

17.12 DCIR while making revised assessment vide Order u/s 124/161/205(3) dated 23-06-2014 levied tax of Rs. 1.957 million for tax year 2006 u/s 161 and Rs. 4.533 million for additional tax u/s 205(3) on said disputed demand Appeal before CIR(A) is yet not decided. However rectification was carried out by the taxation officer u/s 221 vide Order dated 17-09-2015 and all demand was reduced to Rs. 36.95 million.

17.13 The Company as per Settlement agreement dated 22 November 2013 agreed to pay entire liability of Habib Bank Limited by a total payment of Rs. 114.700 Million (Settlement Amount) through sale of assets/machinery to prospective buyer. A sum of Rs. 40 million was paid against a sum of 68.820 Million within eight months from the date of agreement and the balance payment of Rs. 45.880 Million within twelve months from the date of the agreement. In case of delay/refusal from prospective buyer in making payment as per schedule then the Company will pay the Settled Amount from their own pocket through sale of assets/machinery. Any waiver of the amounts mentioned in the suit i.e. Rs. 210.650 Million shall only be granted once the Company pay the entire Settlement Amount as mentioned above.

The Company could not make payment of Rs. 68.820 million by due date 22-07-2014 and accordingly vide a Supplement agreement dated 10 September 2014. It was agreed that balance amount of first settlement of Rs. 68.820 million would be paid in the manner of an amount of Rs. 8.820 Million by 22-10-2014 and balance amount of first installment of Rs. 20.0 Million by 22-11-2014.

The second installment of Rs. 45.880 Million shall be paid as per terms of the compromise agreement by or before 22-11-2014 i.e. 12 months from the date of main compromise agreement dated 23-11-2013 and decree dated 2-12-2013. That subject to this agreement all the terms and conditions of the Settlement agreement dated 23-11-2013 as well as decree dated 02-12-2013 shall be valid and are in field and shall be enforceable at the option of Bank in accordance with Law.

The Company and the bank have filed compromise agreement and cases against each other are to be withdrawn. Refer to note. 8.6 and 10.1.3.

17.14 Last year National Bank of Pakistan has filed a suit against the company for recovery of Rs. 77.252 million as confirmed by the legal advisor named "Lawyers & Lawyers" vide their letter dated July 13, 2015. This suit is also presently pending adjudication before Lahore High Court Lahore and is being vigorously and diligently contested by the Company. Refer to note 8.2, 8.3 and 10.1.4.

17.15 Legal advisor named "Lawyers & Lawyers" vide their letter dated July 13, 2015 has confirmed that a Petition under section 284 & 285 of the Companies Ordinance 1984 for enforcing compromise amongst the Company and all of its creditor Banks has been filed by the Company before the Lahore High Court Lahore vide CO No.24/2013. The Company is vigilantly pursuing this case. There is no scope of any loss to the Company.

17.16 Amount due from J.S Textile as at June 30, 2015 is Rs. 8.287 million against which the debtor issued cheques of Rs. 7.400 million out of which cheques of Rs. 3.900 million were dishonoured. As per legal advisor named "Lawyers & Lawyers" vide their letter dated July 13, 2015 suit for recovery of Rs. 3.900 million was filed. The Company is vigilantly pursuing this case. There is no scope of any loss to the Company. The legal advisor also stated that nothing can be anticipated for future.

17.17 FIR lodged against Green Corporation for damages claims of Rs. 26.827 million because of termination of lease agreement before the expiry date without giving prior notice. The matter is under negotiation for reconciliation of claims of contingent nature.

	Note	2015 Rupees	2014 Rupees
18 LIABILIIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE			
Advances against machinery held for sale	18.1	**5,000,000**	8,000,000

18.1 Sale agreements with these contractors could not be concluded and advances received from them were returned back to them in next year in month of July 2015.

19 PROPERTY, PLANT AND EQUIPMENT-note annexed	19.1	**316,061,880**	427,961,288

19.1

PROPERTY, PLANT AND EQUIPMENT

Particulars	COST / FAIR VALUE							Rate	DEPRECIATION					Written Down Value as at June 30, 2015	Revaluation Surplus
	As at 01-07-2014	Additions during the year	Disposals	Revaluation Adjustment	Transfer to Held for sale	Transfer to Investment property	As at 30-06-2015		Accumulated as at 01-07-2014	Charge for the year	Adjustments on disposals	Transfers	Accumulated as at 30-06-2015		
	Rupees							%	Rupees			Rupees			
Owned assets:															
Freehold land	100,000,000	-	-			(20,000,000)	80,000,000	-	-	-	-	-	-	80,000,000	-
Factory building on freehold land	162,008,000	2,023,550	-	-		(75,728,000)	88,303,550	3	-	2,603,577	-	-	2,603,577	85,699,973	-
Plant and Machinery	128,000,000	-	-	-	-	-	128,000,000	7.5	-	9,600,000	-	-	9,600,000	118,400,000	-
Generator	30,988,603	-	-		(6,123,181)	-	24,865,422	7.5	14,362,610	1,246,950	-	(3,315,198)	12,294,362	12,571,060	-
Office equipment	3,832,199	-	(189,450)			-	3,642,749	10	2,753,530	112,266	(149,923)	-	2,715,873	926,876	-
Furniture and fixtures	6,460,162	280,528	-			-	6,740,690	10	4,629,535	186,003	-	-	4,815,538	1,925,152	-
Vehicles	8,744,175	-	(370,921)			-	8,373,254	20	4,873,410	771,382	(354,166)	-	5,290,626	3,082,628	-
	440,033,139	2,304,078	(560,371)	-	(6,123,181)	(95,728,000)	339,925,665		26,619,085	14,520,178	(504,089)	(3,315,198)	37,319,976	302,605,689	-
Assets held under finance lease:															
Gas generators	28,666,667	-	-			-	28,666,667	7.5	14,119,433	1,091,043	-	-	15,210,476	13,456,191	-
	28,666,667	-	-	-	-	-	28,666,667		14,119,433	1,091,043	-	-	15,210,476	13,456,191	-
2015	468,699,806	2,304,078	(560,371)	-	(6,123,181)	(95,728,000)	368,592,332		40,738,518	15,611,221	(504,089)	(3,315,198)	52,530,452	316,061,880	-

PROPERTY, PLANT AND EQUIPMENT

Particulars	COST / FAIR VALUE							Rate	DEPRECIATION					Written Down Value as at June 30, 2014	Revaluation Surplus
	As at 01-07-2013	Additions during the year	Disposals	Revaluation Adjustment	Transfer to Held for sale	Transfer to Investment property	As at 30-06-2014		Accumulated as at 01-07-2013	Charge for the year	Adjustments on disposals	Transfers	Accumulated as at 30-06-2014		
	Rupees							%	Rupees			Rupees			
Owned assets:															
Freehold land	100,000,000	-	-	-	-	-	100,000,000	-	-	-	-	-	-	100,000,000	-
Factory building on freehold land	215,915,367	542,077	-	(54,449,444)	-	-	162,008,000	3	31,433,407	5,542,027	-	(36,975,434)	-	162,008,000	(17,474,010)
Plant and Machinery	381,183,092	-	(83,438,711)	(140,104,381)	(29,640,000)	-	128,000,000	7.5	131,711,112	16,729,719	(29,657,154)	(118,783,677)	-	128,000,000	(21,320,704)
Generator	30,988,603	-	-	-	-	-	30,988,603	7.5	13,014,556	1,348,054	-	-	14,362,610	16,625,993	-
Office equipment	3,934,249	89,650	(191,700)	-	-	-	3,832,199	10	2,577,861	200,498	(24,829)	-	2,753,530	1,078,669	-
Furniture and fixtures	6,460,162	-	-	-	-	-	6,460,162	10	4,495,327	134,208	-	-	4,629,535	1,830,627	-
Vehicles	10,513,485	805,500	(2,574,810)	-	-	-	8,744,175	20	6,374,862	841,572	(2,343,024)	-	4,873,410	3,870,765	-
	748,994,958	1,437,227	(86,205,221)	(194,553,825)	(29,640,000)	-	440,033,139		189,607,125	24,796,078	(32,025,007)	(155,759,111)	26,619,085	413,414,054	(38,794,714)
Assets held under finance lease:															
Gas generators	28,666,667	-	-	-	-	-	28,666,667	7.5	12,939,928	1,179,505	-	-	14,119,433	14,547,234	-
									12,939,928	1,179,505	-		14,119,433	14,547,234	
	28,666,667	-	-	-	-	-	28,666,667		12,939,928	1,179,505	-	-	14,119,433	14,547,234	-
														427,961,288	
2014	777,661,625	1,437,227	(86,205,221)	(194,553,825)	(29,640,000)	-	468,699,806		202,547,053	25,975,583	(32,025,007)	(155,759,111)	40,738,518	427,961,288	(38,794,714)

19.2 Depreciation for the year has been allocated as under:-

	Note	2015 Rupees	2014 Rupees
Cost of goods sold - Continuing operations	30	-	16,599,699
Cost of goods sold - Discontinued operations	28	-	8,199,606
Administrative expenses	34	**1,069,651**	1,176,278
Administrative expenses - Non operational	34.3	**14,541,570**	-
		15,611,221	25,975,583

19.3 Revaluations of land, buildings, plant and machinery was carried out in May 2008, April 2004 and September 1995 by an independent valuers. In 2014 the Land, Building and Plant & Machinery are revalued by approved Independent Valuer- Hamid Mukhtar & Co. (Pvt) Ltd., Lahore. Had there been no revaluations, the cost, accumulated depreciation and book values of the revalued assets as on June 30, 2015 would have been as follows:

	Cost of assets as at June 30, 2015	Accumulated depreciation as at June 30, 2015	Book value as at June 30, 2015
		--------------Rupees----------------	
Land - freehold	10,165,625	-	10,165,625
Buildings on freehold land	107,138,546	58,731,314	48,407,232
Plant and machinery	290,132,876	239,933,527	50,199,349

19.4 **Detail of property, plant and equipment disposed off during the year:**

Particulars	Cost/ Revalued Amount	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (loss)	Sold to	Mode of Disposal
		--------------Rupees--------------					
Office equipment							
Computers & Printers	71,650	(50,372)	21,278	4,500	(16,778)	Asghar Computer Traders - Kasur	Negotiation
Air Conditioners	103,000	(86,850)	16,150	62,627	46,477	Faran Refrigeration - Lahore	Negotiation
Refrigerator	14,800	(12,701)	2,099	1,525	(574)	Faran Refrigeration - Lahore	Negotiation
Vehicles							
Suzuki Bolan LRA-1696	370,921	(354,166)	16,755	265,000	248,245	Zafar Iqbal - LHR	Negotiation
2015	560,371	(504,089)	56,282	333,652	277,370		

20 INVESTMENT PROPERTY

	Note	2015 Rupees	2014 Rupees
Opening balance		-	-
Freehold land transfer during the year		**20,000,000**	
Factory building on freehold land transfer during the year		**75,728,000**	
Acquisition during the year	20.1	**3,293,428**	-
Carrying value		**99,021,428**	-
Increase in fair value		-	-
Fair value - Closing balance		**99,021,428**	-

20.1 It includes construction of new godown and major renovation of building.

As of reporting date, investment properties comprise of land and building. Fair value of investment properties is determined by an independent professional valuer. Latest valuation of these properties was carried out on June 30, 2014 by an approved Independent Valuer- Hamid Mukhtar & Co. (Pvt) Ltd., Lahore. The table below analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the investment properties that are measured at fair value at June 30, 2015.

	Fair value measurements as at June 30, 2015 using significant other observable inputs (Level 2)
	Rupees
Recurring fair value measurements	
Investment properties	**99,021,428**

There are no level 1 and level 3 assets during 2015.

Valuation techniques used to derive level 2 fair values

Level 2 fair values of investment property have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location, size, nature and condition of the property . The most significant input into this valuation approach is price per square foot.

20.2 Latest fair market valuation was carried out by the independent valuer on June 30, 2014 and there is no material change in the recorded valuation as at June 30, 2015 as compared to that shown by balance sheet as at June 30, 2014.

20.3 The Company has adopted first time IAS 40 'investment property' from beginning of this year and applied fair value model of accounting as basis for measurement of investment property. Previously these assets were held in 'Property, plant and equipment' IAS 16 measured under revaluation model. All investment properties are measured under IFRS 13 ' 'fair value measurement' and there is no change in fair value as the assets were recently revalued as at June 30, 2014. The change in accounting estimate has been effected to comply with the requirements of revised IAS 40 and IFRS 13 and accounted for prospectively by including the effect in profit and loss in period of change in accordance with the recommended treatment specified in the revised IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Refer to note. 4.2, 4.9, 4.21 & 6.

	Note	2015 Rupees	2014 Rupees
21 LONG TERM DEPOSITS			
Deposits against leased assets		**2,866,667**	2,866,667
Deposits with Utility Companies		**658,317**	658,317
Others		**123,260**	123,260
		3,648,244	3,648,244
22 STORES AND SPARES			
Stores		**681,917**	1,506,657
Less: Provision for obsolete stores		**(370,238)**	(475,817)
		311,679	1,030,840
Spares		**443,986**	1,406,427
Less: Provision for obsolete spares		**(118,340)**	(214,384)
		325,646	1,192,043
		637,325	2,222,883
23 TRADE DEBTS			
Local			
Considered good - unsecured		**9,958,705**	12,685,240
Considered doubtful		**4,277,301**	2,440,307
		14,236,006	15,125,547
Less: Provision for doubtful debts		**(4,277,301)**	(2,440,307)
		9,958,705	12,685,240
Rent recoverable			
Considered good - unsecured		**3,224,013**	-
Considered doubtful	23.1	**5,855,422**	-
		9,079,435	-
		19,038,140	12,685,240

23.1 Also refer to Note. 17.16 & 17.17.

24 LOANS AND ADVANCES

	Note	2015 Rupees	2014 Rupees
Advances to suppliers and contractors:			
- Considered good		112,901	112,901
- Considered doubtful		259,797	504,871
		372,698	617,772
Less: Provision for doubtful advances		(259,797)	(504,871)
		112,901	112,901
Advances to employees		479,805	268,304
		592,706	381,205

24.1 Amount due from chief executive officer, directors, executives of the Company and other related parties is Rs. nil (2014:Rs. nil). Maximum aggregate balance due from Directors of the Company at the end of any month during the year was Rs. nil (2014: Rs. nil).

25 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2015 Rupees	2014 Rupees
Security deposit (SNGPL)	25.1	6,179,407	4,767,951
Guarantee margin		48,756	48,756
Prepayments		53,250	84,780
Claims receivables	25.2	-	-
		6,281,413	4,901,487

25.1 These accounts are subject to return @ 4.19% (2014: 4.0%) per annum.

25.2 **Claims receivables**

	2015 Rupees	2014 Rupees
Considered good	-	-
Considered doubtful	33,976,306	33,976,306
	33,976,306	33,976,306
Less: provision for doubtful claims	(33,976,306)	(33,976,306)
	-	-

26 TAX REFUNDS DUE FROM GOVERNMENT

	Note	2015 Rupees	2014 Rupees
Income tax refundable	26.1	1,966,050	336,540
Sales tax refundable		993,279	972,209
Less: Provision for doubtful of recovery		(487,762)	(487,762)
		505,517	484,447
		2,471,567	820,987

26.1 **INCOME TAX REFUNDABLE** comprises of:

	Note	2015 Rupees	2014 Rupees
Balance as at Ist July,		336,540	377,609
Add/(Less) : (Deducted)/Collected during the Year		1,629,510	1,478,193
		1,966,050	1,855,802
Less : Adjusted against Provision for Taxation	16	-	(1,519,262)
		1,966,050	336,540

27 CASH AND BANK BALANCES

	Note	2015 Rupees	2014 Rupees
Cash in hand		22,037	2,176
Cash with banks:			
In current accounts		142,872	92,808
In saving accounts	27.1	1,726,785	1,589,487
		1,869,657	1,682,295
		1,891,694	1,684,471

27.1 These accounts are subject to return @ 6.0% (2014: 6%) per annum.

	2015 Rupees	2014 Rupees
28 ASSETS HELD FOR SALE AND DISCONTNUED OPERATION		
28.1 **Non current asset held for sale**		
Opening balance	29,640,000	-
Transfer during the year - Generator/ Plant and Machinery	2,807,983	29,640,000
	32,447,983	29,640,000
Disposed off during the year	(28,305,000)	-
	4,142,983	29,640,000
Weaving store & spares held for sale		
Opening balance	2,106,282	-
Transfer during the year	557,734	2,106,282
	2,664,016	2,106,282
Disposed off during the year	(2,106,282)	-
	557,734	2,106,282
	4,700,717	31,746,282

The Company has closed down its Weaving unit and most of machinery has been sold last year. Machinery held for sale is expected to be sold entirely with in next 12 months. Also refer to Note. 1 & 19.1.

In view of the un-healthy and un-economical conditions of the country the management anticipate that they will be hardly able to realize the fair market value of Rs. 4.142 million disclosed by financial statement resulting in no profit or loss.

28.2 Analysis of the result of discontinued operations

	2015	2014
Income		
Conversion Charges from third parties	-	12,211,777
Commission on sales	-	(7,355)
Yarn outside doubling	-	(146,004)
	-	12,058,418
Expenses		
Salaries, wages and benefits	-	7,720,549
Stores and spares consumed	-	710,138
Fuel and power	-	3,632,701
Other manufacturing expenses	-	720,341
Depreciation	-	8,199,606
	-	20,983,335
Cost of goods manufactured	-	20,983,335
Weaving opening stock - finished goods	-	3,292,583
Weaving closing stock - finished goods	-	-
Cost of sales	-	24,275,918
Distribution expenses	-	506,082
Administrative expenses	-	4,052,685
	-	28,834,685
(Loss) / Profit before tax from discontinued operations	-	(16,776,267)
Taxation	-	120,584
(Loss) / Profit after tax from discontinued operations	-	(16,896,851)

29 SALES

	2015	2014
Conversion Charges from third parties	-	139,867,786
	-	139,867,786

	Note	2015 Rupees	2014 Rupees
30 COST OF SALES			
Salaries, wages and benefits	30.1	-	37,434,794
Stores and spares consumed		-	1,430,726
Fuel and power		-	70,042,790
Packing materials		-	7,465
Other manufacturing expenses		-	2,357,056
Depreciation	19.2	-	16,599,699
		-	127,872,530
Cost of goods manufactured		-	127,872,530
Finished goods:			
Opening - Spinning	30.2	-	3,274,285
		-	131,146,815

30.1 These include Rupees Nil (2014: Rupees 1.608 million) in respect of staff retirement benefits.

30.2 Opening stock of finished goods represents conversion cost recoverable at year end 30-06-2013.

31 RENTAL INCOME FROM INVESTMENT PROPERTY

	Note	2015 Rupees	2014 Rupees
Green Corporation		**17,600,000**	-
Style Textile (Pvt) Limited		**12,518,989**	-
Miscellaneous Colony rent		**634,034**	-
		30,753,023	-

32 RENTAL EXPENSES OF INVESTMENT PROPERTY

	Note	2015 Rupees	2014 Rupees
Salaries, wages and benefits	32.1	**762,399**	-
Rent, rate and taxes		**83,600**	-
Repair and maintenance		**194,996**	-
Insurance		**113,420**	-
Vehicles expenses		**30,300**	-
Telecommunication		**34,086**	-
Others expenses		**30,949**	-
		1,249,750	-

32.1 These include Rupees 0.030 million (2014: Rupees Nil) in respect of staff retirement benefits.

33 DISTRIBUTION COST

	Note	2015 Rupees	2014 Rupees
Staff salaries and benefits	33.1	**960,000**	1,379,086
Printing and stationery		**700**	9,848
Insurance		**24,324**	38,772
Vehicles running and maintenance		**254,860**	334,183
Telecommunication		**153,189**	165,169
Entertainment		**53,253**	73,837
Postage and telegram		-	5,572
Miscellaneous		**32,292**	17,863
		1,478,618	2,024,330
Discontinued operations		-	506,082
		1,478,618	1,518,248

33.1 These include Rupees Nil (2014: Rupees 0.004 million) in respect of staff retirement benefits.

	Note	2015 Rupees	2014 Rupees
34 ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	34.1	**6,638,936**	7,272,994
Travelling and conveyance		**71,625**	56,040
Rent, rate and taxes		**987,615**	681,883
Repair and maintenance		**221,424**	223,733
Insurance		**174,969**	199,261
Utilities		**690,885**	473,103
Printing and stationery		**168,770**	140,646
Fee and subscription		**245,000**	169,655
Vehicles running and maintenance		**789,387**	1,169,463
Entertainment		**206,191**	197,041
Newspapers and journals		**21,125**	17,489
Postage and telegram		**40,703**	36,854
Telecommunication		**103,086**	112,574
Press advertisements		**99,340**	35,080
Legal and professional charges		**1,301,000**	3,674,200
Auditor's remuneration	34.2	**425,000**	529,000
Depreciation	19.2	**1,069,651**	1,176,278
Miscellaneous		**16,383**	45,447
Non operational expenses	34.3	**19,569,785**	-
		32,840,875	16,210,741
Discontinued operations		-	4,052,685
		32,840,875	12,158,056

34.1 These include Rupees 0.379 million (2014: Rupees 0.357 million) in respect of staff retirement benefits.

	2015 Rupees	2014 Rupees
34.2 Auditors' remuneration:		
- Statutory audit fee	**150,000**	150,000
- Review, corporate advisory and certification fee	**50,000**	50,000
- Tax consultancy fee	**200,000**	329,000
- Out of pocket expenses	**25,000**	-
	425,000	529,000
34.3 **Non operational expenses**		
Rent, rate and taxes	**62,500**	-
Repair and maintenance	**422,739**	-
Stores and spares consumed	**1,712,733**	-
Fuel and power	**2,666,156**	-
Insurance	**101,057**	-
Fee and subscription	**55,368**	-
Telecommunication	**4,855**	-
Other expenses	**2,807**	-
Depreciation	**14,541,570**	-
	19,569,785	-

35 OTHER OPERATING CHARGES

	2015 Rupees	2014 Rupees
Provision raised for Claims receivable being bad of recovery	**28,757**	15,446,848
Loss on disposal of fixed assets	-	11,400,335
Provision raised for obsolete stores and spares	-	516,154
Provision raised for Doubtful debts	**1,836,994**	-
Loss on disposal of non-current asset held for sale (stores)	**1,548,548**	-
Loss on disposal of non-current asset held for sale (machinery)	**15,522,967**	-
	18,937,266	27,363,337

	2015 Rupees	2014 Rupees
36 OTHER OPERATING INCOME		
Profit on security deposit (SNGPL)	**448,505**	-
Excess provision written off	-	193,605
Un-claimed balances written back	**2,290,640**	1,754,896
Profit on disposal of office equipments and vehicle	**277,370**	-
Miscellaneous income	-	154,317
	3,016,515	2,102,818
37 FINANCE COST		
Mark up on:		
Long term financing	**8,071,804**	3,132,561
Lease	**1,808,297**	-
Bank charges	**14,382**	18,818
	9,894,483	3,151,379
38 TAXATION		
38.1 Current year	-	1,398,678

The Company in tax year 2015 has sustained loss of Rs. 30.631 million while it has brought forward assessed losses amounting to Rs. 334.198 million. The Company during the year enjoyed income from lease/rental, from industrial building and spinning machinery which in view of the specific provision in section 39 of the Income Tax Ordinance, 2001, falls taxable as income from other sources.

In view of losses, no tax is payable by the Company on income basis while the income from other sources is not hit by the mischief of provision of section 113. Accordingly, no provision is raised for taxation.

Income tax return for tax year 2014 was filed within prescribed time limit. Income tax assessments have been completed up to income year ended June 30, 2014 (tax year 2014) as deemed assessment. Losses available for carry forward to tax year 2015 are amounting to Rs. 334.198 million (2014: Rs. 368.306 million).

38.2 Deferred tax asset amounting Rs. 85.725 million (2014: Rs. 103.387 million) is not recognized in these financial statements as the Company is sustaining heavy losses and is assessed under the deeming section 113 of the Income Tax Ordinance. Major timing differences are not expected to reverse for a foreseeable future and there is no assurance that future taxable profits would be sufficient to realize the benefit of brought forward losses.

39 LOSS PER SHARE - basic & diluted

		2015	2014
Continuing operations			
Loss for the year	Rupees	**(30,631,454)**	(34,765,909)
Weighted average number of ordinary shares	Number	**22,105,200**	22,105,200
Loss per share	Rupees	**(1.39)**	(1.57)
Discontinued operations			
Loss for the year	Rupees	-	(16,896,851)
Weighted average number of ordinary shares	Number	**22,105,200**	22,105,200
Loss per share	Rupees	-	(0.76)

39.1 There is no dilutive effect on the basic earnings per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE OFFICERS

Particulars	2015			2014		
	Chief Executive	Directors	Executive	Chief Executive	Directors	Executive
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	735,996	1,320,000	-	680,000	1,232,000	-
House rent allowance	294,396	528,000	-	272,000	492,800	-
Medical	73,608	132,000	-	68,000	123,200	-
	1,104,000	1,980,000	-	1,020,000	1,848,000	-
Number of persons	1	2	-	1	2	-

40.1 In addition to above, meeting fee of Rs. 8 thousand (2014:Rs. 8 thousand) was paid to one (2014: one) nominee director during the year.

40.2 The Chief Executive Officer and directors are provided with free use of the Company maintained vehicles. Executive is defined as employee with basic salary exceeding Rs. 1 million. No employee meets the criteria of executive.

41 RELATED PARTY TRANSACTIONS

The related parties and associated undertakings comprise of related group companies, associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	2015 Rupees	2014 Rupees
Transactions with related parties undertaken during the year are as follows:		
- Lease rent	**(646,800)**	(646,800)
- Loan from family associates	**38,619,440**	5,808,391

42 FINANCIAL INSTRUMENTS

42.1 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

The Company has devised policies for risk areas where it could be subjected to a financial loss or where it expects to make market gains. The Company takes exposure to expand its business, obtain sufficient funds to fulfill the demands, meet working capital requirements and to gain benefit of mark-up rate spread available in the money market. Due to the nature of business of the Company, it is inherent that the Company liabilities will remain sensitive to external factors beyond the control of management. Therefore, the management secures the financial liabilities of the Company through collateralization of its property, plant and equipment, stores and stock-in-trade. Such collateralization are disclosed in relevant notes to these financial statements.

The management provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk interest rate risk, credit risk and liquidity risk.

(a) Market Risk

Market risk is the risk where parties to the financial instruments are subjected to risk of changes in fair values of their financial assets and liabilities due to circumstances reasonably beyond their control. The carrying value of all the financial instruments reflected in these financial statements approximates to their fair values.

(i) Currency Risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is subjected to currency risk on export sales and purchases that are entered in a currency other than Pak Rupees that is a functional and presentation currency. The Company is exposed to currency risk arising from United States Dollars- USD only. Currently the Company's foreign exchange exposure is restricted to long term and short term borrowings. The Company's exposure to currency risk is as follows:

	2015 USD	2014 USD
Long term financing	**1,948,604.88**	1,948,604.88

The following significant exchange rates were applied during the year:

Rupee per US Dollar		
Average rate	**100.23**	98.78
Reporting date rate	**101.70**	98.75

Sensitivity Analysis

If the functional currency, at reporting date, has weakened/ strengthened by 5% against the USD with all other variables held constant, the impact on loss after taxation for the year would have been Rs. 9.765 million (2014: 9.624 million) higher/lower, mainly as a result of exchange gains/ losses on translation of foreign exchange denominated financial instruments.

(ii) **Other Price Risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price risk since it has no portfolio of commodity suppliers. No equity instrument held by the Company which are traded on a regular basis on the stock exchange and historically, it does not have a direct correlation with the equity index of the Karachi Stock Exchange (KSE). Therefore, it has not any possible impact of increase / decrease in the KSE Index on the Company's profit after taxation for the year and on equity (fair value reserve).

(iii) **Interest Rate Risk**

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

The Company has no significant Long Term interest bearing assets except for Saving and Deposit accounts, on which rate of return is minimal. The Company's interest rate risk arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2015 Rupees	2014 Rupees
Fixed Rate Instruments		
Financial Liabilities	-	-
Floating Rate Instruments		
Financial Liabilities		
Long term financing	**222,110,611**	337,110,611
Liabilities against assets subject to finance lease	**20,949,639**	20,949,639
Financial Assets	**1,726,785**	1,589,487

Fair value sensitivity analysis for fixed rate instruments

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

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss that would be recognized at the reporting date. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2015 Rupees	2014 Rupees
Long term deposits	3,648,244	3,648,244
Trade debts	19,038,140	12,685,240
Loans and advances	479,805	268,304
Trade deposits	6,228,163	4,816,707
Bank Balances	1,869,657	1,682,295
	31,264,009	23,100,790

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 23.

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

(C) Liquidity Risk

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

Since many years, The Company is facing liquidity problems. For this, purpose, the Company is continuously negotiating with its financial institutions in order to re-schedule its loans and also to defer payment of its outstanding loans and mark-up accrued thereon. Currently, the Company manages its liquidity risk by maintaining cash and the availability of funding through an adequate amount of committed credit facilities. At 30th June, 2015, the Company had Rs. nil million (2014: Rs. nil) available borrowing limits from financial institutions and Rs. 1.892 million (2014: 1.684 million) cash and bank balances. In spite the fact that the Company is in a negative working capital position at the year end, management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undisclosed cash flows:

Current maturities of financial liabilities as at 30th June, 2015

	Carrying Amount	Contractual Values	Less than One Year	One to Five Years	More than Five Years
			Rupees		
Trade and other payables	48,448,598	48,448,598	48,448,598	-	-
Short term borrowings	103,551,276	103,551,276	103,551,276	-	-
Directors' bridge finance & loan	38,563,713	38,563,713	-	38,563,713	-
Long term financing	222,110,611	222,110,611	222,110,611	-	-
Assets subject to finance lease	20,949,639	20,949,639	18,082,946	2,866,693	-
Deferred Liabilities	169,754,018	169,754,018	151,657,649	18,096,369	-
	603,377,855	603,377,855	543,851,080	59,526,775	-

Current maturities of financial liabilities as at 30th June, 2014

	Carrying Amount	Contractual Values	Less than One Year	One to Five Years	More than Five Years
			Rupees		
Trade and other payables	47,877,112	47,877,112	47,877,112	-	-
Short term borrowings	64,931,836	64,931,836	64,931,836	-	-
Directors' bridge finance & loan	38,563,713	38,563,713	-	38,563,713	-
Long term financing	345,110,611	345,110,611	340,310,611	4,800,000	-
Assets subject to finance lease	20,949,639	20,949,639	15,698,050	5,251,589	-
Deferred Liabilities	163,020,463	163,020,463	144,924,094	18,096,369	-
	680,453,374	680,453,374	613,741,703	66,711,671	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates/ mark up rates effective as at 30th June. The rates of interest/ mark up have been disclosed in the relevant notes to the financial statements.

PROXY FORM
(29th ANNUAL GENERAL MEETING)

I/We ____ son/daughter/wife of ______________________________ of ______________ being member (s) of MIAN TEXTILE INDUSTRIES LTD, holder of ______________________ ordinary shares of the Company, under Folio No./Participant's ID/CDC sub account No. _____ hereby appoint ________________ of ____________________ failing him/her ____________ of ______________________ who is/are member(s) of MIAN TEXTILE INDUSTRIES LTD. under Folio No./Participant's ID/CDC sub account No. ______ respectively, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 29th Annual General Meeting of the Company to be held on October 31, 2015 and/or any adjournment thereof.

As witness my/our hand this ________________ day of October, 2015.

Signed in the presence of;

Witness ______________________

Name ______________________

Occupation ______________________

Address ______________________

____

____

Signature of Shareholder (s) on revenue stamp worth Rupees 5/-

The signature should agree with the specimen registered with the Company.

IMPORTANT:

1. This Proxy Form, duty completed and signed, must be received at the Registered Office of the Company, 29-B/7 Model Town, Lahore. Not less than 48 hours before the time of holding the meeting.
2. No person shall act as Proxy unless he/she is a member of the Company, except that a Corporation/Company may appoint a person who is not a member.
3. If a member appoints more than one Proxy and more than one instruments of Proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. In case of Proxy for an individual beneficial Owner of CDC, attested copies of beneficial Owner's NIC or passport, Account and Participant's I.D. Nos. must be deposited along with the Form of Proxy. In case proxy for corporate member, he/she should bring the usual documents required of such purpose.
5. Shareholders are requested to notify change in their address, if any.

42.2 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of all the Financial Assets & Liabilities reported in Financial Statements approximate their Fair Value. Fair value is determined on the basis of objective evidence at each reporting date.

42.3 FINANCIAL INSTRUMENTS BY CATEGORIES

	2015 Rupees	2014 Rupees
Loans and Advances		
Long term deposits	**3,648,244**	3,648,244
Trade debts	**19,038,140**	12,685,240
Loans and advances	**479,805**	268,304
Trade deposits	**6,281,413**	4,901,487
Bank Balances	**1,891,694**	1,684,471
	31,339,296	23,187,746
Financial Liabilities as at Amortized Cost		
Long term financing	**291,110,611**	345,110,611
Liabilities against assets subject to finance lease	**20,949,639**	20,949,639
Deferred liabilities	**169,754,018**	163,020,463
Trade and other payables	**48,448,598**	47,877,112
Short term borrowings	**103,551,276**	64,931,836
	633,814,142	641,889,661

42.4 CAPITAL RISK MANAGEMENT

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets shareholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchase shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating its dividend payout, thus maintaining smooth capital management.

In line with others in the textile industry, the Company monitors its capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings from the banks and financial institutions (including current and non-current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt. As on the reporting date , the gearing ratio of the Company was as under:

	2015	2014
Total borrowings	**394,661,887**	410,042,447
Cash and bank balances	**(1,891,694)**	(1,684,471)
Net Debt	**392,770,193**	408,357,976
Equity	**(463,818,520)**	(437,421,269)
Total Capital	**(71,048,327)**	(29,063,293)
Gearing Ratio	**-552.82%**	-1405.06%

43 SEGMENT INFORMATION

Last year the entire revenue and expenses of the Company were relating to conversion services extended to customer. This year the entire income is from renting out land and building (investment property) and there are no reportable segments of the Company.

44 PLANT CAPACITY AND PRODUCTION

	2015	2014
Spinning		
Number of spindles installed and worked	**18,456**	18,456
Rated capacity in thousands of kilograms converted into 20/1 count	**5,845**	5,845
Actual production in thousands of kilograms converted into 20/1 count:		
- Own Conversion	-	-
- Conversion-third parties	-	3,201
	-	3,201
Weaving		
Number of looms installed and worked	-	36
Rated capacity in thousands of sq. meters converted into 50 picks	-	4,712
Actual production in thousands of sq. meters converted into 50 picks:		
- Own Conversion	-	-
- Conversion-third parties	-	735
	-	735

44.1 Non-utilization of rated capacity was due to lease agreement with third parties.

44.2 Weaving Unit has been closed with effect from November 2013 with no intention of resuming it.

45 NUMBER OF EMPLOYEES

	2015	2014
Average No. of workers per month	**46**	448
As at 30th June	**35**	57

46 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved and authorized for issue by the Board of Directors of the company in its meeting held on October 05, 2015.

47 CORRESPONDING FIGURES

- Figures have been rounded off to the nearest Rupee,
- Corresponding figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison.

MIAN MUHAMMAD JEHANGIR
Chief Executive Officer

MIAN WAHEED AHMED
Director