SAIF TEXTILE MILLS LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

Auditors' Report to the Members

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

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

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

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

(b) in our opinion:

- **(i)** the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
- **(ii)** the expenditure incurred during the year was for the purpose of the Company's business; and
- **(iii)** the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

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

(d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Hameed Chaudhri & Co

HAMEED CHAUDHRI & CO.,
Chartered Accountants
Audit Engagement Partner: Osman Hameed Chaudhri

Lahore; 07 OCT 2015

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

On behalf of Board of Directors, it gives me pleasure to present the 26th Annual Audited Financial statements for the year ended June 30, 2015.

GENERAL MARKET CONDITIONS

The year under review was a poor one for the textile business. Raw cotton prices fell along with exports from Pakistan to the EU and China. Pakistani spinners had to compete with Indian suppliers as Indian imports into Pakistan further pressurized domestic yarn producers. In addition to this the imposition of increased GIDC (Gas Infrastructure Development Cess) by Government and increase in other operating costs decreased margins. In the midst of an uncertain environment we covered our raw material requirements cautiously, but could not avoid being caught out by the steep drop in prices in the second half of the year. Inventory losses were the result.

OPERATING RESULTS

The major highlights of your Company's performance are as follows:

TURNOVER

Total sales increased marginally by 0.25 %. It is mainly due to the Dyeing unit; both the domestic and global yarn markets remain sluggish.

PROFITABILITY

There is a Net Loss after tax of Rs. 57.49 million, down from a profit of Rs. 148.7 million in the preceding year. Gross margin declined from 12.0% to 8.8%. Cost pressures continued persistently in the period under review. We would have been even harder hit but for the management's well timed decision to shift capacities to specialized yarns.

We invested significantly in increasing our capacity, and part of this expansion was funded through additional long-term debt. However given poor subsequent market conditions and a complete lack of Government support, the return on this investment has, for the time being, remained poor. The management however is committed to creating long term shareholder value and we believe this investment in capacity and capability will, over time, serve the company well. Adverse movements in the Rupees-Dollar parity meant that the company incurred an exchange loss.

FUTURE OUTLOOK

The present quarter has seen steady markets for yarn. The cotton market is still bearish and larger upcoming crops in Pakistan, India and the US will keep yarn markets under pressure. There were signs that local cotton prices may decline further in October - November but due to crop damage news prices touched the upper level of Rs.4,900/ maund, however, international market remained slow. This will further dampen the yarn & fabric market sentiment. In addition to this India has improved its competitiveness by devaluing its currency.

The increased competition from India in counts ranging 16s to 30s has further squeezed Pakistan's share in the Chinese yarn market. Export of yarn declined by more than 13% in the year under review. This trend is likely to continue in the coming quarters. The Government seems to have prioritized trading activities over manufacturing, and unemployment and diminished capacities is likely to be the result.

In the face of these pressures and challenges, your Company has increased its focus on niche markets for specialized yarns and is endeavoring to reduce our exposure to local commodity markets and to investment in automated and energy efficient machinery. With these strategic moves we expect better pricing power, and resultantly better profitability.

Regrettably, no report to our shareholders would be complete without the mandatory reference to the uncertain political situation, the energy crisis, and the struggles of doing business in the Khyber Pakthunkhwa province. These seem to be perennial challenges.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

The Company contributed Rs 406 million (2014: Rs 349 million) to the national exchequer during the period under review in the form of sales tax, import duties, surcharges and various other levies.

PROFIT APPROPRIATION

The Board in its meeting held on October 06, 2015 decided to recommend Nil dividend (2014: 25%).

PATTERN OF SHAREHOLDING

The pattern of shareholding under section 236(2) (d) of the Companies Ordinance, 1984 and additional information as required by the Code of Corporate Governance is enclosed.

LOSS PER SHARE

Loss per share during the period under report worked out to Rs. 2.07 (2014: Rs 5.99 earnings per share).

EXTERNAL AUDITORS

The present auditors, M/s Hameed Chaudhri & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment. As suggested by the Audit Committee, the Board recommends their appointment as auditors of the Company to hold office from the conclusion of this Annual General Meeting to be held on October 30, 2015 until conclusion of next Annual General Meeting.

CORPORATE GOVERNANCE

We are pleased to report that your Company has taken necessary steps to comply with the provisions of the Code of Corporate Governance, as incorporated in the listing rules of the Stock Exchanges.

The statement on Corporate Governance and Financial Reporting Frame Work is given below:

- The financial statements prepared by the management of the company present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no trading of shares by CEO, Directors, CFO, Company Secretary, their spouses and minor children, during the year other than that disclosed in pattern of share holding.
- There has been no material departure from the best practices of code of corporate governance, as detailed in the listing regulations.
- The key operating and financial data of the Company for last six years is given below:-

	2010	2011	2012	2013	2014	2015
			(Rupees in thousand)			
Operating Fixed Assets	2,145,989	2,185,991	2,494,233	2,591,121	3,372,503	**3,521,737**
Net Worth (2012 & 2013 restated)	406,028	1,025,553	1,187,843	1,582,599	1,673,610	**1,558,120**
Turnover	4,642,452	7,361,391	6,483,423	7,679,220	7,925,862	**7,945,789**
Gross Profit (2013 restated)	710,696	1,339,648	761,459	1,151,545	946,438	**701,134**
Gross Profit Margin (% age)	15.31	18.20	11.74	15.00	11.94	**8.82**
Net Profit - After Taxation (2013 restated)	77,489	607,730	214,142	435,101	158,333	**(54,588)**
Net Profit Margin (% age)	1.67	8.26	3.30	5.67	2.00	**(0.69)**

- The board of Directors has adopted a Mission Statement and a Statement of Overall Corporate Strategy.
- Regarding outstanding taxes and levies, please refer note 16 to the annexed audited statements.
- During the year under report four meetings of the Board of Directors were held. The attendance by each Director was as follows:

Name of Director	Meetings Attended
Anwar Saifullah Khan	3
Javed Saifullah Khan	3
Osman Saifullah Khan	4
Assad Saifullah Khan	4

Hoor Yousafzai	4
Jehangir Saifullah Khan	3
Arif Saeed	3

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

ACKNOWLEDGEMENT

The Board places on record its appreciation for the support of our bankers and our valued customers. I would also like to highlight the hard work put in by the members of our corporate family.

We are confident they will continue to show the same dedication in the days ahead.

On behalf of the board of Directors

Dated: 6 October, 2015

OSMAN SAIFULLAH KHAN
CHIEF EXECUTIVE

Saif Textile Mills Limited
Balance Sheet
As at June 30, 2015

	Note	2015	2014
		--- Rupees in '000 ---	
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
30,000,000 ordinary shares of Rs.10 each		300,000	300,000
Issued, subscribed and paid-up capital	5	264,129	264,129
Reserves	6	265,981	265,981
Unappropriated profit		1,028,010	1,143,500
		1,558,120	1,673,610
Surplus on Revaluation of Property, Plant and Equipment	7	125,158	131,355
Non-current Liabilities			
Sub-ordinated loan	8	508,500	493,750
Long term financing	9	936,401	939,218
Long term deposits	10	3,882	3,751
Staff retirement benefits - gratuity	11	159,611	149,619
		1,608,394	1,586,338
Current Liabilities			
Trade and other payables	12	740,185	621,093
Accrued mark-up and interest	13	129,980	167,607
Short term borrowings	14	2,340,107	1,959,663
Current portion of long term financing		340,265	225,610
		3,550,537	2,973,973
		5,158,931	4,560,311
Contingencies and Commitments	15		
		6,842,209	6,365,276

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

Chief Executive | **Director**

Saif Textile Mills Limited
Balance Sheet
As at June 30, 2015

	Note	2015	2014
		--- Rupees in '000 ---	
Assets			
Non-current Assets			
Property, plant and equipment	16	3,521,737	3,372,503
Intangible assets	17	337	513
Long term loans	18	19,392	11,923
Long term deposits		9,979	9,444
Deferred taxation - net	19	164,972	110,009
		3,716,417	3,504,392
Current Assets			
Stores, spare parts and loose tools	20	162,285	113,108
Stock-in-trade	21	1,581,043	1,485,532
Trade debts	22	870,427	869,841
Loans and advances	23	94,536	33,863
Trade deposits and short term prepayments	24	8,150	12,585
Other receivables	25	30,705	17,583
Investments	26	5,667	6,477
Deposit for shares	27	-	-
Taxation - net	28	250,911	229,965
Taxes refundable	29	86,254	67,076
Bank balances	30	35,814	24,854
		3,125,792	2,860,884
		6,842,209	6,365,276

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

Chief Executive

Director

Saif Textile Mills Limited
Balance Sheet
As at June 30, 2015

	Note	2015	2014
		--- Rupees in '000 ---	
Assets			
Non-current Assets			
Property, plant and equipment	16	3,521,737	3,372,503
Intangible assets	17	337	513
Long term loans	18	19,392	11,923
Long term deposits		9,979	9,444
Deferred taxation - net	19	164,972	110,009
		3,716,417	3,504,392
Current Assets			
Stores, spare parts and loose tools	20	162,285	113,108
Stock-in-trade	21	1,581,043	1,485,532
Trade debts	22	870,427	869,841
Loans and advances	23	94,536	33,863
Trade deposits and short term prepayments	24	8,150	12,585
Other receivables	25	30,705	17,583
Investments	26	5,667	6,477
Deposit for shares	27	-	-
Taxation - net	28	250,911	229,965
Taxes refundable	29	86,254	67,076
Bank balances	30	35,814	24,854
		3,125,792	2,860,884
		6,842,209	6,365,276

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

Chief Executive

Director

Saif Textile Mills Limited
Profit and Loss Account
For the Year Ended June 30, 2015

	Note	2015	2014
		--- Rupees in '000 ---	
Sales - net	31	**7,945,789**	7,925,862
Cost of sales	32	**(7,244,655)**	(6,979,424)
Gross profit		**701,134**	946,438
Distribution cost	33	**(168,411)**	(190,441)
Administrative expenses	34	**(198,575)**	(184,214)
Other income	35	**2,340**	38,334
Other expenses	36	**(9,395)**	(22,874)
Profit from operations		**327,093**	587,243
Finance cost	37	**(369,250)**	(315,840)
		(42,157)	271,403
Exchange fluctuation loss	38	**(12,595)**	(36,374)
(Loss) / profit before taxation		**(54,752)**	235,029
Taxation	39	**164**	(76,696)
(Loss) / profit after taxation		**(54,588)**	158,333
Other comprehensive loss			
Items that will not be reclassified subsequent to profit and loss:			
Loss on remeasurement of staff retirement benefit obligation		**(3,769)**	(13,039)
Related deferred tax		**859**	3,435
		(2,910)	(9,604)
Total comprehensive (loss) / income		**(57,498)**	148,729
		------- Rupees -------	
(Loss) / earnings per share - basic and diluted	40	**(2.07)**	5.99

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

Chief Executive

Director

Saif Textile Mills Limited
Cash Flow Statement
For the Year Ended June 30, 2015

	Note	2015	2014
		- - Rupees in '000 - -	
Cash flow from operating activities	41	356,734	930,964
Cash flow from investing activities			
Additions to property, plant and equipment		(388,319)	(980,564)
Sale proceeds of operating fixed assets / insurance claims received		8,493	3,249
Net cash used in investing activities		(379,826)	(977,315)
Cash flow from financing activities			
Long term financing - obtained		326,306	1,003,416
- repaid		(214,468)	(641,390)
Short term borrowings - net		380,444	(15,017)
Finance cost paid		(392,198)	(227,462)
Dividend paid		(66,032)	(64,714)
Net cash generated from financing activities		34,052	54,833
Net increase in cash and cash equivalents		10,960	8,482
Cash and cash equivalents - at beginning of the year		24,854	16,372
Cash and cash equivalents - at end of the year		35,814	24,854

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

Chief Executive

Director

Saif Textile Mills Limited
Statement of Changes in Equity
For the Year Ended June 30, 2015

	Share capital	Reserves			Unappropriated profit	Total
		Capital	Revenue	Sub total		
	Rupees in '000					
Balance as at July 01, 2013	264,129	115,981	150,000	265,981	1,052,489	1,582,599
Transactions with owners						
Final cash dividend for the year ended June 30, 2013 at the rate of Rs.2.5 per share	-	-	-	-	(66,032)	(66,032)
Total comprehensive income for the year ended June 30, 2014						
Profit for the year	-	-	-	-	158,333	158,333
Other comprehensive loss	-	-	-	-	(9,604)	(9,604)
	-	-	-	-	148,729	148,729
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation - net of deferred taxation	-	-	-	-	8,314	8,314
Balance as at June 30, 2014	**264,129**	**115,981**	**150,000**	**265,981**	**1,143,500**	**1,673,610**
Transactions with owners						
Final cash dividend for the year ended June 30, 2014 at the rate of Rs.2.50 per share	-	-	-	-	(66,032)	(66,032)
Total comprehensive loss for the year ended June 30, 2015						
Loss for the year	-	-	-	-	(54,588)	(54,588)
Other comprehensive loss	-	-	-	-	(2,910)	(2,910)
	-	-	-	-	(57,498)	(57,498)
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation - net of deferred taxation	-	-	-	-	8,040	8,040
Balance as at June 30, 2015	**264,129**	**115,981**	**150,000**	**265,981**	**1,028,010**	**1,558,120**

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

Chief Executive

Director

Saif Textile Mills Limited
Notes to the Financial Statements
For the Year Ended June 30, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

Saif Textile Mills Limited (the Company) is a Public Limited Company incorporated in Pakistan on December 24, 1989 under the Companies Ordinance,1984 and its shares are quoted on all the Stock Exchanges of Pakistan. The Company's Mills are located in Industrial Estate, Gadoon Amazai, District Sawabi and the registered office of the Company is located at APTMA House, Tehkal Payan, Jamrud Road, Peshawar.

The Company is principally engaged in manufacture and sale of yarn.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain operating fixed assets which have been included at their revalued amounts and staff retirement benefits (gratuity) stated at their present value.

2.3 Functional and presentation currency

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

2.4 New and amended standards and interpretations

2.4.1 Standards and amendments to approved accounting standards and interpretations effective in the current year and are relevant to the Company's financial reporting

New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2014:

(a) IAS 32 (Amendments), 'Financial instruments: presentation'. These amendments update the application guidance in IAS 32, 'Financial instruments: presentations', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The application of these amendments has no material impact on the Company's financial statements.

(b) IAS 36 (Amendment), 'Impairment of assets'. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of these amendments has no material impact on the Company's financial statements.

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

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2014 are considered not to be relevant or to have any significant effect on the Company's financial reporting and are, therefore, not detailed in these financial statements.

2.4.3 Standards, amendments to approved accounting standards that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on or after July 01, 2014 and have not been early adopted by the Company:

(a) IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after January 01, 2015). The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will not effect the determination of fair value and its related disclosures in the financial statements of the Company.

(b) IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 01, 2018). IFRS 9 replaces the parts of IAS 39, 'Financial instruments: recognition and measurement' that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the requirements of IAS 39. The Company is yet to assess the full impact of IFRS 9; however, initial indications are that it may not significantly affect the Company's financial assets.

(c) Annual improvements 2014 applicable for annual periods beginning on or after July 1, 2016. These amendments include changes from the 2012-2014 cycle of annual improvements project that affect four standards: IFRS 5 'Non current assets held for sale and discontinued operations', IFRS 7 'Financial instruments: disclosures', IAS 19 'Employee benefits', and IAS 34, 'Interim financial reporting'. The Company does not expect to have a material impact on its financial statements due to application of these amendments.

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

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, such differences are estimated to be insignificant and hence will not affect the true and fair presentation of the financial statements. The assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

a) **Staff retirement benefits - gratuity (note 4.3)**

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 11.

b) **Provision for taxation (note 4.5)**

In making the estimate for income taxes payable by the Company, the management looks at the applicable law and decisions of appellate authorities on certain issues in the past.

c) **Property, plant and equipment (note 4.7)**

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

d) **Stores & spares and stock-in-trade (note 4.10 and 4.11)**

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

e) **Provision for impairment of trade debts (note 4.12)**

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

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

4.1 Borrowings and borrowing cost

Borrowings are recognised initially at fair value.

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

4.2 Interest rate and cross currency swaps

In certain cases, the Company uses interest rate and cross currency swaps to hedge its risk associated primarily with mark-up payments and foreign currency fluctuations. The calculation involves use of estimates with regard to mark-up and foreign currency rates, which fluctuate with the market forces.

4.3 Staff retirement benefits - gratuity

The Company operates an un-funded staff retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2015 on the basis of the projected unit credit method by an independent Actuary.

The liability recognised in the balance sheet in respect of staff retirement gratuity scheme is the present value of defined benefit obligation at the end of reporting period. The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

4.4 Trade and other payables

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

4.5 Taxation

(a) Current and prior year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

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

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

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.6 Dividend and appropriation to reserves

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

4.7 Property, plant and equipment

Leasehold land, buildings on leasehold land, plant & machinery, generators, electric installations and air-conditioning equipment are shown at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers, less subsequent amortisation / depreciation. Any accumulated amortisation / 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. The remaining property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the financial year in which these are incurred.

Depreciation on operating fixed assets, except leasehold land, is charged to income applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 16.1. Leasehold land is amortised over the lease term using the straight-line method. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Gains / losses on disposal of property, plant and equipment are taken to profit and loss account.

4.8 Assets subject to finance lease

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Depreciation on assets subject to finance lease is charged to income at the rate stated in note 16.1 applying reducing balance method 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 lease period.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed-off.

Finance cost and depreciation on leased assets are currently charged to income.

4.9 **Intangible assets** - computer software

Computer software is stated at cost less accumulated amortisation. Software cost is only capitalised when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortised applying the straight-line method at the rate stated in note 17.

4.10 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at cost. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

4.11 Stock-in-trade

Basis of valuation are as follows:

Particulars	Mode of valuation
Raw materials:	
At mills	- At lower of moving average cost and market value.
In transit	- At cost accumulated to the balance sheet date.
Work-in-process	- At manufacturing cost.
Finished goods	- At lower of cost and net realisable value.
Waste	- At net realisable value.

- Cost in relation to work-in-process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of moving average cost.
- Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.
- Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

4.12 Trade debts and other receivables

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

4.13 Financial assets 'at fair value through profit or loss'

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to profit and loss account in the period in which these arise.

4.14 Cash and cash equivalents

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

4.15 Impairment loss

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognised in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.16 Provisions

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

4.17 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing on the balance sheet date except where forward exchange rates are booked, which are translated at the contracted rates. Exchange differences, if any, are taken to profit and loss account.

4.18 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company looses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include deposits, trade debts, other receivables, investments, bank balances, sub-ordinated loan, long term financing, trade & other payables, accrued mark-up & financial charges and short term borrowings. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.19 Off-setting of financial assets and liabilities

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

4.20 Revenue recognition

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

- Local sales through agents are recorded on intimation from agents whereas direct sales are recorded when goods are dispatched to customers.
- Export sales are booked on shipment of goods.
- Rebate on export sales is recorded on 'accrual basis'.
- Return on bank deposits is accounted for on 'accrual basis'.
- Dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

4.21 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 47 to these financial statements.

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		2015	2014
(No. of shares)			**-- Rupees in '000 --**	
17,312,468	17,312,468	ordinary shares of Rs.10 each issued for cash	**173,125**	173,125
9,100,412	9,100,412	ordinary shares of Rs.10 each issued as fully paid bonus shares	**91,004**	91,004
26,412,880	26,412,880		**264,129**	264,129

5.1 Saif Holdings Limited held 13,097,000 shares of the Company as at June 30, 2015 and 2014.

6. RESERVES

	Note	2015	2014
		-- Rupees in '000 --	
Capital - share premium account	6.1	**115,981**	115,981
Revenue - general reserve		**150,000**	150,000
		265,981	265,981

6.1 Share premium account

	2015	2014
Premium received on:		
3,820,780 shares @ Rs.7 per share issued during the year 1992	**26,745**	26,745
2,303,569 shares @ Rs.5 per share issued during the year 1996	**11,518**	11,518
562,019 shares @ Rs.5 per share allotted during the year 1997	**2,810**	2,810
7,500,000 shares @ Rs.10 per share allotted during the year 2007	**75,000**	75,000
	116,073	116,073
Less: preliminary expenses written-off during the year 1992	**92**	92
	115,981	115,981

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net

This represents surplus over book values resulted from revaluation of leasehold land, buildings on leasehold land, plant & machinery, generators, electric installations and air conditioning equipment during the financial years ended 2006 and 2009 adjusted only by surplus realised on disposal of revalued assets, incremental depreciation arising out of revaluation and deferred taxation. The year-end balance has been arrived at as follows:

	2015	2014
	-- Rupees in '000 --	
Opening balance	**131,355**	137,708
Less: transferred to unappropriated profit on account of incremental depreciation for the year net of deferred taxation	**8,040**	8,314
	123,315	129,394
Add: Adjustment resulting from reduction in tax rate	**1,843**	1,961
Closing balance	**125,158**	131,355

8. SUB-ORDINATED LOAN - Unsecured

The Company, Aqua Nominees Ltd. - London (ANL) and Habib Bank Ltd., United Bank Ltd., Faysal Bank Ltd., The Bank of Punjab, HSBC Bank Middle East Ltd., Allied Bank Ltd., National Bank of Pakistan, Al Baraka Bank (Pakistan) Ltd., NIB Bank Ltd., Dubai Islamic Bank Pakistan Ltd. and Meezan Bank Ltd. (the Banks) had entered into a sub-ordination agreements whereby ANL, in consideration of the Banks providing finance facilities to the Company, had offered and undertaken to treat 50% of the loan amount of U.S.$ 10 million extended by it to the Company as sub-ordinated loan. Accordingly, an amount of U.S.$ 5 million, extended by ANL to the Company, shall remain sub-ordinate to the finance facilities extended by the Banks to the Company; neither the Company shall make any payments pertaining to the sub-ordinated loan to ANL nor shall ANL make a demand for payments of any amount whatsoever with respect to the sub-ordinated loan unless and until:

- the entire amount of finance facilities extended by the Banks to the Company have been paid in full by the Company and the Banks have notified to ANL of such payments; or
- the Banks otherwise give permission in writing to the Company to make full or part of the payments due under the sub-ordinated loan.

This loan, during the current financial year, carried mark-up at the rates ranging from 1.829% to 1.908% (2014: 1.823% to 1.925%) per annum.

9. LONG TERM FINANCING - Secured

	Note	2015	2014
		- - Rupees in '000 - -	
United Bank Limited (UBL)			
- demand finance - I	9.1	**45,000**	67,500
- demand finance - II	9.2	**270,973**	238,310
The Bank of Punjab (BoP)			
- term finance - I	9.3	**75,130**	93,912
- term finance - II	9.4	**388,889**	500,000
Habib Bank Limited (HBL)			
- demand finance - I	9.5	**231,968**	265,106
- demand finance - II	9.6	**243,000**	-
Soneri Bank Limited (SBL)			
- term finance	9.7	**21,706**	-
		1,276,666	1,164,828
Less: current portion grouped under current liabilities (including overdue instalments amounting Rs.19.355 million)		**340,265**	225,610
		936,401	939,218

9.1 These finances have been obtained from UBL against a demand finance facility of Rs.75 million. The principal balance of this finance facility is repayable in 10 equal half-yearly instalments commenced from December, 2013. This finance facility carries mark-up at the rate of 6-months KIBOR + 200 basis points; effective mark-up rates charged, during the current financial year, were 8.81% and 12.16% (2014: 11.52% and 12.16%) per annum. This finance facility is secured against first registered pari passu hypothecation charge over fixed assets of the Company.

9.2 These finances have been obtained from UBL against a demand finance facility of Rs.300 million. The Bank has disbursed the total amount in eight tranches of different amounts and each tranche is repayable in 16 equal quarterly instalments commenced December, 2014. This finance facility carries mark-up at the rate of 3 months KIBOR + 125 basis points; effective mark-up rates charged, during the current financial year, ranged from 8.13% to 11.44% (2014: 10.59 % to 11.42 %) per annum. This finance facility is secured against first pari passu hypothecation charge on all fixed assets of the Company for Rs. 400 million.

9.3 These finances have been obtained from BoP against a term finance facility of Rs.130 million. The principal balance of this finance facility is repayable in 14 half-yearly instalments commenced from October, 2012. This finance facility carries mark-up at the rate of 6-months KIBOR + 225 basis points; effective mark-up rates charged, during the current financial year, were 10.26% and 12.45% (2014: 11.80% and 12.45%) per annum. This finance facility is secured against first pari passu hypothecation charge over fixed assets of the Company for Rs.174 million.

9.4 These finances have been obtained from BoP against a term finance facility of Rs.500 million. The principal balance of this term finance facility is repayable in 9 equal half-yearly instalments commenced November, 2014. This finance facility carries mark-up at the rate of 6-months KIBOR + 110 basis points; effective mark-up rates charged, during the current financial year, were 9.09% and 11.31% (2014 :10.99% and 11.28%. This finance facility is secured against first pari passu charge over all present and future fixed and current assets of the Company for Rs.667 million.

9.5 These finances have been obtained from HBL against a demand finance facility of Rs.270 million. The principal balance of this finance facility is repayable in 8 half-yearly instalments commenced from April, 2015. This finance facility carries mark-up at the rate of 6-months KIBOR + 110 basis points; effective mark-up rates charged, during the current financial year, were 9.10% and 11.29% (2014 :10.62% and 11.28%) per annum. This finance facility is secured against first pari passu charge over all present and future fixed assets of the Company for Rs.360 million.

9.6 The Company, during the current financial year, obtained a demand finance facility of Rs.290 million from HBL. The Bank, against the said facility, has disbursed Rs.243 million in two tranches of different amounts in June, 2015 and each tranche is repayable in 78 equal monthly installments commencing January, 2016. This finance facility carries mark-up at the rate of 1-month KIBOR + 100 basis points; effective mark-up rate charged, during the current financial year, was 7.78% per annum. This finance facility is secured against joint first pari passu charge over all present and future moveable and immovable fixed and current assets of the Company and a ranking charge for Rs.386.660 million.

9.7 The Company, during the current financial year, obtained a term finance facility of Rs.100 million from SBL. The Bank, against the said facility, has disbursed Rs.21.706 million in two tranches of different amounts in June, 2015 and each tranche is repayable in 10 equal half-yearly instalments commencing from January, 2016. This finance facility carries mark-up at the rate of 6-months KIBOR + 100 basis points; effective mark-up rate charged, during the current financial year, was 7.88% per annum. This finance facility is secured against joint pari passu charge over current and fixed assets of the Company for Rs. 133.334 million.

10. LONG TERM DEPOSITS

These deposits have been received in accordance with the Company's Car Incentive Scheme and against these deposits vehicles have been provided to the employees. These are adjustable after specified periods by transfer of title of vehicles to the respective

11. STAFF RETIREMENT BENEFITS - Gratuity

11.1 The Company's obligation as per the latest actuarial valuation in respect of defined benefit gratuity plan is as follows:

	2015	2014
The movement in the present value of defined benefit obligation is as follows:	-- Rupees in '000 --	
Balance at beginning of the year	149,619	109,705
Current service cost	27,997	24,722
Interest cost	18,482	18,395
Benefits paid	(40,256)	(16,242)
Remeasurement of obligation	3,769	13,039
Balance at end of the year	159,611	149,619
Expense recognised in profit and loss account is as follows:		
Current service cost	27,997	24,722
Interest cost	18,482	18,395
Charge for the year	46,479	43,117
Remeasurement recognised in other comprehensive income		
Experience loss	3,769	13,039

Actuarial assumptions used	2015	2014
Discount rate	9.75%	13%
Expected rate of increase in future salaries	8.75%	12%
Demographic assumptions		
- Mortality rates (for death in service)	SLIC (2001-05)	SLIC (2001-05)
- retirement age	60 years	60 years

11.2 Sensitivity analysis for actuarial assumptions:

The calculation of defined benefit obligation is sensitive to assumptions set-out above. The following table summarizes how defined benefit obligation would have increased / decreased as a result of change in respective assumption by one percent.

	Increase in assumptions	Decrease in assumptions
	--- Rupees in '000 ---	
Discount rate	150,904,138	169,593,040
Increase in salaries	169,593,040	150,753,180

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constants. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Expected maturity analysis of undiscounted obligation is as follows:

Time in years	Rupees in '000
1	36,949
2	29,624
3	48,336
4	20,141
5	17,200
6 - 10	65,643
11 and onwards	701,123

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

	2015	2014	2013	2012	2011
		-------- Rupees in '000 --------			
Present value of defined benefit obligation	**159,611**	149,619	109,705	89,699	70,622
Experience adjustment: loss on obligation	**3,769**	13,039	-	5,274	-

11.4 Based on actuary's advice, the expected contribution for the year ending June 30, 2016 to gratuity plan amounts to Rs.40.607 million.

12. TRADE AND OTHER PAYABLES

	Note	2015	2014
		- - Rupees in '000 - -	
Creditors		**194,630**	153,640
Bills payable	12.1	**207,522**	74,362
Due to Associated Companies	12.2	**129,699**	224,041
Accrued expenses		**169,755**	118,630
Workers' (profit) participation fund - allocation for the year		-	12,622
Workers' welfare fund		**30,522**	30,522
Unclaimed dividends		**7,992**	7,007
Tax deducted at source		**65**	217
Others		-	52
		740,185	621,093

12.1 These are secured against import documents.

12.2 These balances, arisen in the normal course of business are interest free, are due to the following Associated Companies:

	2015	2014
	- - Rupees in '000 - -	
Mediterranean Textile Company (S.A.E.), Egypt	**129,667**	223,482
Saif Holdings Ltd.	-	559
Saif Energy Ltd.	**32**	-
	129,699	224,041

13. ACCRUED MARK-UP AND INTEREST

	Note	2015	2014
		-- Rupees in '000 --	
Sub-ordinated loan		**62,452**	51,558
Long term financing			
- from banking companies		**6,185**	52,911
- others	13.1	**24,055**	23,358
		30,240	76,269
Short term financing			
- from banking companies		**37,288**	38,043
- from an Associated Company		**-**	1,737
		37,288	39,780
		129,980	167,607

13.1 This represents mark-up payable on U.S.$ 5 million loan obtained from Aqua Nominees Ltd. - London. The principal balance of this loan has been repaid during the preceding financial year.

14. SHORT TERM BORROWINGS

	Note	2015	2014
		-- Rupees in '000 --	
Borrowings from:			
- banking companies			
- secured	14.1	**2,334,675**	1,759,663
- unsecured (temporary overdraft)	14.2	**5,432**	-
- an Associated Company - unsecured	14.3	**-**	200,000
		2,340,107	1,959,663

14.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.3.983 billion (2014: Rs.4.358 billion) and are secured against pledge of stocks, charge on fixed and current assets of the Company and lien over underlying export documents. These finance facilities, during the current financial year, carried mark-up at the rates ranging from 1.28% to 11.79% (2014: 1.53% to 11.93%) per annum and are expiring on various dates by January, 2016. Facilities available for opening letters of credit and guarantee from various commercial banks aggregate Rs.2.444 billion (2014: Rs.2.076 billion) of which the amount remained unutilised at the year-end was Rs.1.566 billion (2014: Rs.1.657 billion). These facilities are secured against lien over import documents and charge on fixed assets of the Company and are expiring on various dates by January, 2016.

14.2 These have arisen due to issuance of cheques in excess of balance at bank accounts.

14.3 The Company, during the preceding financial year, obtained a short term loan from Saif Holdings Limited (an Associated Company) to meet its working capital requirements. The loan, during the current financial year, carried mark-up at the rate of 10.93% (2014: 10.93%) per annum.

15. CONTINGENCIES AND COMMITMENTS

Contingencies

15.1 The Company had imported textile plant & machinery availing exemption from customs duty and sales tax on import thereof under SROs 554(1)/98 and 987(1)/99. In case conditions of the aforementioned SROs are violated, the amounts of customs duty and sales tax exempted aggregating Rs.151.014 million shall be recoverable by the Customs Authorities along with penalties under section 202 of the Customs Act, 1969.

15.2 Guarantees aggregating Rs.192.698 million (2014: Rs.149.287 million) have been issued by banks of the Company to different parties including Government institutions and Sui Northern Gas Pipeline Limited.

15.3 The Company, during the year, has challenged the levy of Gas Infrastructure Development Cess (GIDC) by filing a petition before the Peshawar High Court, Peshawar (PHC). The PHC has stayed the levy / cess charged through GIDC Act, 2015 and the Respondents were directed to submit their comments. Earlier, the Supreme Court of Pakistan had dismissed the appeal of Federation on the same matter on August 22, 2014, wherein it was held that the levy under the GIDC Act, 2011 was not covered under any entry relating to the imposition or levy of a tax as envisaged in the Constitution.

15.4 Sui Northern Gas Pipelines Ltd., along with gas bill for the month of June, 2015, has raised GIDC demands aggregating Rs.267.587 million, which are payable in case of an adverse judgement by the PHC. The petition before the PHC is pending adjudication.

15.5 Refer contents of note 28.3.

Commitments

15.6 Commitments against irrevocable letters of credit outstanding at the year-end were for Rs.478.160 million (2014: Rs.195.850 million).

15.7 Commitments against capital expenditure other than letters of credit outstanding at the year-end aggregate to Rs.22.579 million (2014: Rs.30.631 million).

16. PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
		- - Rupees in '000 - -	
Operating fixed assets	16.1	3,189,963	3,057,466
Capital work-in-progress	16.5	40,044	126,956
Stores held for capital expenditure including in-transit inventory valuing Rs.277.608 million (2014: Rs.118.658 million)		291,730	188,081
		3,521,737	3,372,503

16.1 Operating fixed assets - tangible

	Owned														
	Lease hold land	Buildings on leasehold land	Plant & machinery	Generators	Electric installat-ions	Aircondi-tioning equipment	Furniture and fixtures	Office equipment	Telephone installat-ions	Weighing scales	Fire extingui-shing equipment	Gas fittings	Vehicles	Leased vehicles	Total
	Rupees in '000														
COST / REVALUATION															
Balance as at July 01, 2013	54,126	473,307	2,914,837	243,252	93,026	105,902	16,720	31,610	3,716	3,017	2,300	701	85,856	-	4,028,370
Additions during the year	1,500	31,109	656,624	24,441	11,605	11,658	930	4,589	351	-	452	352	14,956	-	758,567
Disposals during the year	-	-	-	-	-	-	-	(222)	(197)	-	-	-	(4,750)	-	(5,169)
Balance as at June 30, 2014	55,626	504,416	3,571,461	267,693	104,631	117,560	17,650	35,977	3,870	3,017	2,752	1,053	96,062	-	4,781,768
Balance as at July 01, 2014	55,626	504,416	3,571,461	267,693	104,631	117,560	17,650	35,977	3,870	3,017	2,752	1,053	96,062	-	4,781,768
Additions during the year	1,242	91,350	176,027	67,093	1,135	5,489	872	4,060	394	144	395	165	23,216	-	371,582
Disposals during the year	-	-	-	-	-	-	-	(191)	(114)	-	-	-	(17,132)	-	(17,437)
Balance as at June 30, 2015	56,868	595,766	3,747,488	334,786	105,766	123,049	18,522	39,846	4,150	3,161	3,147	1,218	102,146	-	5,135,913
DEPRECIATION															
Balance as at July 01, 2013	4,934	83,983	1,205,170	82,501	60,119	27,694	8,646	13,452	1,655	817	837	449	40,032	-	1,530,289
Charge for the year	743	20,089	139,936	13,079	2,749	6,191	846	2,064	216	220	172	46	10,758	-	197,109
On disposals during the year	-	-	-	-	-	-	-	(80)	(40)	-	-	-	(2,976)	-	(3,096)
Balance as at June 30, 2014	5,677	104,072	1,345,106	95,580	62,868	33,885	9,492	15,436	1,831	1,037	1,009	495	47,814	-	1,724,302
Balance as at July 01, 2014	5,677	104,072	1,345,106	95,580	62,868	33,885	9,492	15,436	1,831	1,037	1,009	495	47,814	-	1,724,302
Charge for the year	769	21,174	172,150	13,328	3,168	6,499	879	2,179	218	199	193	64	10,820	-	231,640
On disposals during the year	-	-	-	-	-	-	-	(95)	(14)	-	-	-	(9,883)	-	(9,992)
Balance as at June 30, 2015	6,446	125,246	1,517,256	108,908	66,036	40,384	10,371	17,520	2,035	1,236	1,202	559	48,751	-	1,945,950
BOOK VALUE AS AT JUNE 30, 2014	49,949	400,344	2,226,355	172,113	41,763	83,675	8,158	20,541	2,039	1,980	1,743	558	48,248	-	3,057,466
BOOK VALUE AS AT JUNE 30, 2015	50,422	470,520	2,230,232	225,878	39,730	82,665	8,151	22,326	2,115	1,925	1,945	659	53,395	-	3,189,963
Depreciation rate (%)	-	5	7.5	7.5	7.5	7.5	10	10	10	10	10	10	20	20	

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

	2015	2014
	- - Rupees in '000 - -	
- leasehold land	**58,131**	57,744
- buildings on leasehold land	**342,092**	265,157
- plant & machinery	**2,171,018**	2,162,340
- generators	**225,876**	172,111
- electric installations	**49,643**	52,480
- air-conditioning equipment	**68,453**	68,311
	2,915,213	2,778,143

16.3 Disposal of operating fixed assets

Asset description	Cost / revaluation	Accumulated depreciation	Net book value	Sale proceeds/ insurance claim	Gain / (loss)	Mode of disposal	Particulars of buyers
	---------- Rupees in '000 ----------						
Office equipment							
Laptop	83	25	58	58	-	Negotiation	Elite Estate (Pvt.) Ltd.
LCD screen and accessories	108	70	38	45	7	Insurance Claim	EFU General Insurance Ltd.
	191	95	96	103	7		
Telephone installations							
Cell phones	72	12	60	52	(8)	Insurance Claim	EFU General Insurance Ltd.
Cell phone	42	2	40	40	-	Negotiation	Elite Estate (Pvt.) Ltd.
	114	14	100	92	(8)		
Vehicles							
Toyota Corolla	1,680	419	1,261	1,549	288	Insurance Claim	EFU General Insurance Ltd.
Toyota Corolla	1,594	726	868	1,318	450	Negotiation	Muhammad Majid, Rawalpindi.
Toyota Corolla	1,844	1,188	656	656	-	Company Policy	Mr. Sarwar (employee)
Toyota Corolla	1,770	1,152	618	618	-	- do -	Mr.Shahab-ud-din (employee)
Honda Civic	2,071	1,097	974	974	-	Negotiation	Elite Estate (Pvt.) Ltd.
Honda Civic	1,922	1,199	723	723	-	Company Policy	Mr. Zaheen-ud-din Qureshi (employee
Honda Civic	2,058	1,030	1,028	1,200	172	- do -	Mr. Ashraf (employee)
Honda Civic	1,929	1,230	699	699	-	- do -	Mr.Noman Ahmed (employee)
Honda City	964	858	106	152	46	- do -	Mr.Ishaq Khattaq (employee)
Suzuki Cultus	726	551	175	238	63	- do -	Mr. Major Usman (employee)
Daihatsu Coure	574	433	141	171	30	Negotiation	Mr. Tariq Aziz (ex-employee)
	17,132	9,883	7,249	8,298	1,049		
	17,437	9,992	7,445	8,493	1,048		

16.4 Depreciation for the year has been apportioned as under:

	Note	2015	2014
		- - Rupees in '000 - -	
Cost of sales		**217,480**	183,179
Administrative expenses		**14,160**	13,930
		231,640	197,109

16.5 Capital work-in-progress

	2015	2014
Factory buildings	**2,587**	35,640
Generators	-	49,584
Advance payments		
- land	**1,500**	-
- factory buildings	**5,963**	36,377
- plant & machinery	**19,881**	5,355
- vehicles	**6,019**	-
- computer software	**4,094**	-
	40,044	126,956

17. INTANGIBLE ASSETS - Computer software

	Note	2015	2014
Cost at beginning of the year		**6,179**	6,179
Less: amortisation:			
- at beginning of the year		**5,666**	5,490
- charge for the year	17.1	**176**	176
- at end of the year		**5,842**	5,666
Book value as at June 30,		**337**	513

17.1 Amortisation is charged to income applying the straight-line method at the rate of 20% per annum.

18. LONG TERM LOANS - Considered good

	Note	2015	2014
		- - Rupees in '000 - -	
Interest free loans to:			
- executives	18.1	**20,845**	15,063
- employees	18.2	**3,258**	945
		24,103	16,008
Less: current portion grouped under current assets		**4,711**	4,085
		19,392	11,923

	2015	2014
18.1 (a) Balance at beginning of the year	**15,063**	9,795
Add: disbursements	**16,550**	7,432
	31,613	17,227
Less: recoveries / adjustments	**10,768**	2,164
Balance at end of the year	**20,845**	15,063

(b) These loans have been advanced for construction of house, employees' childrer educational expenses and for other purposes. These are recoverable in monthly instalments and are adjustable against the gratuity balances of the employees at the end of respective employment terms.

(c) Maximum aggregate amount due from the executives at any month-end during the current financial year was Rs.23.260 million (2014: Rs.15.997 million).

18.2 These loans are recoverable in monthly instalments and are adjustable against the gratuity balances of the respective employees at the end of employment terms.

19. DEFERRED TAXATION - net

	2015	2014
	- - Rupees in '000 - -	
The asset for deferred tax comprises of temporary difference relating to:		
Deductible temporary difference:		
- unused tax losses	**560,879**	544,807
- provision for doubtful deposit for shares	**2,554**	2,634
- staff retirement benefits - gratuity	**40,774**	39,415
- tax credit on investments in BMR of plant and machinery	-	16,123
- minimum tax recoverable against normal tax charge in future years	**52,099**	-
	656,306	602,979
Taxable temporary difference:		
- accelerated tax depreciation allowances	**444,272**	441,322
- surplus on revaluation of property, plant and equipment	**47,062**	51,648
	491,334	492,970
	164,972	110,009

20. STORES, SPARE PARTS AND LOOSE TOOLS

	2015	2014
Stores	**83,460**	83,908
Spare parts	**70,535**	22,146
Loose tools	**8,290**	7,054
	162,285	113,108

21. STOCK-IN-TRADE

	2015	2014
	- - Rupees in '000 - -	
Raw materials:		
- at mills	**704,176**	777,376
- in transit	**357,074**	100,328
	1,061,250	877,704
Work-in-process	**148,790**	155,776
Finished goods	**371,003**	452,052
	1,581,043	1,485,532

21.1 Stocks include items costing Rs.334.830 million (2014: Rs.509.947) stated at their net realizable values aggregating Rs.303.514 million (2014: Rs.419.392). The amount charged to the profit and loss account in respect of stocks written down to their net realisable values is Rs.29.316 million (2014: Rs.90.555).

21.2 Stock-in-trade inventory valuing Rs.431.902 million (2014: Rs.633.400 million) is pledged with commercial banks as security for short term borrowings (note 14).

22. TRADE DEBTS

	Note	2015	2014
		- - Rupees in '000 - -	
Unsecured - considered good			
- local		**598,311**	660,988
Secured			
- export		**271,684**	173,901
- local		**432**	34,952
		272,116	208,853
		870,427	869,841

23. LOANS AND ADVANCES - Considered good

	Note	2015	2014
Current portion of long term loans	18	**4,711**	4,085
Advances to:			
- executives		**1,363**	392
- employees		**3,393**	2,859
- suppliers		**85,069**	26,527
		94,536	33,863

24. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2015	2014
Containers' security deposits	**7,350**	11,580
Short term prepayments	**800**	1,005
	8,150	12,585

25. OTHER RECEIVABLES

	Note	2015	2014
		- - Rupees in '000 - -	
Claims receivable		1,806	1,184
Due from Associated Companies	25.1	1,911	2,788
Receivable from Sui Northern Gas Pipelines Ltd	25.2	23,331	9,621
Advances against letters of credit		3,657	3,990
		30,705	17,583

25.1 These balances, arisen in the normal course of business are interest free, are due from the following Associated Companies:

	2015	2014
	- - Rupees in '000 - -	
- Saif Energy Ltd.	-	851
- Saif Holdings Ltd.	21	-
- Lahore Compost (Pvt.) Ltd.	1,397	1,397
- GlobeComm (Pvt.) Ltd.	-	19
- Saif Healthcare Ltd.	493	521
	1,911	2,788

25.2 This represents excessive gas billings for the months of January and October, 2010 paid under protest against which the Company has filed a complaint with the Oil & Gas Regulatory Authority, Islamabad. Presently, the Company's case is pending with the Regional Detection & Evaluation Committee of Sui Northern Gas Pipelines Ltd. for final decision.

Further, during the current financial year, the Company paid, under protest, Rs.13.710 million against excessive gas billings. The Company has filed its case with the Regional Detection & Evaluation Committee of Sui Northern Gas Pipelines Ltd. for final decision.

26. INVESTMENTS - Quoted (at fair value through profit or loss)

	Note	2015	2014
		- - Rupees in '000 - -	
National Bank of Pakistan 105,000 (2014: 103,715) ordinary shares of Rs.10 each		6,531	4,265
Pakistan Petroleum Ltd. 500 (2014: 102) ordinary shares of Rs.10 each		104	18
		6,635	4,283
Adjustment on remeasurement to fair value - net		(968)	2,194
		5,667	6,477

27. DEPOSIT FOR SHARES

	Note	2015	2014
Security Electric Power Company Ltd. - SEPCL (an Ex - Associated Company)	27.1	10,000	10,000
Less: provision for doubtful deposit for shares	27.2	10,000	10,000
		-	-

27.1 The Company had deposited Rs.5 million during the financial year ended September 30, 1994 and Rs.5 million during the financial year ended September 30, 1998 with SEPCL for purchase of shares. Shares against these deposits, however, have not been issued so far.

27.2 Full provision against these doubtful deposits was made as the management was of the opinion that SEPCL had abandoned the project due to IPP crisis and SEPCL utilised this amount in payment of penalty imposed by the Private Power Infrastructure Board (Ministry of Water and Power). The Company had filed a complaint before the Wafaqi Muhtasib for recovery of the said deposit along with penalty. As remote chances of recovery existed, full provision for doubtful deposits for shares was made in the books of account during the financial year ended September 30, 2000.

28. TAXATION - net

	2015	2014
	- - Rupees in '000 - -	
Balance of advance tax at beginning of the year	**229,965**	175,067
Add: income tax deducted / paid during the year	**73,045**	54,898
	303,010	229,965
Less: provision made during the year	**52,099**	-
Balance of advance tax at end of the year	**250,911**	229,965

28.1 Income tax assessments of the Company have been finalized by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) upto the tax year 2014.

28.2 No numeric tax rate reconciliation has been given in these financial statements as provisions made for the current financial years represent minimum tax payable under section 113 after adjusting tax credit under section 65B of the Ordinance.

28.3 [illegible] exempt from tax under clause 126F of the second schedule to the Ordinance starting from the tax year 2010. Exemption available under clause 126F was a specific exemption granted by the Federal Board of Revenue (FBR) to the specific areas of Khyber Pakhtunkhwa. The Company had filed a writ petition before the Peshawar High Court, Peshawar, praying exemption from levy of minimum tax under section 113 of the Ordinance, who vide its judgment dated July 18, 2012 admitted and allowed the Company's writ petition and directed the concerned authorities to extend the benefit of clause 126F to the Company in the light of clarification given by the FBR. Accordingly, no provision for minimum tax for the financial year ended June 30, 2012 amounted Rs.51.348 million was made in the books of account as well as provisions for minimum tax made during the financial years ended June 30, 2010 and 2011 aggregated Rs.91.344 million were written-back. The Department, against the said order, has filed an appeal with the Honorable Supreme Court of Pakistan, which is pending adjudication. An adverse judgment by the Honorable Supreme Court of Pakistan will create a tax liability amounting Rs.142.692 million.

29. TAXES REFUNDABLE

	Note	2015	2014
		- - Rupees in '000 - -	
Sales tax refundable		**81,220**	62,042
Minimum tax paid under protest	29.1	**5,034**	5,034
		86,254	67,076

29.1 The Company had made payments aggregating Rs.12.736 million till September 30, 2003 under protest; however, Rs.3.000 million were adjusted against the completed assessment during the financial year ended September 30, 2004. The Company, during the financial year ended June 30, 2008, had received refund of Rs.4.702 million.

30. BANK BALANCES

	Note	2015	2014
		-- Rupees in '000 --	
Cash at banks on:			
- current accounts	30.1	35,188	24,656
- saving accounts		626	198
		35,814	24,854

30.1 These include foreign currency balances of U.S.$ 49,050 (2014: U.S.$ 59,451).

31. SALES

	Note	2015	2014
		-- Rupees in '000 --	
Own manufactured goods:			
Local			
- yarn		5,866,015	5,826,371
- waste		44,487	45,528
		5,910,502	5,871,899
Export			
- yarn	31.1	1,467,360	1,359,560
- waste		83,129	139,101
		1,550,489	1,498,661
Trading activities:			
Local			
- yarn		512,214	577,634
- raw materials		68,147	23,237
		580,361	600,871
Export - yarn		40,654	100,112
		8,082,006	8,071,543
Processing services		39,730	21,595
Less: sales tax		(175,947)	(167,276)
		7,945,789	7,925,862

31.1 This includes indirect export of Rs.550.000 million (2014: Rs.339.425 million).

32. COST OF SALES

	Note	2015	2014
		-- Rupees in '000 --	
Raw materials consumed	32.1	4,564,963	4,870,954
Salaries, wages and benefits	32.2	683,113	595,759
Packing materials consumed		137,275	129,900
Dyes and chemical consumed		37,294	27,704
Power and fuel		714,098	581,874
Repair and maintenance		118,124	120,191
Depreciation		217,480	183,179
Insurance		17,246	16,208
Doubling charges		23,308	10,089
Rent		6,220	3,972
Vehicles' running and maintenance		6,015	7,503
Travelling and conveyance		4,821	3,450
Textile cess		101	95
Others		7,160	6,876
		6,537,218	6,557,754
Adjustment of work-in-process			
Opening		155,776	102,383
Closing		(148,790)	(155,776)
		6,986	(53,393)
Cost of goods manufactured		6,544,204	6,504,361
Adjustment of finished goods			
Opening stock		452,052	241,677
Purchases		619,402	685,438
Closing stock		(371,003)	(452,052)
		700,451	475,063
		7,244,655	6,979,424

32.1 Raw materials consumed

	2015	2014
Opening stock	877,704	1,350,525
Purchases (for manufacturing)	4,679,785	4,372,893
Cost of raw materials sold	66,811	22,782
	4,746,596	4,395,675
	5,624,300	5,746,200
Less: closing stock	1,061,250	877,704
	4,563,050	4,868,496
Add: cotton cess	1,913	2,458
	4,564,963	4,870,954

32.2 These include Rs.29.040 million (2014: Rs.26.939 million) in respect of staff retirement benefits - gratuity.

33. DISTRIBUTION COST

	Note	2015	2014
		- - Rupees in '000 - -	
Staff salaries	33.1	**16,688**	15,559
Travelling		**4,734**	3,590
Communication		**4,217**	2,561
Loading and unloading		**16,828**	15,267
Freight on local yarn sales		**9,155**	9,242
Freight on export yarn sales		**38,988**	43,237
Export expenses		**8,887**	12,291
Insurance		**746**	1,227
Commission on sales		**63,012**	72,267
Quality claims on sale supplies		**5,154**	15,191
Sizing charges		**2**	9
		168,411	190,441

33.1 These include Rs.4.527 million (2014: Rs.4.200 million) in respect of staff retirement benefits - gratuity.

34. ADMINISTRATIVE EXPENSES

	Note	2015	2014
		- - Rupees in '000 - -	
Directors' meeting fee		**130**	115
Salaries and benefits	34.1	**124,109**	110,755
Travelling and conveyance:			
- directors		**148**	484
- others		**3,691**	4,389
Rent, rates and taxes		**4,602**	4,281
Entertainment		**2,955**	2,836
Communication		**4,508**	5,889
Printing and stationery		**1,776**	1,688
Electricity, gas and water		**4,723**	4,472
Insurance		**3,392**	3,734
Repair and maintenance		**5,009**	4,853
Vehicles' running and maintenance		**16,521**	18,942
Advertisement		**379**	408
Fees and subscription		**5,846**	4,304
Newspapers and periodicals		**220**	113
Depreciation		**14,160**	13,930
Amortisation		**176**	176
Auditors' remuneration	34.2	**1,515**	1,591
Legal and professional (other than Auditors)		**4,458**	1,026
Others		**257**	228
		198,575	184,214

34.1 These include Rs.12.992 million (2014: Rs.11.978 million) in respect of staff retirement benefits - gratuity.

34.2 Auditors' remuneration

	2015	2014
	-- Rupees in '000 --	
Statutory audit	1,150	1,300
Half yearly review	138	110
Consultancy and certification charges	197	166
Out-of-pocket expenses	30	15
	1,515	1,591

34.3 The Company, during the current financial year, has shared administrative expenses aggregating Rs.11.489 million (2014: Rs.5.977 million) with an Associated Company on account of proportionate expenses of the combined offices at Karachi and Lahore. These expenses have been booked in the respective heads of account.

35. OTHER INCOME

	Note	2015	2014
		-- Rupees in '000 --	
Sale of scrap - net of sales tax of Rs.124 thousand (2014: Rs.212 thousand)		712	1,176
Reversal of provision for Gas Infrastructure Development Cess (GIDC)		-	32,797
Unclaimed payable balances written-back		-	151
Gain on sale of operating fixed assets	16.3	1,048	1,176
Dividends		580	840
Gain on remeasurement of investments to fair value	26	-	2,194
		2,340	38,334

36. OTHER EXPENSES

	Note	2015	2014
Workers' (profit) participation fund		-	12,622
Workers' welfare fund		-	4,797
Donations	36.1	8,427	5,455
Loss on remeasurement of investments to fair value		968	-
		9,395	22,874

36.1 These include an amount of Rs.6.200 million (2014: Rs.3.375 million), which represents amount donated to Saifullah Foundation for Sustainable Development (a Social Welfare Society) administered by the following directors of the Company:

- Mr. Osman Saifullah Khan
- Mr. Jehangir Saifullah Khan

37. FINANCE COST - net

	Note	2015	2014
		-- Rupees in '000 --	
Mark-up on subordinated loan		9,353	9,247
Mark-up on long term financing		121,088	62,768
Mark-up on short term borrowings			
- from banking companies		226,108	221,830
- from an Associated Company		179	1,737
		226,287	223,567
Interest on workers' (profit) participation fund		603	2,164
Bank and other charges		11,919	18,094
		369,250	315,840

38. EXCHANGE FLUCTUATION LOSS - net

	Note	2015	2014
Exchange fluctuation loss / (gain) on:			
- foreign currency financing		14,750	44,207
- others - net		(2,155)	(7,833)
		12,595	36,374

39. TAXATION

	Note	2015	2014
Current	28	52,099	-
Deferred			
- relating to temporary differences	19	(56,951)	70,081
- resulting from reduction in tax rate		4,688	6,615
		(52,263)	76,696
		(164)	76,696

40. BASIC EARNINGS PER SHARE

40.1 (Loss) / earnings per share

	2015	2014
(Loss) / profit after taxation attributable to ordinary shareholders	(54,588)	158,333
	---- No. of shares ----	
Weighted average number of ordinary shares outstanding during the year	26,412,880	26,412,880
	------ Rupees ------	
(Loss) / earnings per share	(2.07)	5.99

40.2 Diluted

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2015 and June 30, 2014 which would have any effect on the earnings per share if the option to convert is exercised.

41. CASH FLOW FROM OPERATING ACTIVITIES

	2015	2014
	-- Rupees in '000 --	
(Loss) / profit for the year - before taxation	**(54,752)**	235,029
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	**231,816**	197,285
Staff retirement benefits - gratuity (net)	**6,223**	26,875
Unclaimed payable balances written-back	-	(151)
Gain on sale of operating fixed assets - net	**(1,048)**	(1,176)
Finance cost	**356,728**	297,746
Exchange fluctuation loss on long term financing	**14,750**	44,207
Exchange fluctuation gain - net (others)	**(2,155)**	(7,833)
Loss / (gain) on remeasurement of investments to fair value - net	**968**	(2,194)
Profit before working capital changes	**552,530**	789,788
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	**(49,177)**	(43,109)
Stock-in-trade	**(95,511)**	209,053
Trade debts	**(586)**	(83,602)
Loans and advances	**(60,673)**	9,492
Trade deposits and short term prepayments	**4,435**	(9,704)
Other receivables	**(13,122)**	18,384
Investments	**(158)**	-
Taxes refundable	**(19,178)**	(8,616)
Increase in trade and other payables	**119,092**	108,090
	(114,878)	199,988
Cash generated from operating activities	**437,652**	989,776
Income tax paid	**(73,045)**	(54,898)
Long term loans	**(7,469)**	(4,303)
Long term deposits	**(535)**	(462)
Long term deposits from employees	131	851
Net cash generated from operating activities	**356,734**	930,964

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

42.1 Financial Risk Factors

The Company has exposure to the following risks from its use of financial instruments:

- market risk
- credit risk; and
- liquidity risk.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as currency risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

42.2 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on financing, import of raw materials, plant & machinery, stores & spares, foreign debtors and claims receivables denominated in Euro, U.S. Dollar and Swiss Frank. The Company's exposure to foreign currency risk for U.S. Dollar, Euro and Japanese Yen are as follows:

	2015		
	Rupees	U.S. $	Euros
	---------- in '000 ----------		
Sub-ordinated loan	508,500	5,000	-
Short term borrowing	215,991	2,124	
Bills payable	207,522	2,009	28
Due to an Associated Company	129,667	1,275	-
	1,061,680	10,408	28
Trade debts	(271,684)	(2,677)	-
Other receivables	(1,806)	(18)	-
Gross balance sheet exposure	788,190	7,713	28
Outstanding letters of credit	478,160	4,142	501
Net exposure	1,266,350	11,855	529

	2014			
	Rupees	U.S. $	Euros	CHF
	in '000			
Sub-ordinated loan	493,750	5,000	-	-
Bills payable	74,362	729	17	-
Due to an Associated Company	223,482	2,263	-	-
	791,594	7,992	17	-
Trade debts	(173,901)	(1,765)	-	-
Other receivables	(292)	(3)	-	-
Gross balance sheet exposure	617,401	6,224	17	-
Outstanding letters of credit	195,850	1,914	33	2,350
Net exposure	813,251	8,138	50	2,350

The following significant exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2015	2014	**2015**	2014
U.S. Dollar to Rupee	101.50	104.26	101.50/101.70 /	98.55 / 98.75
Euro to Rupee	121.02	143.39	113.57/113.79 /	134.46 / 134.73
CHF to Rupee	107.51	118.97	109.42/109.64 /	110.59 / 110.82

Sensitivity analysis

At June 30, 2015, if Rupee had strengthened by 10% against U.S.$ and Euro with all other variables held constant, loss / profit after taxation for the year would have been lower / higher by the amount shown below mainly as a result of net foreign exchange gains on translation of foreign currency financial liabilities.

Effect on profit for the year	**2015**	2014
	- - Rupees in '000 - -	
U.S.$ to Rupee	**78,441**	61,462
Euro to Rupee	**319**	229

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

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

(b) Interest rate risk

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

Financial liabilities	2015 Effective rate %	2014 Effective rate %	2015 Carrying amount --- in '000 ---	2014 Carrying amount --- in '000 ---
Variable rate instruments				
Sub-ordinated loan	**1.829 to 1.908**	1.823 to 1.925	**508,500**	493,750
Long term financing	**7.78 to 12.45**	10.59 to 12.65	**1,276,666**	1,164,828
Short term borrowings	**1.28 to 11.79**	1.53 to 11.93	**2,340,107**	1,959,663

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 reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2015, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, loss / profit after taxation for the year would have been Rs.41.253 million (2014: Rs.36.182 million) higher / lower, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market.

The Company is exposed to equity securities price risk because of its investments classified as fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board of directors.

A 10% increase / decrease in market value of equity investments, loss / profit before taxation for the year would have been lower / higher by Rs.567 thousand (2014: Rs.648 thousand).

42.3 Credit risk exposure and concentration of credit risk

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

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

Credit risk primarily arises from long term deposits, trade debts, trade deposits, investments and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high crediting ratings.

Exposure to credit risk

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

	2015	2014
	- - Rupees in '000 - -	
Long term deposits	**9,979**	9,444
Trade debts	**870,427**	869,841
Trade deposits	**7,350**	11,580
Other receivables	**30,705**	17,583
Investments	**5,667**	6,477
Bank balances	**35,814**	24,854
	959,942	939,779

Trade debts exposure by geographic region is as follows:

Domestic	**598,743**	695,940
Export	**271,684**	173,901
	870,427	869,841

The majority of export debts of the Company are situated in Europe, Asia and America.

The ageing of trade debts at the balance sheet date is as follows:

	2015	2014
	- - Rupees in '000 - -	
Not yet due	**866,649**	843,640
Past due		
- upto 30 days	**796**	17,112
- more than 30 days	**2,982**	9,089
	870,427	869,841

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.564.565 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time. Further, major export debts are secured through letters of credit.

Investments comprise of share-holdings in listed securities. The management assesses the credit quality ratings of its holdings and diversifies its portfolio accordingly.

42.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	2015				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	--------- Rupees in '000 ---------				
Sub-ordinated loan	508,500	557,000	9,700	29,100	518,200
Long term financing	1,276,666	1,516,614	425,325	1,000,573	90,716
Trade and other payables	709,598	709,598	709,598	-	-
Accrued mark-up and interest	129,980	129,980	129,980	-	-
Short term borrowings	2,340,107	2,413,938	2,413,938	-	-
	4,964,851	5,327,130	3,688,541	1,029,673	608,916

	2014				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	--------- Rupees in '000 ---------				
Sub-ordinated loan	493,750	547,742	8,999	35,994	502,749
Long term financing	1,164,828	1,478,214	342,434	1,135,780	-
Trade and other payables	577,732	577,732	577,732	-	-
Accrued mark-up and interest	167,607	167,607	167,607	-	-
Short term borrowings	1,959,663	2,067,116	2,067,116	-	-
	4,363,580	4,838,411	3,163,888	1,171,774	502,749

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

42.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

At June 30, 2015, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

42.6 Financial instruments by category

Financial assets as per balance sheet	Loans and receivables		Financial assets at fair value through profit and loss	
	2015	2014	2015	2014
	- - Rupees in '000 - -		- - Rupees in '000 - -	
Long term loans	19,392	11,923	-	-
Long term deposits	9,979	9,444	-	-
Trade debts	870,427	869,841	-	-
Loans and advances	9,467	7,336	-	-
Trade deposits	7,350	11,580	-	-
Other receivables	30,705	17,583	-	-
Investments	-	-	5,667	6,477
Bank balances	35,814	24,854	-	-
	983,134	952,561	5,667	6,477

Financial liabilities as per balance sheet	Financial liabilities measured at amortised cost	
	2015	2014
	- - Rupees in '000 - -	
Sub-Ordinated loan	508,500	493,750
Long term financing	1,276,666	1,164,828
Long term deposits	3,882	3,751
Trade and other payables	740,185	621,093
Accrued mark-up and interest	129,980	167,607
Short term borrowings	2,340,107	1,959,663
	4,999,320	4,410,692

43. CAPITAL RISK MANAGEMENT

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

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

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

44. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Associated Companies, directors of the Company, Companies in which directors are interested, key management personnel and close members of the families of the directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment and remuneration of key management personnel is disclosed in note 45. Amounts due from and to related parties are shown under respective heads of balance sheet. Significant transactions with related parties are as follows:

	2015	2014
	- - Rupees In '000 - -	
- short term loan - obtained	-	200,000
- repaid	**200,000**	
- purchase of fixed assets	**3,240**	-
- sale of fixed assets	-	736
- sale of goods and services	**148,955**	20,808
- purchase of goods and services	**559,443**	514,539
- dividend paid	**29,468**	32,743

45. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Director		Executives	
	2015	2014	**2015**	2014	**2015**	2014
	- - - - - - - - Rupees in '000 - - - - - - - -					
Meeting fees	**15**	10	**20**	30	-	-
Managerial remuneration	**8,040**	7,410	**5,700**	5,250	**28,798**	26,527
House rent and utilities	**783**	666	**635**	598	**15,839**	14,590
Retirement benefits	-	-	-	-	**17,122**	8,518
Medical expenses reimbursed	-	-	-	-	**1,223**	1,268
	8,838	8,086	**6,355**	5,878	**62,982**	50,903
Number of persons	**1**	1	**1**	1	**10**	9

45.1 Meeting fees of Rs.95 thousand (2014: Rs.75 thousand) were also paid to five (2014: five) non-executive directors during the year.

45.2 Chief executive and some of the executives have also been provided with the Company maintained cars and residential telephones.

46. CAPACITY AND PRODUCTION

46.1 Spinning units

			2015	2014
No. of spindles installed			**99,048**	91,403
Average of spindles shifts installed		Figure in '000	**108,457**	100,086
Average of spindles shifts worked		Figure in '000	**105,877**	97,262
No. of days worked			**365**	365
No. of shifts worked			**1,095**	1,095
Average count			**30.37**	30.66
Actual production	Kgs	Figure in '000	**20,678**	18,757

It is difficult to describe precisely the production capacity in textile spinning industry since it fluctuates widely depending on various factors, such as count of yarn spun, spindles speed, twist per inch and raw materials used, etc. It also varies according to the pattern of production adopted in a particular year.

46.2 Dyeing

			2015	2014
Cotton / Fibre Dyeing Unit				
Total number of days worked			**365**	179
No. of shift worked			**1,095**	537
Installed capacity	Kgs	Figure in '000	**1,825**	1,825
Actual production	Kgs	Figure in '000	**1,202**	738

47. OPERATING SEGMENT

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

47.1 Yarn sales represent 97% (2014: 97%) of the total sales of the Company.

47.2 80% (2014: 84%) of the Company's sales relate to customers in Pakistan.

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

47.4 The Company does not have any customer having sales of ten percent or more during the year ended June 30, 2014 and 2015.

48. NUMBER OF EMPLOYEES

Number of employees as at June 30,	2015	2014
- Permanent	**2,297**	1,758
- Contractual	**25**	25
Average number of employees during the year		
- Permanent	**2,206**	1,717
- Contractual	**25**	25

49. GENERAL

These financial statements were authorised for issue on October 06, 2015 by the Board of Directors of the Company.

Chief Executive **Director**