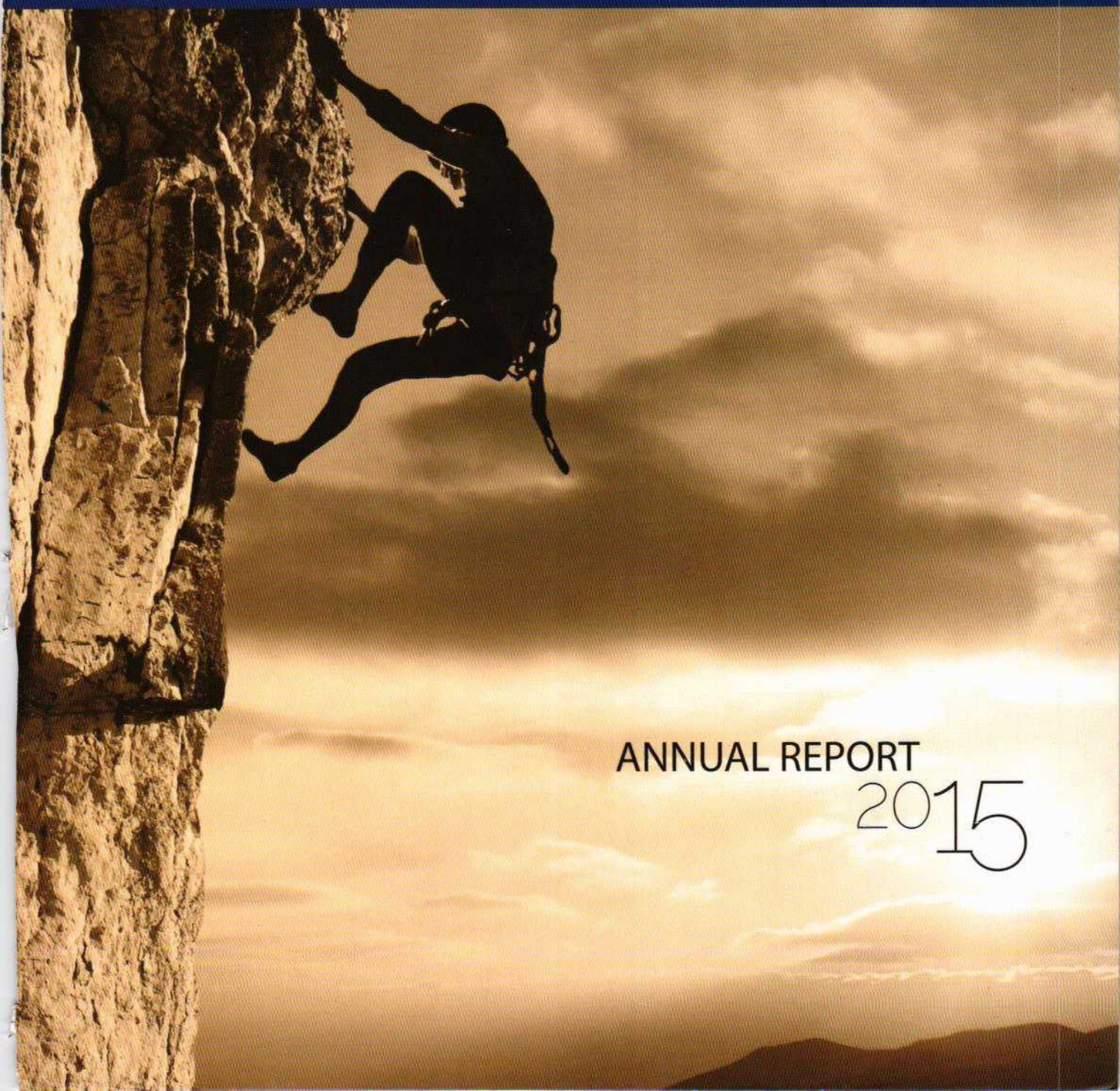




SAMIN TEXTILES LIMITED

bigger challenges
better commitment



ANNUAL REPORT
2015

COMMITMENT

Success is always accompanied by challenges. To face bigger challenges, there is needed commitment. It is this commitment that has enabled us to satisfy our customers by producing quality products and providing the best service. We understand that the only sustainable source of competitive advantage is our ability to learn faster than our competition. Our perception is how we are valuable rather than how valuable we are. Our steadfast approach towards understanding our customers has enabled us to meet their demands in all avenues of the trade from product quality to superior client servicing.





samintextile.com



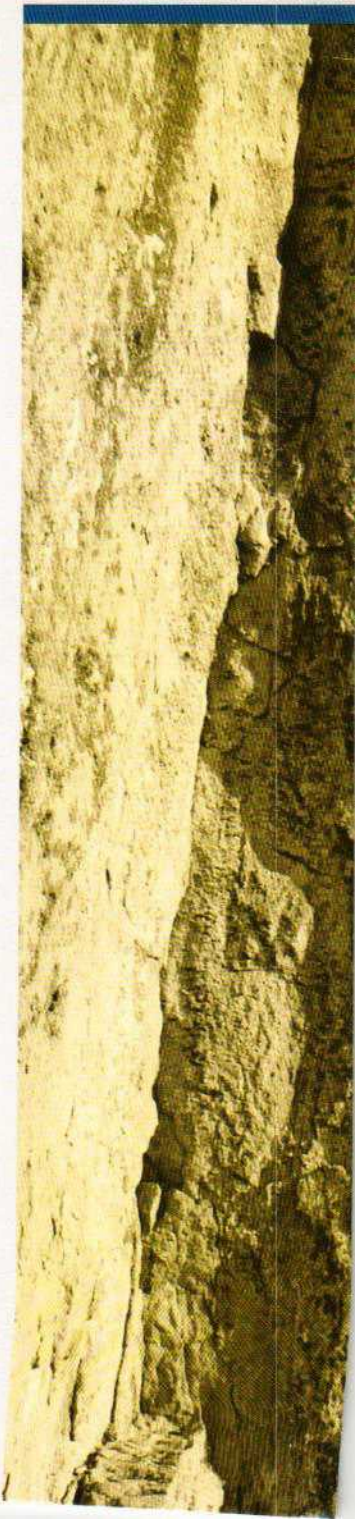
Samin Textiles Limited

50-C, Main Gulberg, Lahore - Pakistan.

Tel: +92 42 3575 3761

Fax: +92 42 3575 3688

Designed & Produced by **inklinks**  info@inklinksonline.com  +92 42 35160431 - 432



STATEMENT

CONTENTS

About the Company	02
Corporate Information	04
Vision & Mission Statement	06
Directors' Report	08
Notice of Annual General Meeting	13
Pattern of Shareholding	14
Statement of Compliance with the Code of Corporate Governance	16
Review Report to the Members	18

Separate Financial Statements

Auditors' Report to the Members	21
Balance Sheet	22
Profit and Loss Account	24
Statement of Comprehensive Income	25
Cash Flow Statement	26
Statement of Changes in Equity	27
Notes to the Financial Statements	28

Consolidated Financial Statements

Auditors' Report to the Members	55
Consolidated Balance Sheet	56
Consolidated Profit and Loss Account	58
Consolidated Statement of Comprehensive Income	59
Consolidated Cash Flow Statement	60
Consolidated Statement of Changes in Equity	61
Notes to the Consolidated Financial Statements	62
Form of Proxy	89

Challenge

ABOUT THE COMPANY

Samin Textiles Limited is a weaving unit with an average annual production capacity of 27.00 million running meters of the best quality greige cloth based on three shifts a day and 365 working days per annum.

At its inception Samin was primarily involved with the manufacture of narrow width commodity textiles that were easy to produce and easy to sell in the export market.

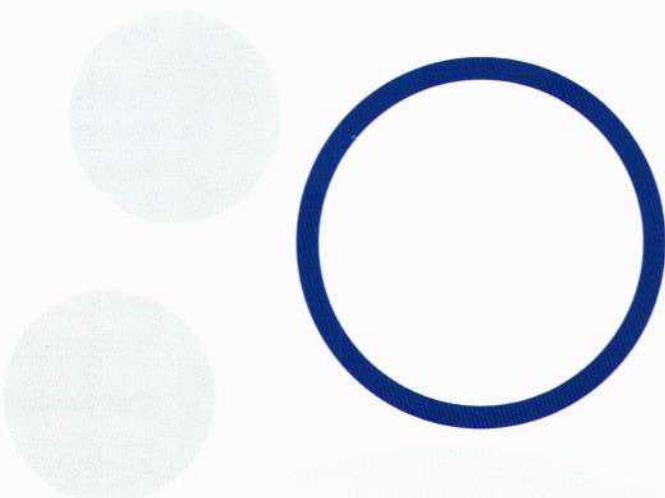
The narrow width business has seen a significant change in the product mix as well as the targeted customers. From simple twills and drills, Samin has shifted to the manufacture of specialized and niche items such as abrasive fabric for industrial use, mechanical stretch items for specialized work wear and corduroy and dyed-yarn fabric for the high end fashion market.

With these changes in product range, so has the customer base shifted from the Far-East to Europe and where ever else in the world our top quality fabric required.

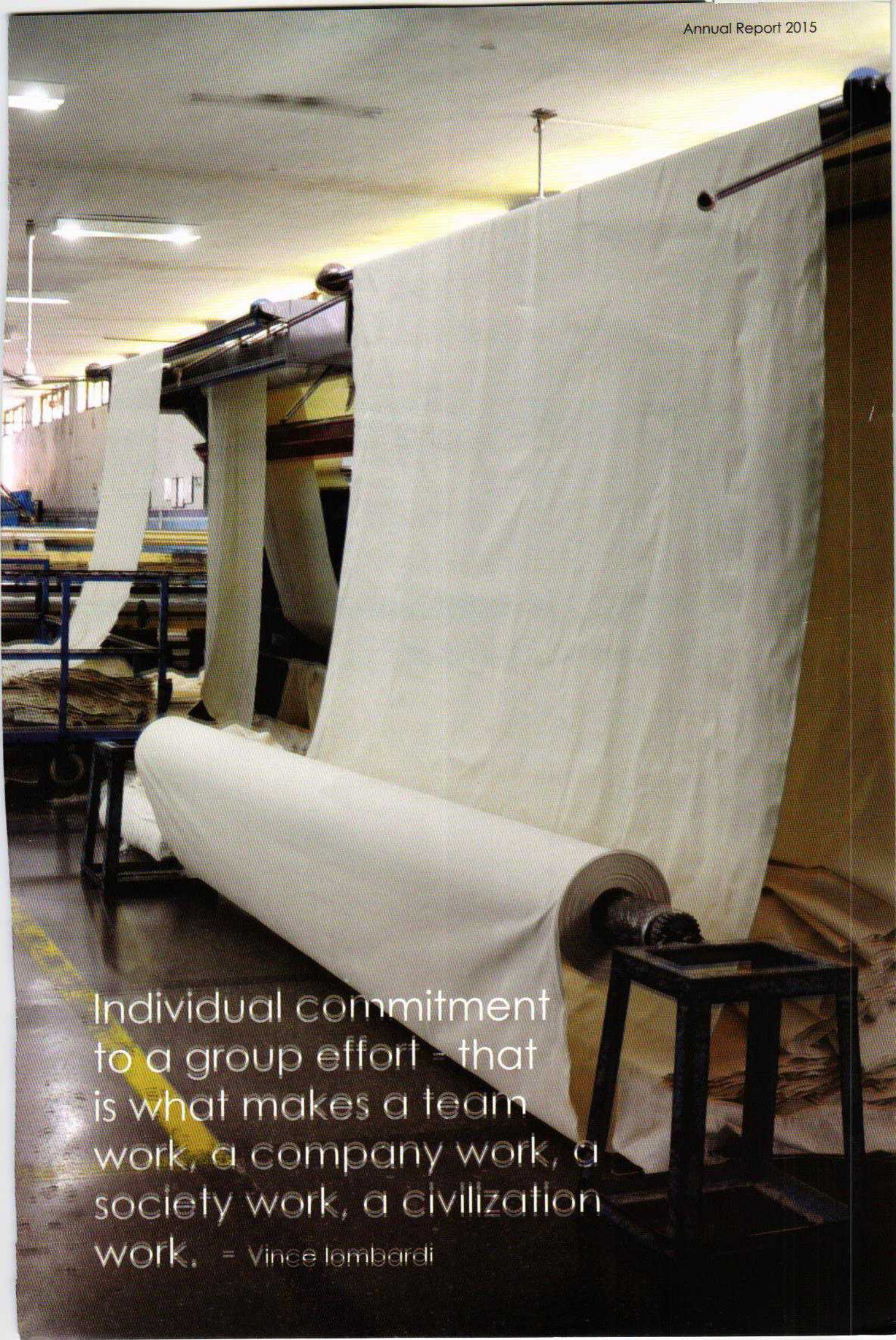
Over a period of twenty five years of its existence, Samin has established itself as an internationally renowned greige fabric specialist giving priority to quality and unparalleled service.

Samin has its own gas fired generators for prime source of electricity and LESCO connection for backup source of power.

The Board of Directors of the Company comprises of the leading business / professionals of Pakistan.



We believe in setting benchmarks in quality and value. This is ensured by our undeterred focus right from a careful selection of raw materials and state-of-the-art production process to a laser focused and dedicated work force, thus creating a perfect mix of technology and expertise to enable us to exceed customer expectations.

A photograph of a paper mill interior. Large rolls of paper are being processed on machinery. The scene is industrial with overhead lights and metal structures.

Individual commitment
to a group effort - that
is what makes a team
work, a company work, a
society work, a civilization
work. = Vince Lombardi

CORPORATE INFORMATION

Board of Directors

Mr. Sarmad Amin	Chairman
Mr. Jehanzeb Amin	Chief Executive
Mr. Shehryar Amin	
Mr. Safder Hussain Tariq	
Mr. Tariq Jillani	
Mr. Qamber Hamid	Independent Director
Mr. Jamil Masud	

Audit Committee

Mr. Jamil Masud	Chairman
Mr. Tariq Jillani	Member
Mr. Qamber Hamid	Member
Mr. Wasim Abbas	Secretary

Human Resource & Remuneration Committee

Mr. Jamil Masud	Chairman
Mr. Tariq Jillani	Member
Mr. Salman Chaudhary	Member

Chief Financial Officer

Mr. Safder Hussain Tariq

Company Secretary

Mr. Sohail Omer

Chief Internal Auditor

Mr. Wasim Abbas

Auditors

Grant Thornton Anjum Rahman
Chartered Accountants

Legal Advisor

Imtiaz Siddiqui & Associates

Leading Banks

National Bank of Pakistan
Askari Bank Limited
Bank Alfalah Limited
Summit Bank Limited
NIB Bank Limited
Allied Bank Limited
Pak Libya Holding Company (Private) Limited
Pak Oman Investment Company Limited
Soneri Bank Limited
Orix Leasing Pakistan Limited
Pak China Investment Company Limited

Shares Registrar

Corplink (Pvt) Limited
Wings Arcade,
1-K, Commercial Model Town,
Lahore, Pakistan.
Tel: 92 - 42 - 35839182
Fax: 92 - 42 - 35869037

Registered/Head Office

50-C, Main Gulberg,
Lahore, Pakistan.
Tel: 92 - 42 - 35753761
Fax: 92 - 42 - 35753688

Mills

8th Kilometer,
Manga - Raiwaind Road,
District Kasur, Pakistan.



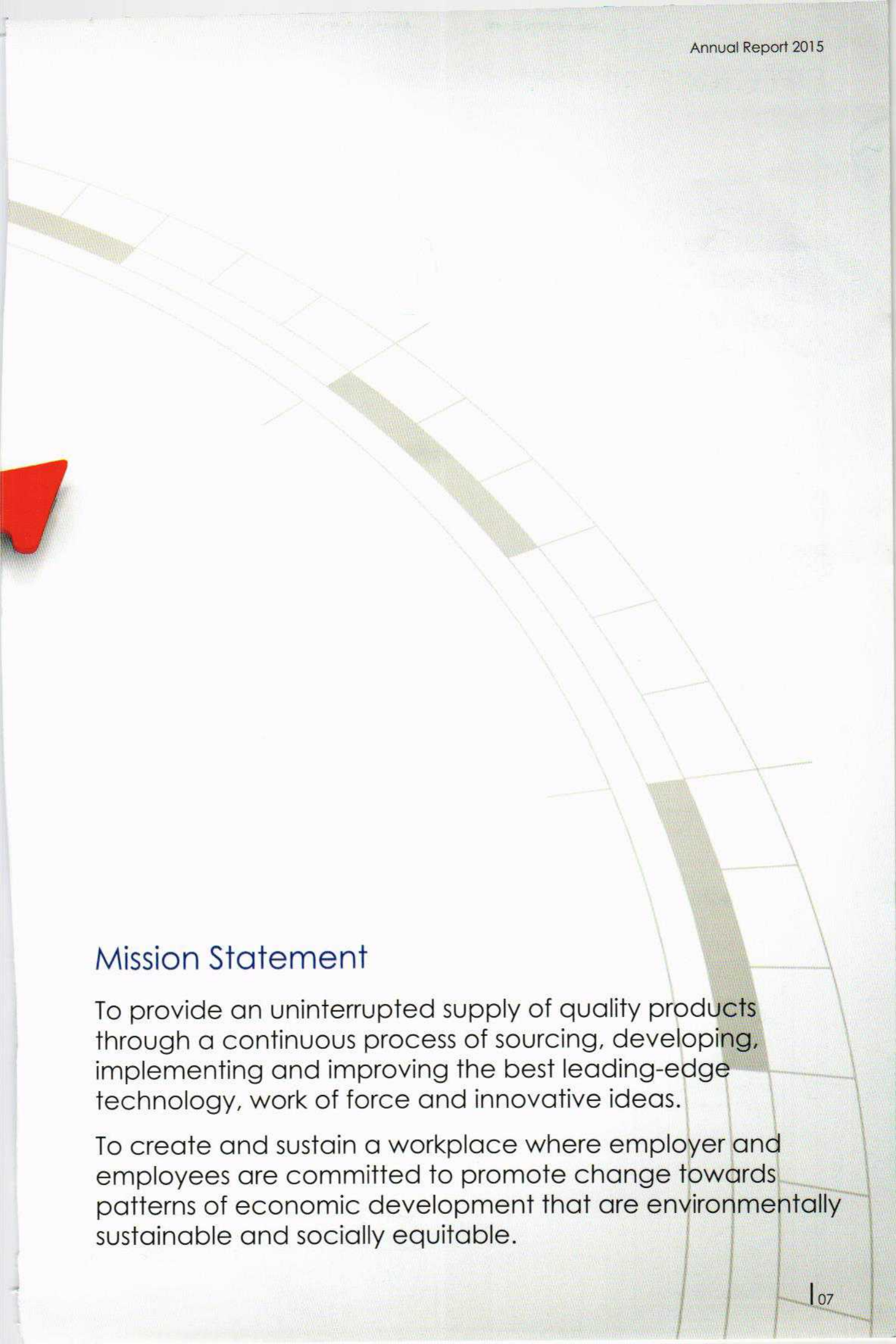
Commitment is pushing
yourself when no one
else is around.

VISION & MISSION STATEMENT

Vision Statement

To develop into an institution delivering extra value through superior product quality and professionally principal management.

To stay abreast of technological advancements and human resource development to meet the changing and challenging requirements of our customers.



Mission Statement

To provide an uninterrupted supply of quality products through a continuous process of sourcing, developing, implementing and improving the best leading-edge technology, work of force and innovative ideas.

To create and sustain a workplace where employer and employees are committed to promote change towards patterns of economic development that are environmentally sustainable and socially equitable.

DIRECTORS' REPORT

On behalf of the Board of Directors the undersigned takes pleasure to present before you the twenty sixth Annual Report for the financial year ended June 30, 2015 along with Auditors' Report there on.

OPERATING FINANCIAL RESULTS

During the financial year under review, Company's sales stood at Rs. 1.643 billion as compared to Rs. 2.537 billion in the corresponding year.

The company posted net profit after tax of Rs. 518.510 million as compared to loss of Rs. 147.740 million in the corresponding year.

The composition of profit of Rs. 518.510 million is as under:-

Rs. (million)

(Loss) from operations before tax	(353.098)
Capital Gain on disposal of investment	860.937
Net Profit Before Tax	507.839
Net Profit After Tax	518.510

A- The major reasons of said operating losses of the company are explained here under:-

- i. production losses due to non availability of energy,
- ii erratic supply of energy caused production losses and erosion of working capital, whereby the optimum plant efficiency could not be achieved and the project incurred idle running cost and heavy losses; and
- iii depressed market conditions for greige fabric in local as well as international market.

B- Capital Gain of Rs. 860.936/- million is composed of the following transactions:-

	Rupees in million
i. on sale of 3,684,914 shares of Security General Insurance Company Limited (SGICL) @ Rs. 95/- to Adamjee Insurance Co. Ltd. against cash.	350.066
ii. on sale of 6,530,000 shares of SGICL @ Rs. 94/- to Samin's wholly owned subsidiary NIMAS Trading (Pvt.) Ltd. on deferred payment basis.	613.820

Gross Capital Gain	963.886
Less: Cost of Investment	(102.949)
Net Capital Gain	860.936

SIGNIFICANT FINANCIAL HIGHLIGHTS DURING LAST SIX YEARS

		2015	2014	2013	2012	2011	2010
Sales	Rs.(m)	1,642.57	2,537.08	2,709.12	2,434.66	3,096.48	1,810.68
Profit / (Loss) after tax	Rs.(m)	518.51	(147.74)	(139.69)	(122.69)	45.822	(29.468)
Reserves	Rs.(m)	137.30	701.451	1146.83	704.40	527.45	470.35
Gross Profit / (Loss) Ratio	%	(10.21)	1.22	1.96	3.58	9.40	4.50
Net Profit / (Loss) Ratio	%	31.57	(5.82)	(5.15)	(5.04)	1.48	(1.63)
Break-up Value /Share	Rs.(m)	25.00	46.45	65.53	36.35	37.72	62.01
Current Ratio	Times	0.94	1.00	1.55	1.69	1.43	1.38
Debt/Equity Ratio	Ratio	25:75	12:88	10:90	11:89	1:99	2:98
Dividend pay out %	%	Nil	Nil	Nil	Nil	Nil	Nil
Earning/(Loss) per Share	Rs.(m)	19.40	(5.53)	(5.22)	(4.59)	2.28	(2.21)
Fixed Assets	Rs.(m)	881.13	903.518	965.959	994.49	789.657	837.842
Long Term Liabilities	Rs.(m)	133.91	126.184	191.763	121.486	10.898	19.566

FUTURE OUTLOOK / STRATEGY

The management of the company is putting its best professional efforts for turnaround of the project but the entire textile sector specially the weaving is depressed for quite sometime. This situation prevails due to low demand of greige fabric both in local and international market. However, it is bound to bounce back according to laws of economics and those who can sustain the pressure and pass through this rough patch will be able to get benefit of up coming opportunities.

In Pakistan, greige fabric market is facing a tough competition from China and India who are more competitive in energy and labor cost. Moreover, they don't have energy crisis which results in production losses and ultimately increase in cost of production. The management is of the opinion that this is the time when government should come forward to support the industry in terms of export rebate scheme and rationalization of dollar rupees parity. Such measures will put the industry back to its own feet.

In order to make the project more competitive, the management is planning to replace the old looms and machinery of 1992 model which are of slow speed and consume more electricity and air pressure as compared to new looms which have 40% higher RPMs and 30% less consumption of energy and air pressure. For this purpose, a BMR plan is under consideration and necessary fund raising proposals are in progress.

The management is cognizant of these facts and strives to take all necessary measures to turnaround the company in a profitable unit.

CORPORATE GOVERNANCE

The Board of Directors of Samin Textiles and its management are fully conversant with its responsibilities as formulated in Code of Corporate Governance as incorporated in the listing regulations of stock exchanges. The prescribed practices are effectively under implementation in the company and there has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.

The statements as required by the Code of Corporate Governance are given below:

1. Presentation of Financial Statement

The financial statements, prepared by the management of the company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

2. Books of Account

The company has maintained proper books of Account.

3. Accounting Policies

Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

4. International Financial Reporting Standards (IFRS)

International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

5. Accounting Year

The accounting year of the company is from July 01 to June 30.

6. Audit Committee

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee and the following are its members:

Mr. Jamil Masud	Chairman
Mr. Tariq Jillani	Member
Mr. Qamber Hamid	Member
Mr. Wasim Abbas	Secretary

7. Safety and Environment

The company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly policies.

8. Going Concern

As regard to going concern, please see the details mentioned in note 1.2 of the financial statements.

9. Internal Control System

The system of internal control is sound in design and has been effectively implemented and monitored. The review will continue in future for the improvement in controls.

10. Trading Company's Shares

Board of Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children have made no transaction of company's shares during the year except that mentioned in "Pattern of shareholding".

11. Outstanding Statutory Dues

There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on 30 June 2015 except for those disclosed in the financial statements.

12. Contingencies and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors' Report, except for disclose in the financial statements.

13. Dividend

Due to the circumstances already discussed, the Board of Directors does not recommend any dividend for the year ended 30 June 2015.

14. Quality Control

To ensure implementation of the information Management System, Internal Quality Audits, Surveillance Audits and Management Review Meetings are conducted regularly.

15. Communication

Communication with the shareholders is given high priority. Annual, Half Yearly and Quarterly Accounts are distributed to them within the time specified in the Companies Ordinance, 1984. Every opportunity is given to the individual shareholders to attend and freely ask questions about the company operations at the Annual General Meeting.

16. Board Meetings

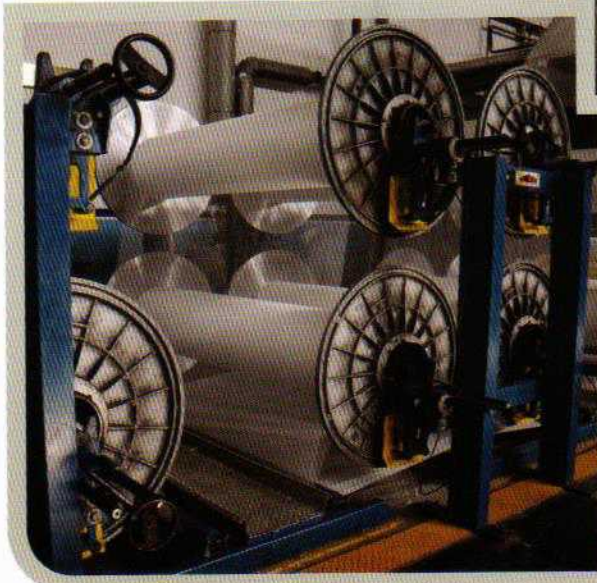
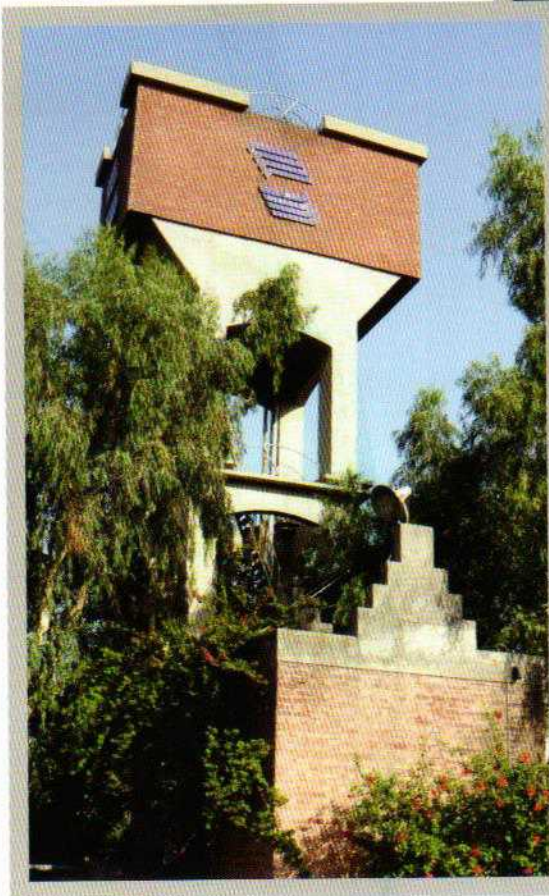
During the year, five meetings of Board of Directors were held and the attendance of Directors was as under:-

Mr. Sarmad Amin	05 Nos
Mr. Jehanzeb Amin	05 Nos
Mr. Shehryar Amin	04 Nos
Mr. Jamil Masud	03 Nos.
Mr. Safder Hussain Tariq	05 Nos.
Mr. Tariq Jillani	05 Nos.
Mr. Qamber Hamid	04 Nos

(However, leave of absence was granted to the Directors who could not attend the Board Meetings due to their pre-occupations.)

17. Audit Committee Meetings

The Audit Committee held four (4) meetings during the year. Attendance by each member was as follows:-



Mr. Jamil Masud	04 Nos.
Mr. Tariq Jillani	03 Nos.
Mr. Qamber Hamid	03 Nos.
Mr. Wasim Abbas	04 Nos.

18. HR Committee Meetings

The HR Committee held one (1) meeting during the year. Attendance by each member was as follows:-

Mr. Jamil Masud	01 Nos.
Mr. Tariq Jilani	01 Nos.
Mr. Salman Chaudhry	01 Nos.

19. Auditors

On the suggestion of Audit Committee, the Board of Directors of the Company recommended the re-appointment of M/s Grant Thornton Anjum Rahman, Chartered Accountants, as the auditors of the Company for the year ending June 30, 2016.

20. Staff Retirement Benefits

The Company is operating a provident fund scheme for its employees, for which a separate trust is operated.

21. Pattern Of Shareholding And Information Under Clause XVI (J) Of The Code Of Corporate Governance

The information under this head as on June 30, 2015 is annexed.

ACKNOWLEDGEMENT

The Board is pleased and appreciates continued support of its bankers, dedication and hard work of all the employees of the company.

On behalf on the Board of Director



Jehanzeb Amin
Chief Executive

Lahore: July 25, 2015

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the shareholders of Samin Textiles Limited (the "Company") will be held on Monday, 24th August 2015 at 4:00 pm at the registered office of the Company, 50-C Main Gulberg, Lahore, to transact the following business:

ORDINARY BUSINESS

- i) To confirm the minutes of last AGM held on October 27, 2014.
- ii) To receive, consider and adopt the Separate & Consolidated Audited Financial Statements of the Company for the year ended June 30, 2015 together with the Directors' and Auditors' Reports thereon.
- iii) To appoint auditors of the Company for the year ending June 30, 2016 and fix their remuneration. The retiring auditors M/S Grant Thornton Anjum Rahman, Chartered Accountants, being eligible, offer themselves for re-appointment.
- iv) To transact any other business with the permission of the chair.

By order of the Board



Sohail Omer

Company Secretary

Lahore:
August 01, 2015

Notes:

1. The share transfer books of the Company will remain closed from August 17th, 2015 to August 24th, 2015 (both days inclusive).
2. A member entitled to attend and vote at this meeting is entitled to appoint any other member/ any other person as his/her proxy to attend and vote.
3. Duly completed instrument of proxy and the other authority under which it is signed, thereof, must be lodged with the secretary of the company at the Registered Office of the Company (50, C main Gulberg, Lahore.) at least 48 hours before the time of the meeting.
4. Shareholders are requested to promptly notify any change in their addresses to the Company's Share Registrar, M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.

5. The CDC account holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

- i) In case of Individuals, the account holder and or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC, or, original passport at the time of attending the Meeting.
- ii) In case of corporate entity, the Board of Directors resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies

- i) In case of Individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form accordingly.
- ii) The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of the CNIC or the passport.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company.
6. Accounts of the company for the year ended June 2015 has been provided on the Company's website (www.samintextile.com)

PATTERN OF SHAREHOLDING

the Companies Ordinance, 1984 (Section 236(1) & 464)

Incorporation Number

0020624

FORM 34

Name of the Company

SAMIN TEXTILES LIMITED.

Pattern of holding of the shares held by the shareholders as at

30-06-2015

No. of Shareholders	From	Shareholding	To	Total Shares Held
76	1		100	1,927
208	101		500	102,270
107	501		1,000	104,484
173	1,001		5,000	479,233
39	5,001		10,000	327,210
22	10,001		15,000	287,266
11	15,001		20,000	197,000
11	20,001		25,000	258,370
13	25,001		30,000	359,805
4	30,001		35,000	130,500
3	35,001		40,000	114,000
3	40,001		45,000	125,000
3	45,001		50,000	143,000
4	50,001		55,000	209,001
1	55,001		60,000	56,000
1	65,001		70,000	69,000
1	80,001		85,000	83,525
1	90,001		95,000	95,000
2	95,001		100,000	199,000
1	100,001		105,000	104,000
1	105,001		110,000	110,000
1	110,001		115,000	110,500
1	165,001		170,000	166,500
1	180,001		185,000	181,000
1	220,001		225,000	225,000
1	230,001		235,000	233,000
1	265,001		270,000	267,500
1	375,001		380,000	376,160
2	495,001		500,000	1,000,000
1	585,001		590,000	588,000
1	850,001		855,000	854,000
1	895,001		900,000	898,300
1	1,095,001		1,100,000	1,095,067
1	1,600,001		1,605,000	1,604,838
1	3,545,001		3,550,000	3,548,933
1	12,020,001		12,025,000	12,023,611
701				26,728,000

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	18,030,504	67.4592%
Associated Companies, undertakings and related parties.	-	0.0000%
NIT and ICP	-	0.0000%
Banks Development Financial Institutions, Non Banking Financial Institutions.	1,604,917	6.0046%
Insurance Companies	854,000	3.1952%
Modarabas and Mutual Funds	53,500	0.2002%
Share holders holding 10% or more	16,072,544	60.1337%
General Public	5,925,356	22.1691%
Others (to be specified)		
1-Pension Funds	12,794	0.0479%
2- Joint Stock Companies	246,480	0.9222%
3- Others	449	0.0017%

Signature of Company Secretary

Sohail Omer

Name of Signatory

Sohail Omer

Designation

Company Secretary

NIC Number

35202-9320899-1

Date

30 06 2015

CATEGORIES OF SHAREHOLDING

required under Code of Corporate Governance (CCG) as on June 30, 2015

Sr.	Name	No. of shares held	Percentage
Associated Companies, Undertakings and Related Parties		-	-
Mutual Funds (Name Wise Detail)			
1	CDC - TRUSTEE AKD OPPRTUNITY FUND (CDC)	53,500	0.2002%
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. SARMAD AMIN	16,072,544	60.1337%
2	MR. SAFDER HUSSAIN TARIQ	500	0.0019%
3	MR. JEHAZEB AMIN (CDC)	181,000	0.6772%
4	MR. TARIQ JILLANI	500	0.0019%
5	MR. JAMIL MASUD	500	0.0019%
6	MR. TARIQ ALI	500	0.0019%
7	MR. SALMAN MAHMOOD CHAUDHRY	500	0.0019%
8	MRS. MEHVASH AMIN W/O SARMAD AMIN	1,774,460	6.6390%
EXECUTIVE:		-	-
PUBLIC SECTOR COMPANIES & CORPORATIONS:		-	-
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE		2,471,711	9.2476%
COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS:			
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTREST IN THE LISTED COMPANY (NAME WISE DETAIL)			
1	MR. SARMAD AMIN	16,072,544	60.1337%
2	MRS. MEHVASH AMIN W/O SARMAD AMIN	1,774,460	6.6390%
3	NATIONAL BANK OF PAKISTAN.(CDC)	1,604,917	6.0046%
ALL TRADES IN THE SHARES OF THE LISTED COMPANY, CARRIED OUT BY ITS DIRECTORS, EXECUTIVES AND THEIR SPOUSES AND MINOR CHILDREN SHALL ALSO BE DISCLOSED:			
NIL			

STATEMENT OF COMPLIANCE

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



This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Name
Independent Directors	Mr. Qamber Hamid
Executive Directors	Mr. Jehanzeb Amin
	Mr. Shehryar Amin
	Mr. Safdar Hussain Tariq
Non-Executive Directors	Mr. Sarmad Amin
	Mr. Tariq Jilani
	Mr. Jamil Masud

loan to a banking company, a DFI or an NBFIL.

4. No casual vacancy occurred on the Board during the current year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved and amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the

meeting. The minutes of the meeting were appropriately recorded and circulated.

9. In accordance with the criteria specified in clause (xi) of CCG, two directors of the company are exempted from the requirement of directors' training program, whereas remaining directors are getting training in accordance with the specified directors training program.
10. Mr. Waseem Abbas was assigned duties of Head of Internal Audit. The Board has approved appointment of Head of Internal Audit and the terms and conditions of his appointment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by the CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises of three members which has independent director and non-executive directors including chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are non-executive directors including the chairman of the committee.
18. The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the company's securities, was determined and intimated to the directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf on the Board of Director



Jehanzeb Amin
Chief Executive

Lahore: July 25, 2015



Grant Thornton

An instinct for growth™

Grant Thornton Anjum Rahman

1-Inter Floor, Eden Centre,
43-Jail Road, Lahore 54000,
Pakistan.

T +92 42 37423 621-23, 37422 987-88

F +92 42 37425 485

www.gtpak.com

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2015 prepared by the Board of Directors of **Samin Textiles Limited** (the Company) to comply with the Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges where the Company is listed.

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

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

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

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

Grant Thornton Anjum Rahman
CHARTERED ACCOUNTANTS

Engagement Partner: Imran Afzal
Lahore

Dated: July 25, 2015

Chartered Accountants

Member of Grant Thornton International Ltd
Offices in Karachi & Islamabad

18 | Samin Textiles Limited

SEPARATE FINANCIAL STATEMENTS



This page has been left blank intentionally



Grant Thornton

An instinct for growth™

Grant Thornton Anjum Rahman

1-Inter Floor, Eden Centre,
43-Jail Road, Lahore 54000,
Pakistan.

T +92 42 37423 621-23, 37422 987-88

F +92 42 37425 485

www.gtpak.com

AUDITORS' REPORT TO THE MEMBERS

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

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

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

- a) 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 except for change in accounting policy as referred in note 3.7 with which we concur;
 - (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 your opinion and the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit total comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention to note 1.2 to the financial statements which describes that during the year ended June 30, 2015, the Company has incurred gross loss amounting to Rs. 167.65 million mainly due to non-availability of gas & electricity and depressed market conditions for grey fabric resulting in short fall of working capital and negative cash flows from operating activities. These conditions indicate existence of a material uncertainty that many cast significant doubt about the entity's ability to continue as a going concern. These financial statements have, however, been prepared on a going concern basis for the reasons, as more fully explained in note 1.2 to the financial statement.

Grant Thornton Anjum Rahman
CHARTERED ACCOUNTANTS

Engagement Partner: Imran Afzal
Lahore

Dated: July 25, 2015

Chartered Accountants

Member of Grant Thornton International Ltd

Offices in Karachi & Islamabad

18 | Samin Textiles Limited

BALANCE SHEET

AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Equity and liabilities			
Share capital and reserves			
Share capital	4	267,280,000	267,280,000
Reserves	5	137,304,455	701,451,810
Total share capital and reserves		404,584,455	968,731,810
Surplus on revaluation of property, plant and equipment	6	263,526,284	272,880,194
Liabilities			
Non-current			
Sub-ordinated loan	7	10,411,566	10,411,566
Long term financing - secured	8	123,499,619	115,772,617
Liabilities against assets subject to finance lease	9	-	-
Deferred liabilities	10	23,341,406	307,974,194
Total non-current liabilities		157,252,591	434,158,377
Current			
Trade and other payables	11	345,926,606	247,892,382
Interest accrued on borrowings	12	31,777,580	35,687,172
Short term borrowings	13	802,034,940	896,175,554
Current portion of long term borrowings	14	51,211,536	110,301,440
Total current liabilities		1,230,950,662	1,290,056,548
Total liabilities		1,388,203,253	1,724,214,925
Total equity and liabilities		2,056,313,992	2,965,826,929
Contingencies and commitments	15		

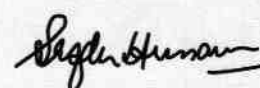
The annexed notes 1 to 47 form an integral part of these financial statements.

BALANCE SHEET

AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Assets			
Non-current			
Property, plant and equipment	16	881,130,005	903,518,334
Intangible assets	17	1,307,280	2,145,280
Long term investments	18	1,100,000	405,770,000
Long term deposits	19	12,418,239	12,823,739
Total non-current assets		895,955,524	1,324,257,353
Current			
Stores, spare parts and loose tools	20	64,098,850	76,754,664
Stock in trade	21	232,261,885	320,747,469
Trade debts	22	111,910,448	57,619,607
Loans and advances	23	18,664,953	20,245,940
Trade deposits and prepayments	24	1,178,640	1,228,640
Tax refunds due from government	25	98,980,112	91,398,423
Investments	26	-	705,330,000
Other receivables	27	613,820,000	-
Interest accrued		511,319	365,269
Cash and bank balances	28	18,932,261	17,812,734
Total current assets		1,160,358,468	1,291,502,746
Non-current assets classified as held for sale	29	-	350,066,830
Total assets		2,056,313,992	2,965,826,929

The annexed notes 1 to 47 form an integral part of these financial statements.


SAFDER HUSSAIN TARIQ
Director

PROFIT AND LOSS ACCOUNT

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales	30	1,642,567,939	2,537,083,201
Cost of sales	31	(1,810,217,728)	(2,506,058,719)
Gross (loss) / profit		(167,649,789)	31,024,482
Other income	32	890,888,699	68,159,991
Distribution cost	33	(28,839,268)	(41,033,946)
Administrative expenses	34	(59,940,638)	(57,583,223)
Other operating expenses	35	(979,499)	(425,018)
Operating profit		633,479,505	142,286
Finance cost	36	(125,640,539)	(143,352,674)
Profit / (loss) before taxation		507,838,966	(143,210,388)
Taxation	37	10,671,055	(4,529,952)
Profit / (loss) after taxation		518,510,021	(147,740,340)
Earning / (loss) per share - basic and diluted	39	19.40	(5.53)

The annexed notes 1 to 47 form an integral part of these financial statements.

Lahore
July 25, 2015


JEHANZEB AMIN
Chief Executive


SAFDER HUSSAIN TARIQ
Director

STATEMENT OF COMPREHENSIVE INCOME

for the year ended June 30, 2015

	2015 Rupees	2014 Rupees
Profit / (loss) after taxation	518,510,021	(147,740,340)
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss		
(Loss) on remeasurement of available-for-sale investment to fair value - net of tax	-	(308,719,085)
Transfer of remeasurement/ unrealized fair value loss to profit & loss account on disposal of available for sale investment - net of tax	(1,092,011,286)	-
Other comprehensive income for the year	(1,092,011,286)	(308,719,085)
Total comprehensive income for the year	(573,501,265)	(456,459,425)

The annexed notes 1 to 47 form an integral part of these financial statements.

Lahore
July 25, 2015


JEHANZEB AMIN
Chief Executive


SAFDER HUSSAIN TARIQ
Director

CASH FLOW STATEMENT

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Cash flows from operating activities			
Cash (used in) / generated from operations	41	(27,099,981)	54,023,431
Taxes paid		(22,066,844)	(28,514,984)
Net cash (used in) / from operating activities		(49,166,825)	25,508,447
Cash flows from investing activities			
Decrease in long term deposits		405,500	-
Proceeds from disposal of long term investment		349,966,830	1,150,000
Proceeds from disposal of property, plant and equipment		25,000	608,000
Additions in property, plant and equipment		(54,442,331)	(18,923,745)
Dividend received		29,385,000	40,859,656
Net cash from investing activities		325,339,999	23,693,911
Cash flows from financing activities			
(Decrease) / increase in short term borrowings		(94,140,614)	107,662,704
(Decrease) in long term financing - net		(51,522,957)	(17,869,485)
Repayment of liabilities against assets subject to finance lease		(966,195)	(1,045,180)
Finance cost paid		(128,423,881)	(142,246,235)
Net cash (used in) financing activities		(275,053,647)	(53,498,196)
Net change in cash and cash equivalents		1,119,527	(4,295,838)
Cash and cash equivalents at beginning of the year		17,812,734	22,108,572
Cash and cash equivalents at end of the year	28	18,932,261	17,812,734

The annexed notes 1 to 47 form an integral part of these financial statements.

Lahore
July 25, 2015


JEHANZEB AMIN
Chief Executive


SAFDER HUSSAIN TARIQ
Director

STATEMENT OF CHANGES IN EQUITY

for the year ended June 30, 2015

	Issued, subscribed and paid-up capital Rupees	Capital reserve- Surplus on revaluation of investment to fair value Rupees	Reserves		Total equity Rupees
			Revenue reserve- Accumulated profits Rupees	Sub total Rupees	
Balance as at July 01, 2013	267,280,000	1,400,730,371	(253,895,906)	1,146,834,465	1,414,114,465
Loss for the year	-	-	(147,740,340)	(147,740,340)	(147,740,340)
Other comprehensive income for the year	-	(308,719,085)	-	(308,719,085)	(308,719,085)
Total comprehensive income for the year	-	(308,719,085)	(147,740,340)	(456,459,425)	(456,459,425)
Transfer from surplus on revaluation of property, plant and equipment-net of tax	-	-	11,076,770	11,076,770	11,076,770
Balance as at June 30, 2014	267,280,000	1,092,011,286	(390,559,476)	701,451,810	968,731,810
Balance as at July 01, 2014	267,280,000	1,092,011,286	(390,559,476)	701,451,810	968,731,810
Profit for the year	-	-	518,510,021	518,510,021	518,510,021
Other comprehensive income for the year	-	(1,092,011,286)	-	(1,092,011,286)	(1,092,011,286)
Total comprehensive income for the year	-	(1,092,011,286)	518,510,021	(573,501,265)	(573,501,265)
Transfer from surplus on revaluation of property, plant and equipment-net of tax	-	-	9,353,910	9,353,910	9,353,910
Balance as at June 30, 2015	267,280,000	-	137,304,455	137,304,455	404,584,455

The annexed notes 1 to 47 form an integral part of these financial statements.

Lahore
July 25, 2015


JEHANZEB AMIN
Chief Executive


SAFDER HUSSAIN TARIQ
Director

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

1 STATUS AND ACTIVITIES

- 1.1 Samin Textiles Limited ("the Company") was incorporated in Pakistan on November 27, 1989 as a public limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 50-C, Main Gulberg, Lahore and the plant is located at 8 Kilometer, Manga Raiwind Road, Kasur. The Company is currently listed on Karachi and Lahore Stock Exchanges in Pakistan. The principal business of the Company is manufacturing and sale of cloth.
- 1.2 During the year, the Company incurred gross loss amounting to Rs. 167.650 million mainly due to non-availability of gas & electricity and depressed market conditions for grey fabric in local & international market resulting in short fall of working capital and negative cash flows from operating activities. There are material uncertainties that may cast doubt on the entity's ability to continue as a going concern, however, these financial statements have been prepared on going concern basis on the grounds that the Company will be able to achieve satisfactory levels of profitability in the future based on the following plans drawn up by the management for this purpose so that the Company will have the resources to continue its business in a profitable manner:

- Financial Projections

The management of the Company has prepared a set of financial projections for a period of five years to analyze the Company's sustainability in the future periods with a particular focus on the twelve months period ending June 30, 2016. The financial projections are based on various assumptions such as BMR, interest rates, interest repayments, receipts from disposal of its investment held in SGI amounting to Rs. 613.82 million, availability of gas / LNG and electricity etc.

These financial projections have been approved by the Board of Directors of the Company and has been subjected to stressed scenarios which the Board considered to be reasonable and appropriate.

- Financial commitment from sponsors

The sponsors of the Company have explicitly provided a commitment to provide necessary financial support to the Company, if the need arises, to address any liquidity and solvency issues to enable the Company to continue its business.

The assessment of appropriateness of using the going concern basis of accounting has been subject to a due governance process involving the Audit Committee and the Board of Directors of the Company. In making such assessments, the Directors have taken into account all facts and circumstances as referred to in the above paragraphs. After considering the financial projections, in particular those for the period up to June 30, 2016, the Directors have reasonable expectation that the Company will have adequate resources to continue its business over this period.

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 (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 shall prevail.

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

The Company has adopted the following revised standards, amendments and interpretation of IFRSs which became effective during the current year:

IFRIC 21	Levies
IAS 19	Employee Contributions
IAS 32	Offsetting Financial Assets and Financial liabilities
IAS 36	Recoverable Amount for Non-Financial Assets
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting - (Amendment)

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on these financial statements.

2.3 Standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended .

Standard or Interpretation

Effective Date (Annual period beginning on or after)

IFRS 13	Fair Value Measurement	01 January 2015
IFRS 10	Consolidated Financial Statements	01 January
IFRS 11	Joint Arrangements	01 January 2015
IFRS 12	Disclosure of Interests in Other Entities	01 January 2015
IAS 16 and 38	Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 and 41	Agriculture: Bearer Plants	01 January 2016

The Company expects that adoption of above new standards and amendments of the standards will not affect significantly the Company's financial statements in the period of initial application.

In addition to the above, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard

IASB effective date (Annual periods beginning on or after)

IFRS 9	Financial Instruments: Classification and	01 January 2018
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 15	Revenue from Contracts with Customers	01 January 2017

2.4 Accounting convention

These accounts have been prepared under the historical cost convention, except for revaluation of free hold land and building on freehold land and investment at fair value.

2.5 Critical accounting estimates and judgments

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

-assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment;

-assumptions and estimates used in determining the useful lives and residual values of intangibles assets;

-assumptions and estimates used in writing down items of stock in trade to their net realizable value;

-assumptions and estimates used in calculating the provision for impairment for trade debts;

-assumptions and estimates used in determining fair value of available-for-sale investment;

-assumptions and estimates used in the recognition of income taxes; and

-assumptions and estimates used in disclosure and assessment of provision for contingencies.

2.6 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is the Company's functional and presentation currency. Figures in the financial statements have been rounded off to the nearest Rupee unless otherwise stated.

2.7 These are separate financial statements of Samin Textiles Limited. Consolidated financial statements of Samin Textiles Limited and its subsidiaries and its associates are being issued separately.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Employee benefits

Defined contribution plan

The Company operates unapproved funded contributory provident fund for all its employees who have completed minimum qualifying period of service as defined under the respective scheme. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of basic salary.

3.2 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemption available, if any, and tax paid on presumptive basis.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses and credits can be utilized. Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

3.3 Property, plant and equipment

Property, plant and equipment except freehold land and building on freehold land are stated at cost less accumulated depreciation and impairment in value. Freehold land and building on freehold land are stated at revalued amount. Capital work in progress and stores held for capital expenditure are stated at cost less impairment loss, if any. Cost also includes borrowing cost as referred in the relevant accounting policy.

Depreciation is charged to income applying the reducing balance method over the estimated useful life at the rates specified in property, plant and equipment note 16.

Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gain or loss on disposal of property, plant and equipment is taken to profit or loss.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

Any surplus arising on revaluation of property, plant and equipment is credited to the "Surplus on revaluation of property, plant and equipment" account. Revaluation is carried out sufficiently to ensure that the carrying amounts of assets do not differ materially from the fair value. The surplus on revaluation on these assets can only be utilized in the manner specified in section 235 of the Companies Ordinance, 1984 and Notification No. S.R.O.45(I)/2003 dated January 13, 2003.

3.4 Accounting for finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognized as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. Lease payments are appropriated between finance costs and reduction of the liabilities against assets subject to

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Assets so acquired are amortized over their expected useful life at the rates specified in property, plant and equipment note 16.

3.5 Foreign currencies

Transactions in currencies other than Pakistan Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into wherein the rates contracted for are used.

Gains and losses arising on retranslation are included in profit or loss for the period.

3.6 Financial instruments

Financial assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets are described below. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

For the purpose of subsequent measurement, financial assets of the Company are classified into the following categories upon initial recognition.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. These are included in current assets, except for maturities for greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables with less than twelve months maturities are classified as current assets. The Company's cash and cash equivalents, trade debts, deposits and other receivables fall into this category of financial instruments. Loans and receivables are subject to review for impairment at each reporting date to identify whether there is objective evidence that the financial asset is impaired.

b) Available-for-sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the categories of loans and receivables, financial assets at fair value through profit or loss and financial assets held to maturity. These are included in non-current assets unless management intends to dispose of the investments within twelve months from the end of reporting period.

After initial recognition, available-for-sale investments are measured at fair value in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". Gains or losses on available-for-sale investments are recognized through other comprehensive income until the investment is sold or de-recognized, at which time the cumulative gain or loss previously reported is included in profit or loss.

Dividends on available-for-sale equity instruments are recognized in the profit or loss when the Company's right to receive payments is established.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence, that a financial asset or group of financial assets is impaired. If any such evidence exists for 'available-for-sale' financial assets, the cumulative loss is removed from equity and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit and loss account.

Financial liabilities

The Company's financial liabilities include borrowings, accrued mark-up and trade and other payables.

Financial liabilities are measured initially at fair value, less attributable transaction costs. Financial liabilities are measured subsequently at amortized cost using the effective interest rate method.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended July 31, 2015

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

3.7 Investment in associate

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are associates.

These investments are recognized at cost. During the year, the Company has changed its accounting policy for measurement of investment in associates as during the year, the Company has made investment in a subsidiary and accordingly, it is also issuing consolidated accounts. Previously, such investments were accounted under equity method whereby the carrying amount is increased or decreased to recognize the Company's share of profit or loss of associates. Share of post acquisition profit or loss of associates was accounted for in the Company's profit or loss. Distribution received from investee, reduced the carrying amount of investment. The Company's share of changes recognized in other comprehensive income by the associate were recognized by the Company in other comprehensive income. However, there is no effect of change in accounting policy on retained earnings and current year financial statements as associate has no post acquisition reserves.

3.8 Investment in subsidiary

Investment in subsidiary is recognized at cost. At subsequent reporting dates, the recoverable amount is estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment loss is recognized as expense. Where impairment loss subsequently reverse, the carrying amount of investment is increased to the revised recoverable amount but limited to the extent of initial cost of investment. A reversal of impairment loss is recognized in the profit and loss account.

3.9 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and bank balances and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.10 Non-current assets held for sale

Non-current assets classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recoverable principally through a sale transaction rather than through a continuing use.

3.11 Stores, spare parts and loose tools

These are valued at moving average cost except goods in transit, which are valued at cost comprising invoice value plus other charges incurred thereon.

3.12 Stock in trade

These are valued at the lower of cost and net realizable value applying the following basis:

Raw material	Weighted average
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Packing material	Weighted average
Waste	Net realizable value

Raw material in transit is stated at invoice price plus other charges paid thereon up to the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods consists of direct material and labor and a proportion of manufacturing overheads based on normal capacity.

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

3.13 Revenue recognition

Revenue is measured at fair value of consideration received or receivable and represents amounts receivable for goods and services provided in normal course of business.

- Export sales are accounted for on shipment basis and exchange differences, if any on account of export proceeds are adjusted in the period of realization.

- Local sales are recorded on dispatch of goods to customers.

- Rebate income is recognized on accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

- Dividend income is recognized when the Company's right to receive payment is established.
- Interest income is recognized on time proportion basis.

3.14 Provisions

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

3.15 Impairment

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of that asset or group of assets is estimated and impairment loss is recognized in the profit or loss.

3.16 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the assets can be measured reliably. Cost of the intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method.

Useful lives of intangible assets are reviewed at each balance sheet date and adjusted if the impact of amortization is significant.

	2015 Rupees	2014 Rupees
4 SHARE CAPITAL		
4.1 Authorized share capital		
30,000,000 (2014: 30,000,000) ordinary shares of Rs. 10 each	300,000,000	300,000,000
4.2 Issued, subscribed and paid-up capital		
26,728,000 (2014: 26,728,000) ordinary shares of Rs. 10 each allotted for consideration paid in cash	267,280,000	267,280,000
Total	267,280,000	267,280,000
5 RESERVES		
Surplus on remeasurement of investment	1,357,543,403	1,899,295,419
Less: Deferred tax on remeasurement of investment	(265,532,117)	(498,565,048)
Opening balance of surplus on remeasurement of investment- net of tax	1,092,011,286	1,400,730,371
Decrease in surplus during the year:		
Gain on investment disposed off during the year	(1,357,543,403)	-
Deferred tax on disposal of investment	265,532,117	-
Gain on remeasurement of available-for-sale investment	-	(541,752,016)
Deferred tax on remeasurement of available-for-sale investment	-	233,032,931
	(1,092,011,286)	(308,719,085)
Closing balance of surplus on remeasurement of investment- net of tax	-	1,092,011,286
Unappropriated profit / (accumulated loss)	137,304,455	(390,559,476)
Total	137,304,455	701,451,810

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The surplus on revaluation of property, plant and equipment represents surplus over book value resulting from revaluation of freehold land and building on freehold land.

Last revaluation of freehold land and building on freehold land was carried out as on June 30, 2012 by M/s Asif Associates (Private) Limited on the basis of market value.

Revaluation surplus can only be utilized in the manner specified in section 235 of the Companies Ordinance, 1984 and Notification No. S.R.O.45(I)/2003 dated January 13, 2003.

6.1 The revaluation resulted in the following:

	Note	2015 Rupees	2014 Rupees
Opening balance - net of deferred tax		272,880,194	283,956,964
Less: Transfer from surplus on revaluation of property, plant and equipment-net of tax		(9,353,910)	(11,076,770)
Total		263,526,284	272,880,194

7 SUB-ORDINATED LOAN

Sub-ordinated loan-unsecured	7.1	10,411,566	10,411,566
Total		10,411,566	10,411,566

7.1 This interest bearing loan from a member of the Company is subordinated to the main lenders. The loan was designated as an interest bearing loan with effect from 1st July 2010 and carries interest @ 15% per annum. Repayment terms of the loan have not yet been finalized. However, the loan is not repayable within next twelve months.

8 LONG-TERM FINANCING - SECURED

	Note	2015 Rupees	2014 Rupees
From financial institutions	8.1	173,329,790	224,852,747
		173,329,790	224,852,747
Less:			
Payable within next twelve months	14	(49,830,171)	(107,953,880)
		123,499,619	116,898,867
Transaction cost	8.2	(1,126,250)	(1,689,375)
Amortization of transaction cost	8.2	1,126,250	563,125
		-	(1,126,250)
Total		123,499,619	115,772,617

Salient terms and conditions are as follows:

Description	Interest	Detail of Securities	Re-payment terms	2015	2014
-------------	----------	----------------------	------------------	------	------

8.1 Pak China Investment Company Limited

Term Finance Facility	Six month average KIBOR rate plus 2.50% per annum to be reset on semi-annual basis.	This term finance facility has been fully repaid during the year ended June 30, 2015 and bank has issued NOC in the favor of Samin Textiles Limited.	Principal to be repaid in 8 equal instalments, the first instalment shall fall due on or at the end of 6th month from the Facility Effective Date of the facility or the receipt of dividend from SGI whichever occur earlier.	*	117,857,143
-----------------------	---	--	--	---	-------------

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

Pak Oman Investment Company Limited and Pak Libya Holding Company (Private) Limited

Syndicated Term Finance Facility	Six month KIBOR plus 3.00% per annum.	"- First exclusive charge on imported 25 sets of Air Jet looms and Air Compressor with all standard accessories and essential parts; - First pari passu charge on the company's fixed assets covering the 25% margin over the facility; and- Personal guarantees of Mr. Samad Amin and Mr. Jehanzeb Amin."	16 quarterly installments, commencing from the 5th quarter after disbursement of first tranche.	78,329,790	106,995,604
----------------------------------	---------------------------------------	--	---	------------	-------------

Description	Interest	Detail of Securities	Re-payment terms	2015	2014
-------------	----------	----------------------	------------------	------	------

Askari Bank Limited

Term Finance Facility	Three month KIBOR plus 2.50% per annum.	"- First pari passu charge on present and future fixed assets of the company amounting to Rs. 60 million; and- Second joint pari passu charge on present and future fixed assets amounting to Rs. 114 million."	Principal to be repaid in 60 monthly installments commencing from September 2015	50,000,000	-
-----------------------	---	---	--	------------	---

Allied Bank Limited

Term Loan Facility	Three month KIBOR plus 0.75%	"- First joint pari passu charge on all present and future current assets of the company amounting to Rs. 80 million; - First pari passu charge amounting to Rs. 60 million on mortgaged land and building measuring 80 kands; and- Personal guarantee of Mr. Samad Amin."	Principal to be repaid in 30 monthly installments commencing from September 2015	45,000,000	-
--------------------	------------------------------	--	--	------------	---

Sub-total				173,329,790	224,852,747
Total				173,329,790	224,852,747

8.2 Transaction cost paid to Pak China Investment Company Limited as arrangement fee is amortized over the period of loan.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

This represents plant and machinery and vehicles obtained under finance lease from various leasing companies. The financing rates used as discounting factor is 15.72% (2014: 15.7%) per annum.

Taxes, repairs, replacements and insurance costs are born by the Company. The Company intends to exercise its option to purchase the above assets upon completion of lease period.

	Note	2015 Rupees	2014 Rupees
Present value of minimum lease payments		1,381,365	2,347,560
Less: current portion shown under current liabilities	14	(1,381,365)	(2,347,560)
Total		-	-

10 DEFERRED LIABILITIES

Deferred tax	10.1	21,779,306	306,412,094
Staff gratuity	10.2	1,562,100	1,562,100
Total		23,341,406	307,974,194

10.1 This includes deferred tax on:

Investments	-	265,532,118
Surplus on revaluation of building	55,678,988	60,286,137
Unabsorbed depreciation	(33,899,682)	(19,406,161)
	10.1.1	21,779,306

10.1.1 Remaining deferred tax asset amounting to Rs. 41.980 million (2014: Rs 129.576 million) arising on account of unabsorbed depreciation, un-used tax losses and tax credits have not been accounted for due to uncertainty regarding its recoverability in the foreseeable future.

10.2 The Company had operated an unfunded gratuity scheme up to the year ended September 30, 1999 covering all its employees who had completed prescribed qualifying period of service. The unfunded gratuity scheme has been substituted by the provident fund scheme operated by the Company for all employees as defined in note 3.1. This balance of gratuity payable represents the entitlement of current employees as at September 30, 1999, as reduced by the payments made to employees who have left the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
11 TRADE AND OTHER PAYABLES			
Creditors			
- for goods		144,119,958	87,617,263
- for supplies		39,588,827	42,043,192
- for services	11.1	97,710,906	60,243,460
		281,419,691	189,903,915
Accrued liabilities		36,942,835	31,586,936
Advances from customers		16,603,340	16,317,480
Security deposits		513,630	513,630
Withholding tax payable		3,356,371	2,896,976
Payable to Workers' Welfare Fund	11.2	1,891,540	1,891,540
Provident fund payable	44	1,733,035	1,315,741
Unclaimed dividend		3,466,164	3,466,164
Total		345,926,606	247,892,382

11.1 This includes amount of Rs 2.99 million (2014: Rs. 4.3 million) payable to Security General Insurance Company Limited, a related party on account of insurance services.

11.2 Workers' Welfare Fund Ordinance, 1971 has been amended through Finance Acts 2006 and 2008. These amendments were held unconstitutional and struck down by the Honorable Lahore High Court, Lahore (HLHC) on August 05, 2011. The decision of the HLHC has been challenged in the august Supreme Court of Pakistan decision of which is still pending. Therefore, the Company has not yet made payment of this amount. Further, the Company has also not made any provision during the year as the management is confident of favorable outcome of such litigation.

		2015 Rupees	2014 Rupees
12 INTEREST / MARKUP ACCRUED ON BORROWINGS			
Markup accrued on:			
Long term financing		5,083,582	1,746,267
Liabilities against assets subject to finance lease		3,217,396	3,217,396
Short term borrowings		13,259,358	22,067,766
Subordinated loan		10,217,244	8,655,743
Total		31,777,580	35,687,172

	Note	Sanctioned Limit (Rupees)	2015 Rupees	2014 Rupees
13 SHORT TERM BORROWINGS				
From banking companies:				
Pre-shipment - own sources	13.2	390,000,000	293,392,883	389,460,883
Cash finance	13.3	545,000,000	508,277,680	506,714,671
Bank overdraft	13.4		364,377	-
Total			802,034,940	896,175,554

13.1 The securities registered with SECP against short term borrowing from one financial institution is utilized for various facilities sanctioned by the said financial institution.

13.2 These facilities are secured against first joint pari passu charge on current assets ranging from Rs. 80 million to Rs. 176 million, second joint pari passu charge on fixed assets of the Company ranging from Rs. 40 million to Rs. 114 million, first pari passu charge on present and future fixed assets of the Company amounting to Rs. 60 million and personal guarantee of the sponsoring director of the Company and carry markup at rates ranging from one to six months KIBOR plus 2.5% to 4% per annum (2014: one to six months KIBOR plus 1.5% to 4% per annum).

13.3 These facilities are secured against first pari passu charge on fixed assets of the Company amounting to Rs. 340 million, first joint pari passu charge over the current assets of the Company amounting to Rs. 295 million, second pari passu charge amounting to Rs. 100 million over the fixed assets of the company, ranking charge of Rs. 267 million

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

each over current and fixed assets of the Company, personal guarantee of the sponsoring director and physical pledge of 3.6 million shares of Security General Insurance Company Limited owned by subsidiary. These facilities carry markup at rate ranging from three to six month KIBOR average ask rate plus 3% per annum (2014: three to six month KIBOR average ask rate plus 3% per annum).

- 13.4 This is due to issuance of cheques near balance sheet date, however, concerned bank statement shows favorable balance.

	Note	2015 Rupees	2014 Rupees
14 CURRENT PORTION OF LONG-TERM BORROWINGS			
Long term financing	8	49,830,171	107,953,880
Liabilities against assets subject to finance lease	9	1,381,365	2,347,560
Total		51,211,536	110,301,440

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

- i) A suit for declaration with consequential relief and damages has been filed against the Company to challenge the purchase of land in village Rousa, Kasur. The same is pending adjudication before Civil Judge, Kasur.
- ii) A petition has been filed by the Company challenging calculation and demand of electricity duty. The matter of revised calculations made by the Electricity Inspector of Lahore region is still pending adjudication before the Honorable Lahore High Court, Lahore.
- iii) During the year ended 30 June 2011, an order u/s 161/205 of the Income Tax Ordinance, 2001 was received for recovery of tax arrears amounting to Rs. 70.868 million for tax year 2004. The Company was contesting the above order in appeal before the Commissioner Inland Revenue Appeals-II, Lahore (CIR-A). The said CIR-A has remanded back the order u/s 161/205 to the assessing officer.

In respect of such case, the Company also filed a writ petition before the Honorable Lahore High Court, Lahore wherein the Company has sought declaration vis-a-vis the amendment in section 174(3) of the Income Tax Ordinance, 2001 incorporated vide Finance Act, 2010 whereby period to maintain record was extended from 5 years to 6 years which is prospective and cannot be applied retrospectively to open past and closed matters. Decision of the petition is still pending.

- iv) Guarantees of Rs. 35.655 million (2014: Rs. 35.655 million) have been given by the National bank of Pakistan on behalf of the Company to Sui Northern Gas Pipelines Limited, Excise and Taxation Authorities and Lahore Electric Supply Company Limited (LESCO).
- v) A petition is pending in the Honorable Lahore High Court, Lahore for waiver of security amounting to Rs. 5.355 million (2014: Rs. 5.355 million) demanded by LESCO.
- vi) Amendment Order u/s 122(5A) for Tax Year 2007 raising demand of Rs. 3.637 million on account of charge of minimum tax u/s 113 in respect of local sales only was passed on 24-05-2013. This order was contested before CIR-A. During the year, an order partially in favor of the Company was passed by the CIR-A. However, 2nd appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) on the same grounds, which is pending for adjudication. The appeals filed by company against add backs amounting to Rs. 5.046 million and Rs. 13.423 million in respect of tax year 2007 and 2008 are also pending for adjudication at Appellate Tribunal Inland Revenue (ATIR).
- vii) An order u/s 122(5A) for Tax Year 2009 has been passed by Additional Commissioner Inland Revenue (Add.CIR) raising demand of Rs. 4.857 million. An appeal was preferred before CIR-Appeals, who provided partial relief whereas interest on WPPF & on short term borrowings was disallowed, whereas, company has approached ATIR against the order of CIR-Appeals which is pending adjudication till date.
- viii) An order u/s 122(5A) for Tax Year 2010 has been passed by Add. CIR reducing the Income Tax Refunds to Rs. 0.521/- million by imposing minimum tax u/s 113 @ 0.5% on local sales amounting to Rs. 4.412/- million. Appeal was filed before CIR Appeals who upheld the stance of Add. CIR. Appeal against the Order of CIR Appeals has been filed before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication till date.
- ix) The Company has filed a writ petition against imposition of UOF Surcharge, DS Surcharge, NJS Surcharge and EQ Surcharge on consumption of electricity whereby the Honorable Lahore High Court, Lahore has stayed recovery of these surcharges from November 2014 till the next date of hearing.
- x) Other un-acknowledged debts / claims as on balance sheet date amounts to Rs. 16.383 million (2014: 16.383 million).

Management is hopeful of favorable decision of all pending cases above and accordingly, no provision has been made in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

15.2 Commitments

Commitments against foreign bills purchased by bank amounting to Rs. 19.65 million (2014: Rs. 8.999 million).

	Note	2015 Rupees	2014 Rupees
Operating fixed assets	16.1 & 16.2	881,130,005	899,247,429
Capital work in progress	16.7	-	4,270,905
Total		881,130,005	903,518,334

16.1 Operating fixed assets - 2015

Description	Cost				Rate %	Depreciation				Net book value Rupees
	As at July 01, 2014 Rupees	Additions/ (deletions) Rupees	Transfers / (adjustments) Rupees	As at June 30, 2015 Rupees		As at July 01, 2014 Rupees	For the year / (adjustments) Rupees	Transfers / (adjustments) Rupees	As at June 30, 2015 Rupees	
Owned Assets										
Freehold land	176,500,000	-	-	176,500,000	-	-	-	-	-	176,500,000
Buildings on freehold land	257,770,709	30,932,336 (6,000,000)	-	282,703,045	10	48,245,992	22,010,425 (5,304,504)	-	64,949,911	217,753,134
Plant and machinery	1,090,418,377	26,393,119	-	1,116,811,496	10	640,718,591	44,450,863	-	705,169,454	411,642,042
Furniture and fittings	6,182,155	135,000	-	6,317,155	10	4,380,451	189,168	-	4,569,619	1,747,536
Office equipment	28,563,800	1,115,650	-	29,679,450	10	15,921,860	1,372,545	-	17,294,405	12,385,045
Vehicles	34,580,535	136,931 (77,455)	4,261,252	38,901,263	20	24,359,248	2,217,364 (64,450)	2,744,381	29,254,543	9,646,720
Electric installation	33,505,322	-	-	33,505,322	10	16,775,555	1,472,980	-	18,448,535	15,056,787
Tube well	2,602,423	-	-	2,602,423	10	950,395	165,204	-	1,115,600	1,486,823
Arms and ammunition	5,500	-	-	5,500	10	4,868	60	-	4,928	572
Sub-total	1,630,128,821	58,713,236 (6,077,455)	4,261,252	1,687,025,854		771,356,961	72,078,609 (5,372,954)	2,744,381	840,806,995	846,218,859
Leased Assets										
Plant and machinery	99,821,877	-	-	99,821,877	10	61,031,719	3,879,012	-	64,910,731	34,911,146
Vehicles	4,261,252	-	(4,261,252)	-	20	2,575,841	168,540 (2,744,381)	-	-	-
Sub-total	104,083,129	-	(4,261,252)	99,821,877		63,607,560	4,047,552	(2,744,381)	64,910,731	34,911,146
Total	1,734,211,950	58,713,236 (6,077,455)	-	1,786,847,731		834,964,521	76,126,161 (5,372,954)	-	905,717,726	881,130,005

16.2 Operating fixed assets - 2014

Description	Cost				Rate %	Depreciation				Net book value Rupees
	As at July 01, 2013	Additions/ (deletions)	Transfers / (adjustments)	As at June 30, 2014		As at July 01, 2013	For the year / (adjustments)	As at June 30, 2014		
	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees		
Owned Assets										
Freehold land	176,500,000	-	-	176,500,000	10	-	-	-	-	
Buildings on freehold land	251,867,140	5,903,569	-	257,770,709	10	25,180,232	23,065,760	-	176,500,000	
Plant and machinery	1,079,536,937	9,260,726	1,620,714	1,090,418,377	10	613,421,539	47,297,052	48,245,992	209,524,717	
Furniture and fittings	6,182,155	-	-	6,182,155	10	4,180,255	200,196	660,718,591	429,699,786	
Office equipment	27,565,053	1,078,747 (80,000)	-	28,563,800	10	14,580,791	1,356,719 (15,650)	4,380,451	1,801,704	
Vehicles	35,773,858	377,607 (1,570,930)	-	34,580,535	20	23,251,445	2,536,565 (1,428,760)	15,921,860	12,641,940	
Electric installation	32,389,022	1,170,000 (53,700)	-	33,505,322	10	15,041,793	1,781,787 (146,025)	24,359,248	10,221,287	
Tube well	2,602,423	-	-	2,602,423	10	766,832	183,564	16,775,555	16,729,767	
Arms and ammunition	5,500	-	-	5,500	10	4,796	72	950,396	1,652,027	
Sub-total	1,612,422,088	17,790,649 (1,704,630)	1,620,714	1,630,128,821		696,427,681	76,421,715 (1,492,435)	771,356,961	858,771,860	
Leased Assets										
Plant and machinery	99,821,877	-	-	99,821,877	10	56,721,703	4,310,016	61,031,719	38,790,158	
Vehicles	4,261,252	-	-	4,261,252	20	2,154,483	421,356	2,575,841	1,685,411	
Sub-total	104,083,129	-	-	104,083,129		58,876,186	4,731,372	63,607,560	40,475,569	
Total	1,716,505,217	17,790,649 (1,704,630)	1,620,714	1,734,211,950		755,303,869	81,153,087 (1,492,435)	834,964,521	899,247,429	

16.3 Depreciation for the year has been allocated as under:

	Note	2015 Rupees	2014 Rupees
Cost of sales	31	72,347,084	77,059,607
Administrative expenses	34	3,779,077	4,093,480
Total		76,126,161	81,153,087

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

- 16.4 Had there been no revaluation, the cost, accumulated depreciation, and book value of the revalued property, plant and equipment as on June 30, 2015 would have been as follows:

	Cost as at June 30, 2015	Accumulated depreciation as at June 30, 2015	Book value as at June 30, 2015
	Rupees	Rupees	Rupees
Freehold land	15,100,263	-	15,100,263
Building on freehold land	170,543,421	(92,494,994)	78,048,427
Total	185,643,684	(92,494,994)	93,148,690

- 16.5 Had there been no revaluation, the cost, accumulated depreciation, and book value of the revalued property, plant and equipment as on June 30, 2014 would have been as follows:

	Cost as at June 30, 2014	Accumulated depreciation as at June 30, 2014	Book value as at June 30, 2014
	Rupees	Rupees	Rupees
Freehold land	15,100,263	-	15,100,263
Building on freehold land	145,611,085	(91,313,819)	54,297,266
Total	160,711,348	(91,313,819)	69,397,529

16.6 Disposal of property, plant and equipment

Description	Quantity	Cost	Accumulated depreciation	Net book value	Proceeds from disposal	Gain on disposal of property, plant and equipment	Mode of disposal	Particulars of buyer
		Rupees	Rupees	Rupees	Rupees	Rupees		
Suzuki GS-150	1	77,455	66,450	11,005	25,000	13,995	Negotiation	Arshad manzoor
Total		77,455	66,450	11,005	25,000	13,995		

16.7 Capital work in progress

Description	As at 01 July 2014	During the year		As at 30 June 2015
	Rupees	Additions Rupees	Transfers Rupees	Rupees
Building	4,270,905	26,661,431	(30,932,336)	-
Total	4,270,905	26,661,431	(30,932,336)	-

17 INTANGIBLE ASSETS

DESCRIPTION	Note	Cost			Useful life	Amortization			Net book value Rupees
		As at July 01, 2014	Transfers	As at June 30, 2015		As at July 01, 2014	For the year	As at June 30, 2015	
		Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	
License		400,000	-	400,000	3 years	400,000	-	400,000	-
SAP-computer software	17.1	4,190,000	-	4,190,000	5 years	2,044,720	838,000	2,882,720	1,307,280
Total June 30, 2015		4,590,000	-	4,590,000		2,444,720	838,000	3,282,720	1,307,280
Total June 30, 2014		4,590,000	-	4,590,000		1,786,177	658,543	2,444,720	2,145,280

- 17.1 Amortization for the year has been allocated to administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
18 LONG TERM INVESTMENT			
Investments in related parties			
Associate			
Onetel Pakistan (Private) Limited	18.1	1,000,000	1,000,000
Subsidiary			
Nimas Trading (Private) Limited	18.2	100,000	-
Available for sale			
Security General Insurance Company Limited	26	-	404,770,000
Total		1,100,000	405,770,000

18.1 This represents Company's investment in an associate, Onetel Pakistan (Private) Limited. The Company has common directorship with the associate and holds 24% (2014: 24%) equity in the associate. The breakup value per share based on unaudited accounts amounts to Rs. 10 per share at 30 June 2015 (2014: Rs. 10 per share).

18.2 This represents Company's investment in a subsidiary company, Nimas Trading (Private) Limited. The Company has 100% equity in the subsidiary. The breakup value per share based on audited accounts amounts to Rs. 10 per share at 30 June 2015.

	Note	2015 Rupees	2014 Rupees
19 LONG TERM DEPOSITS			
Long term deposits	19.1	12,418,239	12,823,739
Total		12,418,239	12,823,739

19.1 Long term deposits include security deposits against the finance leases, electricity connection and bank guarantee given to Lahore Electric Supply Company Limited.

	Note	2015 Rupees	2014 Rupees
20 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		26,651,237	34,828,009
Spare parts		33,573,722	36,620,364
Loose tools		3,873,891	5,306,291
Total		64,098,850	76,754,664

21 STOCK IN TRADE

Raw material	47,268,385	111,205,229
Work in process	4,532,107	6,779,303
Finished goods	180,461,393	202,762,937
Total	232,261,885	320,747,469

22 TRADE DEBTS

Considered good

Export - secured against export documents	2,572,503	6,089,605
Local - unsecured	109,337,945	51,530,002
	111,910,448	57,619,607

Considered doubtful

Local - unsecured	610,944	610,944
Less: Provision for doubtful debts	(610,944)	(610,944)

Total	111,910,448	57,619,607
--------------	--------------------	-------------------

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
22.1 Provision for doubtful debts			
Opening balance		610,944	-
Provision for the year		-	610,944
Closing balance		610,944	610,944
23 LOANS AND ADVANCES - CONSIDERED GOOD			
Loan to related party	23.1	1,150,000	1,150,000
Advances to:			
- Staff - secured		1,117,821	924,312
- Suppliers for goods and for services - unsecured		16,262,251	17,968,181
Letters of credit		134,881	203,447
Total		18,664,953	20,245,940
23.1	This carries markup @ 12.705% (2014: 12.70%).		
24 TRADE DEPOSITS AND PREPAYMENTS			
Security deposits		1,085,424	1,085,424
Prepayments		93,216	143,216
Total		1,178,640	1,228,640
25 TAX REFUNDS DUE FROM GOVERNMENT			
Advance income tax - net		60,207,322	46,570,094
Sales tax refundable - net		34,291,583	40,338,666
Export rebate receivable		1,334	9,790
Excise duty receivable		4,479,873	4,479,873
Total		98,980,112	91,398,423
26 INVESTMENTS (AVAILABLE-FOR-SALE)			
Security General Insurance Company Limited 10,214,914 fully paid ordinary shares	26.1	-	705,330,000
Total		-	705,330,000
26.1 This is made-up as under:			
Opening investment		705,330,000	1,197,224,966
(Loss) on remeasurement of available-for-sale investment to fair value		-	(541,752,016)
Transferred to long term investments		-	49,857,050
Disposal during the year	27.1	(705,330,000)	-
Investments (available-for-sale)	26.2	-	705,330,000
26.2	"Fair value of available for sale unquoted investment of Rs. Nil per share (2014: Rs. 170 per share) is determined by using appropriate valuation techniques as permissible under IAS 39 (Financial Instruments: Recognition and Measurement). Related assumptions in such valuation technique were:"		
- Discount to adjust net asset value to market values	25%		
- Liquidity discount	10%		
26.3	The investee is associated of the Company due to common directorship. The Company holds Nil (2014: 15%) of the investee company's total equity.		

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

	2015 Rupees	2014 Rupees
27 OTHER RECEIVABLES		
Nimas Trading (Private) Limited	613,820,000	-
Total	613,820,000	-

27.1 This is receivable from Nimas Trading (Private) Limited against sale of investment held in Security General Insurance Company Limited. This is unsecured and considered good by management of the Company.

	Note	2015 Rupees	2014 Rupees
28 CASH AND BANK BALANCES			
Cash at bank:			
- current accounts		10,698,257	5,263,998
- deposit accounts	28.1	3,782,239	7,423,609
- foreign currency accounts		1,861,472	1,800,155
		16,341,968	14,487,762
Cash in hand		2,590,293	3,324,972
Total		18,932,261	17,812,734

28.1 The effective rate of return in respect of deposit accounts is 4.5% (2014: 7%).

29 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Investment	-	350,066,830
Total	-	350,066,830

29.1 During the year ended June 30, 2014, the Company entered into an MOU with Adamjee Insurance Company Limited for disposing of 3,684,914 shares of Security General Insurance Company Limited at Rs. 95 per share. During the year, such shares have been disposed off.

	2015 Rupees	2014 Rupees
30 SALES - NET		
Export		
Cloth	360,176,801	696,140,498
Sub-total	360,176,801	696,140,498
Local		
Cloth	1,332,846,587	1,903,554,374
Waste	1,707,600	3,654,194
Sub-total	1,334,554,187	1,907,208,568
Less: Sales tax		
Cloth	(37,594,095)	(47,426,326)
Waste	(88,562)	(286,530)
Sub-total	(37,682,657)	(47,712,856)
Total Sales	1,657,048,331	2,555,636,210
Less: Commission	(14,480,392)	(18,553,009)
Total	1,642,567,939	2,537,083,201

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
31 COST OF SALES			
Raw material consumed	31.1	1,201,938,186	1,828,880,589
Fuel and power		191,810,033	228,508,619
Stores, spare parts and loose tools consumed		123,499,289	120,938,407
Salaries, wages and other benefits	31.2	153,206,274	139,711,420
Processing charges		6,797,676	11,812,371
Repairs and maintenance		15,880,438	9,461,347
Communication		580,405	681,879
Insurance		7,417,466	4,895,517
Depreciation	16.3	72,347,084	77,059,607
Traveling and conveyance		3,912,444	4,656,897
Other expenses		8,497,363	12,312,857
		1,785,886,658	2,438,919,510
Adjustment of work in process			
Opening work in process		6,779,303	11,397,288
Closing work in process	21	(4,532,107)	(6,779,303)
		2,247,196	4,617,985
		1,788,133,854	2,443,537,495
Adjustment of finished goods			
Opening stock		202,762,937	257,487,384
Fabric purchases		-	8,078,876
Closing stock	21	(180,461,393)	(202,762,937)
		22,301,544	62,803,323
Less Export rebate		(217,670)	(282,099)
Total		1,810,217,728	2,506,058,719
31.1 Raw material consumed			
Opening stock		111,205,229	103,819,873
Purchases		1,138,001,342	1,836,265,945
		1,249,206,571	1,940,085,818
Closing stock	21	(47,268,385)	(111,205,229)
Total		1,201,938,186	1,828,880,589

31.2 This includes an amount of Rs. 4,445,541 (2014: Rs. 3,689,254) on account of provident fund.

	2015 Rupees	2014 Rupees
32 OTHER INCOME		
Income from financial assets		
Profit on deposit accounts	302,116	273,664
Dividend income	29,385,000	40,859,656
Interest income	146,050	365,269
Income from assets other than financial assets		
Gain on disposal of property, plant and equipment	-	395,805
Gain on disposal of Investment	860,936,903	-
Foreign currency translation differences-net	118,630	-
Liabilities written back	-	26,265,597
Total	890,888,699	68,159,991

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
33 DISTRIBUTION COST			
Salaries and other benefits	33.1	8,274,355	8,139,349
Outward freight		10,397,135	17,293,579
Cloth export expenses		1,019,246	1,428,364
Traveling and conveyance		5,173,237	8,467,426
Communication		307,191	147,446
Vehicle running and maintenance		334,014	441,880
Insurance		1,818,221	1,747,971
Other selling expenses		1,515,869	3,367,931
Total		28,839,268	41,033,946

33.1 This includes an amount of Rs. 386,746 (2014 : Rs. 407,524) on account of provident fund.

	Note	2015 Rupees	2014 Rupees
34 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	34.1	29,700,427	28,924,518
Rent, rates and taxes		1,250,000	900,000
Repairs and maintenance		2,549,585	1,474,325
Insurance		901,575	866,741
Printing and stationery		765,446	1,041,825
Communication		1,170,657	1,146,089
Electricity, gas and water		2,269,535	1,827,082
Traveling and conveyance		4,130,601	3,241,626
Entertainment		451,556	402,593
Fee and subscription		3,570,472	5,085,693
Legal and professional		2,920,000	2,374,450
Vehicle running and maintenance		2,152,122	1,597,144
Provision for doubtful debts	22.1	-	610,944
Auditors' remuneration	34.2	1,045,670	1,009,700
Depreciation	16.3	3,779,077	4,093,480
Amortization	17	838,000	658,542
Miscellaneous		2,445,915	2,328,471
Total		59,940,638	57,583,223

34.1 This includes an amount of Rs. 1,292,901 (2014: Rs. 1,262,150) on account of provident fund.

	Note	2015 Rupees	2014 Rupees
34.2 Auditors' remuneration:			
Audit fee		500,000	500,000
Fee for half yearly review and other certifications		150,000	150,000
Taxation services		395,670	359,700
Total		1,045,670	1,009,700

35 OTHER OPERATING EXPENSES

Donations	35.1	300,000	-
Loss on disposal of property, plant and equipment	16.6	679,499	-
Foreign currency translation differences-net		-	425,018
Total		979,499	425,018

35.1 None of directors of the Company or their spouses had any interest in the donee.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

36 FINANCE COST

	Note	2015 Rupees	2014 Rupees
Mark up on:			
- Long term financing		20,716,147	30,158,520
- Liabilities against assets subject to finance lease		64,142	107,445
- Short term borrowings		94,613,753	99,610,115
Bank charges and others		7,558,746	11,347,161
Amortization of transaction cost	8.2	1,126,250	563,125
Interest on sponsor's loan		1,561,501	1,566,308
Total		125,640,539	143,352,674

37 PROVISION FOR TAXATION

Current	8,429,616	29,642,328
Deferred	(19,100,671)	(25,112,376)
Total	(10,671,055)	4,529,952

37.1 The Company is under the ambit of final tax up to the extent of export sales under section 169 of Income Tax Ordinance, 2001 and dividend income under section 150 of Income Tax Ordinance, 2001. Provision for income tax is made accordingly. Income tax provision for income which is not subject to final tax under section 169 of Income Tax Ordinance, 2001 has been calculated in accordance with section 113 and 113 (c) of the Income Tax Ordinance, 2001 as the Company has assessed tax losses. The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income falls under final tax regime and 113 & 113 (c) of Income Tax Ordinance, 2001.

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, full time working directors and executives of the Company is as follows:

Particulars	2015		
	Chief Executive	Directors	Executives
	Rupees	Rupees	Rupees
Remuneration	1,920,000	3,777,416	16,772,035
Utilities	217,800	403,542	1,677,203
House rent	1,162,200	1,905,166	6,708,814
Provident fund contribution	159,936	314,659	1,397,111
Total	3,459,936	6,400,783	26,555,163
Number of person(s)	1	3	25
Particulars	2014		
	Chief Executive	Directors	Executives
	Rupees	Rupees	Rupees
	1,920,000	6,428,320	14,187,963
Utilities	217,800	668,632	1,418,796
House rent	1,162,200	2,965,528	5,675,185
Provident fund contribution	159,936	535,479	1,181,857
Total	3,459,936	10,597,959	22,463,801
Number of person(s)	1	4	25

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

- 38.1** In addition, chief executive, directors and some executives are provided with free use of company owned and maintained cars.
- 38.2** Provident fund contribution are made by the Company @ 8.33% (2014: 8.33%) of the basic salaries of directors and executives.
- 38.3** Chief executive is also provided with mobile phone, private security guard at residence and medical facilities.

39 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED

Loss per share is calculated by dividing loss after tax for the period by weighted average number of shares outstanding during the period as follows:

	2015 Rupees	2014 Rupees
Profit / (loss) after tax (Rupees)	518,510,021	(147,740,340)
Weighted average number of ordinary shares	26,728,000	26,728,000
Earning / (loss) per share - basic and diluted (Rupees)	19.40	(5.53)

No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

40 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- Credit risk
- Liquidity risk
- Market Risk

The 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.

40.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises principally from loans and advances, trade debts, deposits, other receivables and bank balances. Out of total financial assets of Rs. 749.223 million (2014: Rs. 1,539.423 million), the financial assets that are subject to credit risk amounted to Rs. 746.633 million (2014: Rs. 1,536.098 million).

The Company monitors the credit quality of the financial assets with reference to the historical performance of such assets and available external credit ratings.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and investment held with some major counterparties at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

Banks	Rating		Agency	June 2015	June 2014
	Short term	Long term		Rupees	Rupees
Allied Bank Limited	A 1+	AA+	PACRA	8,871	748,837
MCB Bank Limited	A 1+	AAA	PACRA	20,490	7,654,662
Standard Chartered Bank (Pakistan) Limited	A 1+	AAA	PACRA	2,633,673	1,817,246
Habib Metropolitan Bank Limited	A 1+	AA+	PACRA	374,738	183,213
National Bank of Pakistan	A 1+	AAA	JCR-VIS	188,561	442,341
NIB Bank Limited	A 1+	AA-	PACRA	119,263	174,486
Habib Bank Limited	A - 1+	AAA	JCR-VIS	113,926	727,759
Askari Bank Limited	A 1+	AA	JCR-VIS	3,078,671	3,300
Soneri Bank Limited	A 1+	AA-	PACRA	39,689	756,488
Summit Bank Limited	A - 1	A	JCR-VIS	424,052	1,401,475
Faysal Bank Limited	A 1+	AA	PACRA	477,877	534,629
JS Bank Limited	A 1+	A+	PACRA	-	22,338
Sindh Bank Limited	A - 1+	AA	JCR-VIS	20,988	20,988
Bank Al Falah Limited	A 1+	AA	PACRA	8,643,257	-
Bank Al Habib Limited	A 1+	AA+	PACRA	197,912	-
Total				16,341,968	14,487,762

The aging of trade receivables at the reporting date is:

	2015	2014
	Rupees	Rupees
Past due but not impaired		
1 to 120 days	53,264,270	25,624,415
120 to 180 days	22,790,954	6,806,863
180 to 365 days	5,763,015	5,330,504
past due 365 days	610,944	610,944
	82,429,183	38,372,726
Not yet due	29,412,606	16,697,495
Total	111,841,789	55,070,221

40.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation.

The following are contractual maturities of financial liabilities as at 30 June 2015:

	Carrying amount	Less than one year	One to five years	More than five years
	Rupees	Rupees	Rupees	Rupees
Sub-ordinated loan	10,411,566	-	-	10,411,566
Long term financing	173,329,790	49,830,171	123,499,619	-
Liabilities against assets subject to finance lease	1,381,365	1,381,365	-	-
Short term borrowings	802,034,940	802,034,940	-	-
Trade and other payables	345,926,606	345,926,606	-	-
Interest accrued on loans	31,777,580	31,777,580	-	-
Total	1,364,861,846	1,230,950,661	123,499,619	10,411,566

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

The following are contractual maturities of financial liabilities as at 30 June 2014:

	Carrying amount	Less than one year	One to five years	More than five years
	Rupees	Rupees	Rupees	Rupees
Sub-ordinated loan	10,411,566	-	-	10,411,566
Long term financing	224,852,747	107,953,880	116,898,867	-
Liabilities against assets subject to finance lease	2,347,560	2,347,560	-	-
Short term borrowings	896,175,554	896,175,554	-	-
Trade and other payables	247,892,382	247,892,382	-	-
Interest accrued on loans	35,687,172	35,687,172	-	-
Total	1,417,366,981	1,290,056,548	116,898,867	10,411,566

40.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US dollars. The Company's exposure to foreign currency risk for US Dollars is as follows:

	2015 Rupees	2014 Rupees
Foreign debtors-USD	2,572,503	6,089,605
Total	2,572,503	6,089,605

The following significant exchange rates have been applied:

Rupees per USD

Average rate	101.69	98.28
Reporting date rate	101.70	98.35

As at year end, had the exchange of USD depreciated or appreciated against the currency with all other variables held constant, the change in post tax profit/(loss), mainly as a result of foreign exchange gain/loss on translation of foreign currency denominated payables, would have been as follows:

Currency	% change	2015 Rupees	2014 Rupees
US \$	10	257,250	608,961

b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates.

At the reporting date, the variable interest rate profile of the Company's significant interest bearing financial instruments was as follows:

Variable rate instruments	Effective rate of interest		Carrying value in Rupees	
	2015	2014	June 2015 Rupees	June 2014 Rupees
Financial liabilities				
Long term financing	10.9% to 12.66%	10.9% to 12.65%	173,329,790	224,852,747
Liabilities against assets subject to finance lease	15.72%	15.7%	1,381,365	2,347,560
Short term borrowings	9.23% to 16.19%	11.22% to 14.19%	802,034,940	896,175,554
Total			976,746,095	1,123,375,861

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

	Effective rate of interest		Carrying value in Rupees	
	2015	2014	June 2015 Rupees	June 2014 Rupees
Variable rate instruments				
Financial assets				
Cash at bank - deposit accounts	4.5%	7.0%	3,782,239	7,423,609
Total			3,782,239	7,423,609

At the reporting date, fixed markup rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective rate of interest		Carrying value in Rupees	
	2015	2014	June 2015 Rupees	June 2014 Rupees
Fixed rate instrument				
Financial liabilities				
Subordinated loan	15%	15%	10,411,566	10,411,566
Total			10,411,566	10,411,566

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit / (loss) for the year by the amounts shown below. This analysis assumes that all other variables remain constant.

Currency	Profit / (loss) 100 bp	
	Increase	Decrease
As at June 30, 2015		
Cash flow sensitivity -variable rate financial liabilities	(9,767,461)	9,767,461
As at June 30, 2014		
Cash flow sensitivity -variable rate financial liabilities	(11,233,759)	11,233,759

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

c) Equity price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity price risk.

40.4 Financial instruments by categories

	Available for sale		Loans and receivables		Others		Total	
	June 2015 Rupees	June 2014 Rupees	June 2015 Rupees	June 2014 Rupees	June 2015 Rupees	June 2014 Rupees	June 2015 Rupees	June 2014 Rupees
Financial assets								
Investments	1,000,000	1,461,166,830	-	-	100,000	-	1,100,000	1,461,166,830
Trade debts	-	-	112,521,392	58,230,551	-	-	112,521,392	58,230,551
Loans and advances	-	-	1,252,702	1,127,759	-	-	1,252,702	1,127,759
Trade deposits	-	-	1,085,424	1,085,424	-	-	1,085,424	1,085,424
Other receivables	-	-	613,820,000	-	-	-	613,820,000	-
Interest accrued	-	-	511,319	365,269	-	-	511,319	365,269
Cash and bank balances	-	-	18,932,261	17,812,734	-	-	18,932,261	17,812,734
Total	1,000,000	1,461,166,830	748,123,098	78,621,737	100,000	-	749,223,098	1,539,788,567

	Financial liabilities at amortized cost	
	June 2015 Rupees	June 2014 Rupees
Financial liabilities		
Sub-ordinated loan	10,411,566	10,411,566
Long term financing	173,329,790	224,852,747
Liabilities against assets subject to finance lease	1,381,365	2,347,560
Short term borrowings	802,034,940	896,175,554
Trade and other payables	345,926,606	247,892,382
Interest accrued on loans	31,777,580	35,687,172
Total	1,364,861,846	1,417,366,981

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

40.5 Fair values of financial assets and liabilities

Fair value of available for sale unquoted investment is determined by using appropriate valuation techniques as permissible under IAS 39 (Financial Instruments: Recognition and Measurement).

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

40.6 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2015, the Company held the following financial instruments carried at fair value:

	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees
Available for sale investment	-	-	-
Non-current assets classified as held for sale	-	-	-

As at 30 June 2014, the Company held the following financial instruments carried at fair value:

	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees
Available for sale investment	-	1,110,100,000	-
Non-current assets classified as held for sale	-	350,066,830	-

40.7 Capital risk management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves 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, appropriation of amounts to capital reserves and/or issue new shares.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ("long term loan" and "short term borrowings" as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under "share capital and reserves" and "net debt".

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
41 CASH GENERATED FROM OPERATIONS			
Profit (loss) before taxation		507,838,966	(143,210,388)
		507,838,966	(143,210,388)
Adjustments for non-cash charges and other items:			
Depreciation on property, plant and equipment	16.3	76,126,161	81,153,087
Amortization	34	838,000	658,542
Gain on disposal of investment		(861,263,403)	-
Loss / (Gain) on disposal of property, plant and equipment	32	679,499	(395,805)
Dividend income	32	(29,385,000)	(40,859,656)
Finance cost		125,640,539	143,352,674
Provision for doubtful debts	34	-	610,944
Working capital changes	41.1	152,571,307	13,079,302
Interest income		(146,050)	(365,269)
		(534,938,947)	197,233,819
Total		(27,099,981)	54,023,431

41.1 Working capital changes

(Increase) decrease in current assets

Stores, spare parts and loose tools	12,655,814	5,614,441
Stock in trade	88,485,584	51,346,132
Trade debts	(54,290,841)	20,532,072
Loans and advances	1,580,987	(922,807)
Trade deposits, prepayments and balances with statutory authorities	6,105,539	6,083,136
	54,537,083	82,652,974

(Decrease) in current liabilities

Trade and other payables	98,034,224	(69,573,672)
Total	152,571,307	13,079,302

42 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise subsidiary, associated company, associate, companies where directors also held directorship, directors, provident fund and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment as disclosed in Note 38 are as follows:

	Relationship	2015 Rupees	2014 Rupees
Receivables from related parties			
Onetel Pakistan (Private) Limited	Associate		
-Investment		1,000,000	1,000,000
-Loan		1,150,000	1,150,000
Security General Insurance Company Limited	Associated undertaking		
-Investment		-	1,459,016,830
-Outstanding balance of insurance premium		2,989,326	3,471,852
Nimas Trading (Private) Limited	Subsidiary		
-Investment		100,000	-
-Outstanding balance of receivables		613,820,000	-
Payable to other related parties		23,618,136	19,909,804
Payable to Provident Fund		1,733,035	1,315,741

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

		Nature of transaction	2015 Rupees	2014 Rupees
Transactions with related parties				
Subsidiary		Investment disposed off	613,820,000	-
Subsidiary		Investment made	100,000	-
Associated undertaking		Income	29,385,000	41,224,925
Associated undertaking		Payments	7,701,510	4,903,026
Other related parties		Expense	2,811,501	2,466,308
Provident fund		Expense	6,125,188	5,358,928
			2015	2014

43 CAPACITY INSTALLED AND ACTUAL PRODUCTION

Number of looms installed	214	214
Number of looms worked	214	214
Shifts per day	3	3
No. of days actually worked	365	365
Rated capacity (running meters) per annum	29,920,127	29,920,127
Actual commercial production (running meters)	13,673,432	15,814,042

It is difficult to determine precisely the production / rated capacity in the textile industry since it fluctuates widely depending on various factors such as speed, width and construction of the cloth, etc. The reasons for decrease in actual commercial production include factors like manufacturing different qualities, speed, width and construction of the cloth, etc.

	2015 Rupees	2014 Rupees
44 PROVIDENT FUND RELATED DISCLOSURES		
The following information is based on latest audited financial statements of the Fund:		
Size of the fund - Total assets	48,749,938	40,062,258
Cost of investments made	18,913,488	15,632,283
Percentage of investments made	38.8%	39%
Fair value of investment made	20,559,075	17,739,270

The break-up of fair value of investment is:

	2015 Rupees	--- % ---	2014 Rupees	--- % ---
Mutual funds				
Arif Habib Investment Limited	1,490,002	7%	1,338,700	8%
MCB-Asset Management Company Limited	7,644,667	37%	6,800,972	38%
NBP Fullerton Asset Management (NAFA)	5,882,407	29%	5,230,817	29%
Balance with brokerage house:				
Money Line Securities (Pvt.) Ltd.	835,265	4%	836,265	5%
Bank balances	4,706,734	23%	12,516	20%
	20,559,075	100%	14,219,270	100%

The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended June 30, 2015

	2015	2014
45 NUMBER OF EMPLOYEES		
Number of employees at year end	665	626
Average number of employees during the year	654	679

46 GENERAL

46.1 Figures in these financial statements have been rounded off to the nearest rupee.

46.2 Corresponding figures have been re-arranged and/ or reclassified, where ever considered necessary, for the purpose of better presentation of the financial statements. However, no significant reclassification has been made except for reclassification of finance cost paid as 'cash flow from financing activities' instead of 'cash flows from operating activities'.

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on July 25, 2015.

Lahore
July 25, 2015


JEHANZEB AMIN
Chief Executive


SAFDER HUSSAIN TARIQ
Director

CONSOLIDATED FINANCIAL STATEMENTS





Grant Thornton

An instinct for growth™

Grant Thornton Anjum Rahman

1-Inter Floor, Eden Centre,
43-Jail Road, Lahore 54000,
Pakistan.

T +92 42 37423 621-23, 37422 987-88

F +92 42 37425 485

www.gtpak.com

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **Samin Textiles Limited** ("the Holding Company") and its subsidiary (hereinafter referred to as the "Group") as at June 30, 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of change in equity together with the notes forming part of thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company. The financial statements of subsidiary, Nimas Trading (private) Limited were audited by another firm of auditors, whose report has been furnished to us and our opinion in so far as it relates to the amounts included for such subsidiary, is based solely on the report of such auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstance.

In our opinion, the consolidated financial statements present fairly the financial position of Samin Textiles Limited and its subsidiary company as at June 30, 2015 and the results of their operations for the year then ended.

Without qualifying our opinion, we draw attention to note 1.3 to the consolidated financial statements which describes that during the year ended June 30, 2015, the Holding Company has incurred a gross loss amounting to Rs. 167.65 million mainly due to non-availability of gas & electricity and depressed market conditions for grey fabric resulting in short fall of working capital and negative cash flows from operating activities. These conditions indicate existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern. These consolidated financial statements have, however, been prepared on a going concern basis for the reasons, as more fully explained in note 1.3 to the consolidated financial statements.

Grant Thornton Anjum Rahman
CHARTERED ACCOUNTANTS

Engagement Partner: Imran Afzal
Lahore

Dated: July 25, 2015

Chartered Accountants

Member of Grant Thornton International Ltd
Offices in Karachi & Islamabad

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Equity and liabilities			
Share capital and reserves			
Share capital	4	267,280,000	267,280,000
Reserves	5	142,189,805	701,451,810
Total share capital and reserves		409,469,805	968,731,810
Surplus on revaluation of property, plant and equipment	6	263,526,284	272,880,194
Liabilities			
Non-current			
Sub-ordinated Loan	7	10,411,566	10,411,566
Long term financing - secured	8	123,499,619	115,772,617
Liabilities against assets subject to finance lease	9	-	-
Deferred liabilities	10	24,908,606	307,974,194
Total non-current liabilities		158,819,791	434,158,377
Trade and other payables	11	345,966,606	247,892,382
Interest accrued on borrowings	12	31,777,580	35,687,172
Short term borrowings	13	802,034,940	896,175,554
Current portion of long term borrowings	14	51,211,536	110,301,440
Total current liabilities		1,230,990,662	1,290,056,548
Total liabilities		1,389,810,453	1,724,214,925
Total equity and liabilities		2,062,806,542	2,965,826,929
Contingencies and commitments	15		

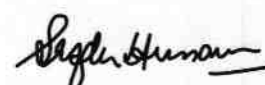
The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Assets			
Non-current			
Property, plant and equipment	16	881,130,005	903,518,334
Intangible assets	17	1,307,280	2,145,280
Long term investments	18	1,000,000	405,770,000
Long term deposits	19	12,418,239	12,823,739
Total non-current assets		895,855,524	1,324,257,353
Current			
Stores, spare parts and loose tools	20	64,098,850	76,754,664
Stock in trade	21	232,261,885	320,747,469
Trade debts	22	111,910,448	57,619,607
Loans and advances	23	18,664,953	20,245,940
Trade deposits and prepayments	24	1,178,640	1,228,640
Tax refunds due from government	25	98,980,112	91,398,423
Investments	26	620,350,000	705,330,000
Interest accrued		511,319	365,269
Cash and bank balances	27	18,994,811	17,812,734
Total current assets		1,166,951,018	1,291,502,746
Non-current assets classified as held for sale	28	-	350,066,830
Total assets		2,062,806,542	2,965,826,929

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.


SAFDER HUSSAIN TARIQ
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales	29	1,642,567,939	2,537,083,201
Cost of sales	30	(1,810,217,728)	(2,506,058,719)
Gross (loss) / profit		(167,649,789)	31,024,482
Other income	31	342,671,893	68,159,991
Distribution cost	32	(28,839,268)	(41,033,946)
Administrative expenses	33	(60,018,089)	(57,583,223)
Other operating expenses	34	(979,499)	(425,018)
Operating profit		85,185,248	142,286
Finance cost	35	(125,640,539)	(143,352,674)
(Loss) before taxation		(40,455,291)	(143,210,388)
Taxation	36	10,671,055	(4,529,952)
(Loss) after taxation		(29,784,236)	(147,740,340)
(Loss) per share- basic and diluted	38	(1.114)	(5.528)

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Lahore
July 25, 2015


JEHANZEB AMIN
Chief Executive


SAFDER HUSSAIN TARIQ
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended June 30, 2015

	2015 Rupees	2014 Rupees
(Loss) after taxation	(29,784,236)	(147,740,340)
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss		
(Loss) on remeasurement of available-for-sale investment to fair value - net of tax	(329,382,469)	(308,719,085)
Transfer of remeasurement/unrealized fair value loss to profit & loss account on disposal of available for sale investment -net of tax	(209,449,210)	-
Other comprehensive income for the year	(538,831,679)	(308,719,085)
Total comprehensive income for the year	(568,615,915)	(456,459,425)

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Lahore
July 25, 2015


JEHANZEB AMIN
Chief Executive


SAFDER HUSSAIN TARIQ
Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Cash flows from operating activities			
Cash (used in) / generated from operations	40	(27,137,431)	54,023,431
Taxes paid		(22,066,844)	(28,514,984)
Net cash (used in) / from operating activities		(49,204,275)	25,508,447
Cash flows from investing activities			
Decrease in long term deposits		405,500	-
Proceeds from disposal of long term investment		350,066,830	1,150,000
Proceeds from disposal of property, plant and equipment		25,000	608,000
Addition in property, plant and equipment		(54,442,331)	(18,923,745)
Dividend received		29,385,000	40,859,656
Net cash from investing activities		325,439,999	23,693,911
Cash flows from financing activities			
(Decrease) / increase in short term borrowings		(94,140,614)	107,662,704
(Decrease) in long term financing - net		(51,522,957)	(17,869,485)
Repayment of liabilities against assets subject to finance lease		(966,195)	(1,045,180)
Finance cost paid		(128,423,881)	(142,246,235)
Net cash (used in) financing activities		(275,053,647)	(53,498,196)
Net change in cash and cash equivalents		1,182,077	(4,295,838)
Cash and cash equivalents at beginning of the year		17,812,734	22,108,572
Cash and cash equivalents at end of the year	27	18,994,811	17,812,734

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Lahore
July 25, 2015


JEHANZEB AMIN
Chief Executive


SAFDER HUSSAIN TARIQ
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

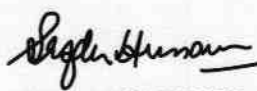
for the year ended June 30, 2015

	Issued, subscribed and paid-up capital Rupees	Capital reserve- Surplus on revaluation of investment to fair value Rupees	Reserves		Total equity Rupees
			Revenue reserve- Accumulated profits Rupees	Sub total Rupees	
Balance as at July 01, 2013	267,280,000	1,400,730,371	(253,895,906)	1,146,834,465	1,414,114,465
Loss for the year	-	-	(147,740,340)	(147,740,340)	(147,740,340)
Other comprehensive income for the year	-	(308,719,085)	-	(308,719,085)	(308,719,085)
Total comprehensive income for the year	-	(308,719,085)	(147,740,340)	(456,459,425)	(456,459,425)
Transfer from surplus on revaluation of property, plant and equipment-net of tax	-	-	11,076,770	11,076,770	11,076,770
Balance as at June 30, 2014	267,280,000	1,092,011,286	(390,559,476)	701,451,810	968,731,810
Balance as at July 01, 2014	267,280,000	1,092,011,286	(390,559,476)	701,451,810	968,731,810
Loss for the year	-	-	(29,784,236)	(29,784,236)	(29,784,236)
Other comprehensive income for the year	-	(538,831,679)	-	(538,831,679)	(538,831,679)
Total comprehensive income for the year	-	(538,831,679)	(29,784,236)	(568,615,915)	(568,615,915)
Transfer from surplus on revaluation of property, plant and equipment-net of tax	-	-	9,353,910	9,353,910	9,353,910
Balance as at June 30, 2015	267,280,000	553,179,607	(410,989,802)	142,189,805	409,469,805

The annexed notes 1 to 46 form an integral part of these consolidated financial statements.

Lahore
July 25, 2015


JEHANZEB AMIN
Chief Executive


SAFDER HUSSAIN TARIQ
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

1 STATUS AND NATURE OF ACTIVITIES

1.1 The Group Comprises of

Holding Group

Samin Textiles Limited

	(Holding Percentage)	
	2015	2014
Subsidiary Company		
Nimas Trading (Pvt.) Limited	100%	-
Associate		
Onetel Pakistan (Private) Limited	24%	24%

Samin Textiles Limited ("the Holding Company") was incorporated in Pakistan on November 27, 1989 as a public limited company under the Companies Ordinance, 1984. The registered office of the Company is situated at 50-C, Main Gulberg, Lahore and the plant is located at 8 Kilometer, Manga Raiwind Road, Kasur. The Company is currently listed on Karachi and Lahore Stock Exchanges in Pakistan. The principal business of the Company is manufacturing and sale of cloth.

NIMAS Trading (Private) Limited was incorporated in Pakistan on March 24, 2015 as a private limited company under the companies ordinance, 1984. The Company is a wholly owned subsidiary of Samin Textiles Limited. The registered office of the Company is located at 50-Main Gulberg # C Lahore, Pakistan. The main objective of the company is to carry on business of trader, supplier, and manufacturer of textile & related products.

1.2 Basis Of Consolidation

These financial statements comprises the financial statements of Holding Company, its subsidiary Company and its associate as at 30 June, 2015.

(a) Subsidiary

- The financial statements of the subsidiary company has been consolidated on line by line basis and the carrying values of investment held by the holding company has been eliminated against the shareholder's equity in the subsidiary company.

- The financial statements of the subsidiary are prepared for the same reporting year as the Holding company, using the consistent accounting policies.

"- All intracompany balances, transactions, income and expenses and profits and losses resulting from intracompany transactions that are recognized in assets, are eliminated in full."

- The subsidiary is fully consolidated from the date of acquisition, being the date on which the Holding Company obtains control, and continue to be consolidated until the date that such control ceases.

- The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non- controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as Goodwill.

(b) Associate

Associate is the entity over which the Group has significant influence but not control. The Group's share of its associate's post-acquisition profit or loss is recognized in the profit and loss account, its share of post-acquisition other comprehensive income is recognized in the statement of comprehensive income and its share of post-acquisition movements in reserves is recognized in balance sheet. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

- 1.3 During the year, the holding company incurred gross loss amounting to Rs. 167.650 million mainly due to non-availability of gas & electricity and depressed market conditions for grey fabric in local & international market resulting in short fall of working capital and negative cash flows from operating activities. There are material uncertainties that may cast doubt on the entity's ability to continue as a going concern, however, these financial statements have been prepared on going concern basis on the grounds that the Holding Company will be able to achieve satisfactory levels of profitability in the future based on the following plans drawn up by the management for this purpose so that the Holding Company will have the resources to continue its business in a profitable manner:

- Financial Projections

The management of the Holding Company has prepared a set of financial projections for a period of five years to analyze the Company's sustainability in the future periods with a particular focus on the twelve months period ending June 30, 2016. The financial projections are based on various assumptions such as BMR, interest rates, interest repayments, receipts from disposal of its investment held in SGI, availability of gas / LNG and electricity etc.

These financial projections have been approved by the Board of Directors of the Holding Company and has been subjected to stressed scenarios which the Board considered to be reasonable and appropriate.

- Financial commitment from sponsors

The sponsors of the Holding Company have explicitly provided a commitment to provide necessary financial support to the Company, if the need arises, to address any liquidity and solvency issues to enable the Company to continue its business.

The assessment of appropriateness of using the going concern basis of accounting has been subject to a due governance process involving the Audit Committee and the Board of Directors of the Holding Company. In making such assessments, the Directors have taken into account all facts and circumstances as referred to in the above paragraphs. After considering the financial projections, in particular those for the period up to June 30, 2016, the Directors have reasonable expectation that the Holding Company will have adequate resources to continue its business over this period.

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 (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 shall prevail.

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

The Company has adopted the following revised standards, amendments and interpretation of IFRSs which became effective during the current year:

IFRIC 21	Levies
IAS 19	Employee Contributions
IAS 32	Offsetting Financial Assets and Financial liabilities (Amendment)
IAS 36	Recoverable Amount for Non-Financial Assets (Amendment)
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting - (Amendment)

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on these financial statements.

2.3 Standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

Standard or Interpretation		Effective Date (Annual periods beginning on or after)
IFRS 13	Fair Value Measurement	01 January 2015
IFRS 10	Consolidated Financial Statements	01 January 2015
IFRS 11	Joint Arrangements	01 January 2015
IFRS 12	Disclosure of Interests in Other Entities	01 January 2015
IAS 16 and 38	Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 and 41	Agriculture: Bearer Plants	01 January 2016

The Company expects that adoption of above new standards and amendments of the standards will not affect significantly the Group's financial statements in the period of initial application.

In addition to the above, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard		IASB effective date (Annual periods beginning on or after)
IFRS 9	Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 15	Revenue from Contracts with Customers	01 January 2017

2.4 Accounting convention

These accounts have been prepared under the historical cost convention, except for revaluation of free hold land and building on freehold land and investment at fair value.

2.5 Critical accounting estimates and judgments

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

- assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property, plant and equipment;
- assumptions and estimates used in determining the useful lives and residual values of intangibles assets;
- assumptions and estimates used in writing down items of stock in trade to their net realizable value;
- assumptions and estimates used in calculating the provision for impairment for trade debts
- assumptions and estimates used in determining fair value of available-for-sale investment;
- assumptions and estimates used in the recognition of income taxes; and
- assumptions and estimates used in disclosure and assessment of provision for contingencies.

2.6 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is the Company's functional and presentation currency. Figures in the financial statements have been rounded off to the nearest Rupee unless otherwise stated.

2.7 These are consolidated financial statements and includes results of parent company, its subsidiary and associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Employee benefits

Defined contribution plan

The Holding Company operates unapproved funded contributory provident fund for all its employees who have completed minimum qualifying period of service as defined under the respective scheme. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of basic salary.

3.2 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemption available, if any, and tax paid on presumptive basis.

Deferred

Deferred tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" issued by the Institute of Chartered Accountants of Pakistan.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits, if any, to the extent that it is probable that taxable profits will be available against which such temporary differences and tax losses and credits can be utilized. Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

3.3 Property, plant and equipment

Property, plant and equipment except freehold land and building on freehold land are stated at cost less accumulated depreciation and impairment in value. Freehold land and building on freehold land are stated at revalued amount. Capital work in progress and stores held for capital expenditure are stated at cost less impairment loss, if any. Cost also includes borrowing cost as referred in the relevant accounting policy.

Depreciation is charged to income applying the reducing balance method over the estimated useful life at the rates specified in property, plant and equipment note 16.

Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gain or loss on disposal of property, plant and equipment is taken to profit or loss.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

Any surplus arising on revaluation of property, plant and equipment is credited to the "Surplus on revaluation of property, plant and equipment" account. Revaluation is carried out sufficiently to ensure that the carrying amounts of assets does not differ materially from the fair value. The surplus on revaluation on these assets can only be utilized in the manner specified in section 235 of the Companies Ordinance, 1984 and Notification No. S.R.O.45(I)/2003 dated January 13, 2003.

3.4 Accounting for finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

Assets held under finance leases are recognized as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. Lease payments are appropriated between finance costs and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Assets so acquired are amortized over their expected useful life at the rates specified in property, plant and equipment note 16.

3.5 Foreign currencies

Transactions in currencies other than Pakistan Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into wherein the rates contracted for are used.

Gains and losses arising on retranslation are included in profit or loss for the period.

3.6 Financial instruments

Financial assets

Financial assets are recognized when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets are described below. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

For the purpose of subsequent measurement, financial assets of the Group are classified into the following categories upon initial recognition.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. These are included in current assets, except for maturities for greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables with less than twelve months maturities are classified as current assets. The Group's cash and cash equivalents, trade debts, deposits and other receivables fall into this category of financial instruments. Loans and receivables are subject to review for impairment at each reporting date to identify whether there is objective evidence that the financial asset is impaired.

b) Available-for-sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the categories of loans and receivables, financial assets at fair value through profit or loss and financial assets held to maturity. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the end of reporting period.

After initial recognition, available-for-sale investments are measured at fair value in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". Gains or losses on available-for-sale investments are recognized through other comprehensive income until the investment is sold or de-recognized, at which time the cumulative gain or loss previously reported is included in profit or loss.

Dividends on available-for-sale equity instruments are recognized in the profit or loss when the Group's right to receive payments is established.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The Group assesses at each balance sheet date whether there is objective evidence, that a financial asset or group of financial assets is impaired. If any such evidence exists for 'available-for-sale' financial assets, the cumulative loss is removed from equity and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit and loss account.

Financial liabilities

The Group's financial liabilities include borrowings, accrued mark-up and trade and other payables.

Financial liabilities are measured initially at fair value, less attributable transaction costs. Financial liabilities are measured subsequently at amortized cost using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, if any, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

Investment income earned on the temporary investment of specific borrowings, if any, pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized as expense in the period in which they are incurred.

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

3.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and bank balances and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.8 Non-current assets held for sale

Non-current assets classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recoverable principally through a sale transaction rather than through a continuing use.

3.9 Stores, spare parts and loose tools

These are valued at moving average cost except goods in transit, which are valued at cost comprising invoice value plus other charges incurred thereon.

3.10 Stock in trade

These are valued at the lower of cost and net realizable value applying the following basis:

Raw material	Weighted average
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Packing material	Weighted average
Waste	Net realizable value

Raw material in transit is stated at invoice price plus other charges paid thereon up to the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods consists of direct material and labor and a proportion of manufacturing overheads based on normal capacity.

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

3.11 Revenue recognition

Revenue is measured at fair value of consideration received or receivable and represents amounts receivable for goods and services provided in normal course of business.

- Export sales are accounted for on shipment basis and exchange differences, if any on account of export proceeds are adjusted in the period of realization.
- Local sales are recorded on dispatch of goods to customers.
- Rebate income is recognized on accrual basis.
- Dividend income is recognized when the Company's right to receive payment is established.
- Interest income is recognized on time proportion basis.

3.12 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.13 Impairment

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of that asset or group of assets is estimated and impairment loss is recognized in the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

3.14 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the assets can be measured reliably. Cost of the intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method.

Useful lives of intangible assets are reviewed at each balance sheet date and adjusted if the impact of amortization is significant.

	2015 Rupees	2014 Rupees
4 SHARE CAPITAL		
4.1 Authorized share capital		
30,000,000 (2014: 30,000,000) ordinary shares of Rs. 10 each	300,000,000	300,000,000
4.2 Issued, subscribed and paid-up capital		
26,728,000 (2014: 26,728,000) ordinary shares of Rs. 10 each allotted for consideration paid in cash	267,280,000	267,280,000
Total	267,280,000	267,280,000
5 RESERVES		
Surplus on remeasurement of investment	1,357,543,403	1,899,295,419
Less: Deferred tax on remeasurement of investment	(265,532,117)	(498,565,048)
Opening balance of surplus on remeasurement of investment- net of tax	1,092,011,286	1,400,730,371
Decrease in surplus during the year:		
Gain on investment disposed off during the year	(313,046,597)	-
Deferred tax on disposal of investment	103,597,387	-
Unrealized Loss on remeasurement of available-for-sale investment	(489,750,000)	(541,752,016)
Reversal of Deferred tax on investments	161,934,731	-
Deferred tax on remeasurement of available-for-sale investment	(1,567,200)	233,032,931
	(538,831,679)	(308,719,085)
Closing balance of surplus on remeasurement of investment- net of tax	553,179,607	1,092,011,286
Unappropriated profit / (accumulated loss)	(410,989,802)	(390,559,476)
Total	142,189,805	701,451,810

6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The surplus on revaluation of property, plant and equipment represents surplus over book value resulting from revaluation of freehold land and building on freehold land.

Last revaluation of freehold land and building on freehold land of the Holding Company was carried out as on June 30, 2012 by M/s Asif Associates (Private) Limited on the basis of market value.

Revaluation surplus can only be utilized in the manner specified in section 235 of the Companies Ordinance, 1984 and Notification No. S.R.O.45(I)/2003 dated January 13, 2003.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
6.1 The revaluation resulted in the following:			
Opening balance - net of deferred tax		272,880,194	283,956,964
Less: Transfer from surplus on revaluation of property, plant and equipment-net of tax		(9,353,910)	(11,076,770)
Total		263,526,284	272,880,194

7 SUB-ORDINATED LOAN

Sub-ordinated loan-unsecured	7.1	10,411,566	10,411,566
Total		10,411,566	10,411,566

- 7.1 This is an interest bearing loan from a member of the Holding Company and is subordinated to its main lenders. The loan was designated as an interest bearing loan with effect from 1st July 2010 and carries interest @ 15% per annum. Re-payment terms of the loan have not yet been finalized. However, the loan is not repayable within next twelve months.

	Note	2015 Rupees	2014 Rupees
8 LONG-TERM FINANCING - SECURED			
From financial institutions	8.1	173,329,790	224,852,747
		173,329,790	224,852,747
Less:			
Payable within next twelve months	14	(49,830,171)	(107,953,880)
		123,499,619	116,898,867
Transaction cost	8.2	(1,126,250)	(1,689,375)
Amortization of transaction cost	8.2	1,126,250	563,125
		-	(1,126,250)
Total		123,499,619	115,772,617

Salient terms and conditions are as follows:

Description	Interest	Detail of Securities	Re-payment terms	2015 Rupees	2014 Rupees
8.1 Pak China Investment Company Limited					
Term Finance Facility	Six month average KIBOR ask rate plus 2.50% per annum to be reset on semi-annual basis.	This term finance facility has been fully repaid during the year ended June30, 2015 and bank has issued NOC in the favor of Samin Textiles Limited.	Principal to be repaid in 8 equal instalments, the first instalment shall fall due on at the end of 6th month from the Facility Effective Date of the facility or the receipt of dividend from SGI whichever occur earlier.	-	117,857,143
Pak Oman Investment Company Limited and Pak Libya Holding Company (Private) Limited					
Syndicated Term Finance Facility	Six month KIBOR plus 3.00% per annum.	"- First exclusive charge on imported 25 sets of Air Jet looms and Air Compressor with all standard accessories and essential parts; - First pari passu charge on the company's fixed assets covering the 25% margin over the facility; and- Personal guarantees of Mr. Sarmad Amin and Mr. Jehanzeb Amin."	16 quarterly instalments, commencing from the 5th quarter after disbursement of first tranche.	78,329,790	106,995,604
Askari Bank Limited					
Term Finance Facility	Three month KIBOR plus 2.50% per annum.	"- First pari passu charge on present and future fixed assets of the company amounting to Rs. 60 million; and- Second joint pari passu charge on present and future fixed assets amounting to Rs. 114 million."	Principal to be repaid in 60 monthly instalments commencing from September 2015	50,000,000	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

Description	Interest	Detail of Securities	Re-payment terms	2015	2014
Allied Bank Limited				Rupees	Rupees
Term Loan Facility	Three month KIBOR plus 0.75%	First joint pari passu charge on all present and future current assets of the company amounting to Rs. 80 million; First pari passu charge amounting to Rs. 60 million on mortgaged land and building measuring 80 kanals; and- Personal guarantee of Mr. Sarmad Amin.	Principal to be repaid in 30 monthly installments commencing from September 2015	45,000,000	-
Sub-total				173,329,790	224,852,747
Total				173,329,790	224,852,747

8.2 Transaction cost paid to Pak China Investment Company Limited as arrangement fee is amortized over the period of loan.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

This represents plant and machinery and vehicles obtained under finance lease from various leasing companies. The financing rates used as discounting factor is 15.72 % (2014: 15.7%) per annum.

Taxes, repairs, replacements and insurance costs are born by the Group. The Group intends to exercise its option to purchase the above assets upon completion of lease period.

	Note	2015 Rupees	2014 Rupees
Present value of minimum lease payments		1,381,365	2,347,560
Less: current portion shown under current liabilities	14	(1,381,365)	(2,347,560)
Total		-	-

10 DEFERRED LIABILITIES

Deferred tax	10.1	23,346,506	306,412,094
Staff gratuity	10.2	1,562,100	1,562,100
Total		24,908,606	307,974,194

10.1 This includes deferred tax on:

Investments		1,567,200	265,532,118
Surplus on revaluation of building		55,678,988	60,286,137
Unabsorbed depreciation		(33,899,682)	(19,406,161)
	10.1.1	23,346,506	306,412,094

10.1.1 Remaining deferred tax asset amounting to Rs. 42.004 million (2014: Rs 129.576 million) arising on account of unabsorbed depreciation, un-used tax losses and tax credits have not been accounted for due to uncertainty regarding its recoverability in the foreseeable future.

10.2 The Holding Company had operated an unfunded gratuity scheme up to the year ended September 30, 1999 covering all its employees who had completed prescribed qualifying period of service. The unfunded gratuity scheme has been substituted by the provident fund scheme operated by the Holding Company for all employees as defined in note 3.1. This balance of gratuity payable represents the entitlement of current employees as at September 30, 1999, as reduced by the payments made to employees who have left the Holding Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

11 TRADE AND OTHER PAYABLES

	Note	2015 Rupees	2014 Rupees
Creditors		144,119,958	87,617,263
- for goods		39,588,827	42,043,192
- for supplies		97,710,906	60,243,460
- for services	11.1	281,419,691	189,903,915
Accrued liabilities		36,982,835	31,586,936
Advances from customers		16,603,340	16,317,480
Security deposits		513,630	513,630
Withholding tax payable		3,356,371	2,896,976
Payable to Workers' Welfare Fund	11.2	1,891,540	1,891,540
Provident fund payable	43	1,733,035	1,315,741
Unclaimed dividend		3,466,164	3,466,164
Total		345,966,606	247,892,382

11.1 This includes amount of Rs 2.99 million (2014: Rs. 4.3 million) payable to Security General Insurance Company Limited, a related party on account of insurance services.

11.2 Workers' Welfare Fund Ordinance, 1971 has been amended through Finance Acts 2006 and 2008. These amendments were held unconstitutional and struck down by the Honourable Lahore High Court, Lahore (HLHC) on August 05, 2011. The decision of the HLHC has been challenged in the august Supreme Court of Pakistan decision of which is still pending. Therefore, the Holding Company has not yet made payment of this amount. Further, the Holding Company has also not made any provision during the year as the management is confident of favourable outcome of such litigation.

12 INTEREST / MARKUP ACCRUED ON BORROWINGS

		2015 Rupees	2014 Rupees
Mark-up accrued on:			
Long term financing		5,083,582	1,746,267
Liabilities against assets subject to finance lease		3,217,396	3,217,396
Short term borrowings		13,259,358	22,067,766
Subordinated loan		10,217,244	8,655,743
Total		31,777,580	35,687,172

13 SHORT TERM BORROWINGS

	Note	Sanctioned Limit (Rupees)	2015 Rupees	2014 Rupees
From banking companies:				
Pre-shipment - own sources	13.2	390,000,000	293,392,883	389,460,883
Cash finance	13.3	545,000,000	508,277,680	506,714,671
Bank overdraft	13.4		364,377	-
Total			802,034,940	896,175,554

13.1 The securities registered with SECP against short term borrowing from one financial institution is utilized for various facilities sanctioned by the said financial institution.

13.2 These facilities are secured against first joint pari passu charge on current assets ranging from Rs. 80 million to Rs. 176 million, second joint pari passu charge on fixed assets of the Holding Company ranging from Rs. 40 million to Rs. 114 million, first pari passu charge on present and future fixed assets of the Holding Company amounting to Rs. 60 million and personal guarantee of the sponsoring director of the Holding Company and carry mark-up at rates ranging from one to six months KIBOR plus 2.5% to 4% per annum (2014: one to six months KIBOR plus 1.5% to 4% per annum).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

13.3 These facilities are secured against first pari passu charge on fixed assets of the Holding Company amounting to Rs. 340 million, first joint pari passu charge over the current assets of the Holding Company amounting to Rs. 295 million, second pari passu charge amounting to Rs. 100 million over the fixed assets of the Holding Company, ranking charge of Rs. 267 million each over current and fixed assets of the Holding Company, personal guarantee of the sponsoring director and physical pledge of 3.6 million shares of Security General Insurance Company Limited owned by subsidiary. These facilities carry mark-up at rate ranging from three to six month KIBOR average ask rate plus 3% per annum (2014: three to six month KIBOR average ask rate plus 3% per annum).

13.4 This is due to issuance of cheques near balance sheet date, however, concerned bank statement shows favourable balance.

	Note	2015 Rupees	2014 Rupees
14 CURRENT PORTION OF LONG-TERM BORROWINGS			
Long term financing	8	49,830,171	107,953,880
Liabilities against assets subject to finance lease	9	1,381,365	2,347,560
Total		51,211,536	110,301,440

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies - The Holding Company

- A suit for declaration with consequential relief and damages has been filed against the Company to challenge the purchase of land in village Rousa, Kasur. The same is pending adjudication before Civil Judge, Kasur.
- A petition has been filed by the Company challenging calculation and demand of electricity duty. The matter of revised calculations made by the Electricity Inspector of Lahore region is still pending adjudication before the Honorable Lahore High Court, Lahore.
- During the year ended 30 June 2011, an order u/s 161/205 of the Income Tax Ordinance, 2001 was received for recovery of tax arrears amounting to Rs. 70.868 million for tax year 2004. The Company was contesting the above order in appeal before the Commissioner Inland Revenue Appeals-II, Lahore (CIR-A). The said CIR-A has remanded back the order u/s 161/205 to the assessing officer.

In respect of such case, the Company also filed a writ petition before the Honorable Lahore High Court, Lahore wherein the Company has sought declaration vis-a-vis the amendment in section 174(3) of the Income Tax Ordinance, 2001 incorporated vide Finance Act, 2010 whereby period to maintain record was extended from 5 years to 6 years which is prospective and cannot be applied retrospectively to open past and closed matters. Decision of the petition is still pending.

- Guarantees of Rs. 35.655 million (2014: Rs. 35.655 million) have been given by the National bank of Pakistan on behalf of the Company to Sui Northern Gas Pipelines Limited, Excise and Taxation Authorities and Lahore Electric Supply Company Limited (LESCO).
- A petition is pending in the Honorable Lahore High Court, Lahore for waiver of security amounting to Rs. 5.355 million (2014: Rs. 5.355 million) demanded by LESCO.
- Amendment Order u/s 122(5A) for Tax Year 2007 raising demand of Rs. 3.637 million on account of charge of minimum tax u/s 113 in respect of local sales only was passed on 24-05-2013. This order was contested before CIR-A. During the year, an order partially in favor of the Company was passed by the CIR-A. However, 2nd appeal has been filed before Appellate Tribunal Inland Revenue (ATIR) on the same grounds, which is pending for adjudication. The appeals filed by company against add backs amounting to Rs. 5.046 million and Rs. 13.423 million in respect of tax year 2007 and 2008 are also pending for adjudication at Appellate Tribunal Inland Revenue (ATIR).
- An order u/s 122(5A) for Tax Year 2009 has been passed by Additional Commissioner Inland Revenue (Add.CIR) raising demand of Rs. 4.857 million. An appeal was preferred before CIR-Appeals, who provided partial relief whereas interest on WPPF & on short term borrowings was disallowed, whereas, company has approached ATIR against the order of CIR-Appeals which is pending adjudication till date.
- An order u/s 122(5A) for Tax Year 2010 has been passed by Add. CIR reducing the Income Tax Refunds to Rs. 0.521/- million by imposing minimum tax u/s 113 @ 0.5% on local sales amounting to Rs. 4.412/- million. Appeal was filed before CIR Appeals who upheld the stance of Add. CIR. Appeal against the Order of CIR Appeals has been filed before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication till date.
- The Company has filed a writ petition against imposition of UOF Surcharge, DS Surcharge, NJS Surcharge and EQ Surcharge on consumption of electricity whereby the Honorable Lahore High Court, Lahore has stayed recovery of these surcharges from November 2014 till the next date of hearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

- x) Other un-acknowledged debts / claims as on balance sheet date amounts to Rs. 16.383 million (2014: 16.383 million).

Management is hopeful of favorable decision of all pending cases above and accordingly, no provision has been made in these financial statements.

15.2 Commitments - The Holding Company

Commitments against foreign bills purchased by bank amounting to Rs. 19.65 million (2014: Rs. 8.999 million).

	Note	2015 Rupees	2014 Rupees
Operating fixed assets	16.1 & 16.2	881,130,005	899,247,429
Capital work in progress	16.7	-	4,270,905
Total		881,130,005	903,518,334

16.1 Operating fixed assets - 2015

Description	Cost				Rate %	Depreciation				Net book value Rupees
	As at July 01, 2014 Rupees	Additions/ (deletions) Rupees	Transfers / (adjustments) Rupees	As at June 30, 2015 Rupees		As at July 01, 2014 Rupees	For the year / (adjustments) Rupees	Transfers / (adjustments) Rupees	As at June 30, 2015 Rupees	
Owned Assets										
Freehold land	174,500,000	-	-	174,500,000	-	-	-	-	-	174,500,000
Buildings on freehold land	257,770,709	30,932,334 (4,000,000)	-	282,703,045	10	48,245,992	22,010,425 (5,306,504)	-	64,949,911	217,753,134
Plant and machinery	1,090,418,377	26,393,119	-	1,116,811,496	10	460,718,591	44,450,863	-	705,169,454	411,642,042
Furniture and fittings	6,182,155	135,000	-	6,317,155	10	4,380,451	189,168	-	4,569,619	1,747,536
Office equipment	28,563,800	1,115,850	-	29,679,650	10	15,921,860	1,372,545	-	17,294,405	12,385,245
Vehicles	34,580,535	136,931 (77,455)	4,261,252	38,901,263	20	24,359,248	2,217,364 (66,450)	2,744,381	29,254,543	9,646,720
Electric installation	33,505,322	-	-	33,505,322	10	14,775,555	1,672,980	-	18,448,535	15,056,787
Tube well	2,602,423	-	-	2,602,423	10	950,396	165,204	-	1,115,600	1,486,823
Arms and ammunition	5,500	-	-	5,500	10	4,868	60	-	4,928	572
Sub-total	1,630,128,821	58,713,236 (4,077,455)	4,261,252	1,687,025,854		771,356,961	72,078,609 (5,372,954)	2,744,381	840,806,995	846,218,859
Leased Assets										
Plant and machinery	99,821,877	-	-	99,821,877	10	61,031,719	3,879,012	-	64,910,731	34,911,146
Vehicles	4,261,252	-	(4,261,252)	-	20	2,575,841	168,540	(2,744,381)	-	-
Sub-total	104,083,129	-	(4,261,252)	99,821,877		63,607,560	4,047,552	(2,744,381)	64,910,731	34,911,146
Total	1,734,211,950	58,713,236 (4,077,455)	-	1,786,847,731		834,964,521	76,126,161 (5,372,954)	-	905,717,726	881,130,005

16.2 Operating fixed assets - 2014

Description	Cost				Rate %	Depreciation				Net book value
	As at July 01, 2013	Additions/ (deletions)	Transfers / (adjustments)	As at June 30, 2014		As at July 01, 2013	For the year / (adjustments)	As at June 30, 2014		
	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees		
Owned Assets										
Freehold land	176,500,000	-	-	176,500,000	-	-	-	-	-	176,500,000
Buildings on freehold land	251,867,140	5,903,569	-	257,770,709	10	25,180,232	23,065,760	-	-	209,524,717
Plant and machinery	1,079,536,937	9,260,726	1,620,714	1,090,418,377	10	613,421,539	47,297,052	48,245,992	-	429,699,786
Furniture and fittings	6,182,155	-	-	6,182,155	10	4,180,255	200,196	-	-	1,801,704
Office equipment	27,565,053	1,078,747 (80,000)	-	28,563,800	10	14,580,791	1,356,719 (15,650)	4,380,451	-	12,641,940
Vehicles	35,773,858	377,607 (1,570,930)	-	34,580,535	20	23,251,443	2,536,365 (1,428,760)	24,359,248	-	10,221,287
Electric installation	32,389,022	1,170,000 (53,700)	-	33,505,322	10	15,041,793	1,781,787 (48,025)	16,775,555	-	16,729,767
Tube well	2,602,423	-	-	2,602,423	10	766,832	183,564	950,396	-	1,652,027
Arms and ammunition	5,500	-	-	5,500	10	4,796	72	4,868	-	632
Sub-total	1,612,422,088	17,790,649 (1,704,630)	1,620,714	1,630,128,821		696,427,681	76,421,715 (1,492,435)	771,356,961	-	858,771,860
Leased Assets										
Plant and machinery	99,821,877	-	-	99,821,877	10	56,721,703	4,310,016	61,031,719	-	38,790,158
Vehicles	4,261,252	-	-	4,261,252	20	2,154,485	421,356	2,575,841	-	1,685,411
Sub-total	104,083,129	-	-	104,083,129		58,876,188	4,731,372	63,607,560	-	40,475,569
Total	1,716,505,217	17,790,649 (1,704,630)	1,620,714	1,734,211,950		755,303,869	81,153,087 (1,492,435)	834,964,521	-	899,247,429

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
16.3 Depreciation for the year has been allocated as under:			
Cost of sales	30	72,347,084	77,059,607
Administrative expenses	33	3,779,077	4,093,480
Total		76,126,161	81,153,087

16.4 Had there been no revaluation, the cost, accumulated depreciation, and book value of the revalued property, plant and equipment as on June 30, 2015 would have been as follows:

	Cost as at June 30, 2015 Rupees	Accumulated depreciation as at June 30, 2015 Rupees	Book value as at June 30, 2015 Rupees
Freehold land	15,100,263	-	15,100,263
Building on freehold land	170,543,421	(92,494,994)	78,048,427
Total	185,643,684	(92,494,994)	93,148,690

16.5 Had there been no revaluation, the cost, accumulated depreciation, and book value of the revalued property, plant and equipment as on June 30, 2014 would have been as follows:

	Cost as at June 30, 2014 Rupees	Accumulated depreciation as at June 30, 2014 Rupees	Book value as at June 30, 2014 Rupees
Freehold land	15,100,263	-	15,100,263
Building on freehold land	145,611,085	(91,313,819)	54,297,266
Total	160,711,348	(91,313,819)	69,397,529

16.6 Disposal of property, plant and equipment

Description	Quantity	Cost Rupees	Accumulated depreciation Rupees	Net book value Rupees	Proceeds from disposal Rupees	Gain on disposal of property, plant and equipment Rupees	Mode of disposal	Particulars of buyer
Suzuki GS-150	1	77,455	66,450	11,005	25,000	13,995	Negotiation	Arshod mansoor
Total		77,455	66,450	11,005	25,000	13,995		

16.7 Capital work in progress

Description	As at 01 July 2014 Rupees	During the year		As at 30 June 2015 Rupees
		Additions Rupees	Transfers Rupees	
Building	4,270,905	26,661,431	(30,932,336)	-
Total	4,270,905	26,661,431	(30,932,336)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

17 INTANGIBLE ASSETS

DESCRIPTION	Note	Cost			Useful life	Amortization			Net book value
		As at July 01, 2014	Transfers	As at June 30, 2015		As at July 01, 2014	For the year	As at June 30, 2015	
		Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees
License		400,000	-	400,000	3 years	400,000	-	400,000	-
SAP-computer software	17.1	4,190,000	-	4,190,000	5 years	2,044,720	838,000	2,882,720	1,307,280
Total June 30, 2015		4,590,000	-	4,590,000		2,444,720	838,000	3,282,720	1,307,280
Total June 30, 2014		4,590,000	-	4,590,000		1,786,177	658,543	2,444,720	2,145,280

17.1 Amortization for the year has been allocated to administrative expenses.

18 LONG TERM INVESTMENT

Investments in related parties

Associate			
Onetel Pakistan (Private) Limited	18.1	1,000,000	1,000,000
Available for sale			
Security General Insurance Company Limited		-	404,770,000
Total		1,000,000	405,770,000

18.2 Extracts from audited financial statements

Total assets	9,867,500	9,867,500
Total liabilities	9,867,500	9,867,500

19 LONG TERM DEPOSITS

Long term deposits	19.1	12,418,239	12,823,739
Total		12,418,239	12,823,739

19.1 Long term deposits include security deposits against the finance leases, electricity connection and bank guarantee given to Lahore Electric Supply Company Limited.

20 STORES, SPARE PARTS AND LOOSE TOOLS

Stores	26,651,237	34,828,009
Spare parts	33,573,722	36,620,364
Loose tools	3,873,891	5,306,291
Total	64,098,850	76,754,664

21 STOCK IN TRADE

Raw material	47,268,385	111,205,229
Work in process	4,532,107	6,779,303
Finished goods	180,461,393	202,762,937
Total	232,261,885	320,747,469

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
22 TRADE DEBTS			
Considered good			
Export - secured against export documents		2,572,503	6,089,605
Local - unsecured		109,337,945	51,530,002
		111,910,448	57,619,607
Considered doubtful			
Local - unsecured		610,944	610,944
Less: Provision for doubtful debts	22.1	(610,944)	(610,944)
		-	-
Total		111,910,448	57,619,607
22.1 Provision for doubtful debts			
Opening balance		610,944	-
Provision for the year		-	610,944
Closing balance		610,944	610,944

23 LOANS AND ADVANCES - CONSIDERED GOOD

Loan to related party	23.1	1,150,000	1,150,000
Advances to:			
- Staff - secured		1,117,821	924,312
- Suppliers for goods and for services - unsecured		16,262,251	17,968,181
Letters of credit		134,881	203,447
Total		18,664,953	20,245,940

23.1 This carries markup @ 12.705% (2014: 12.70%).

24 TRADE DEPOSITS AND PREPAYMENTS

Security deposits	1,085,424	1,085,424
Prepayments	93,216	143,216
Total	1,178,640	1,228,640

25 TAX REFUNDS DUE FROM GOVERNMENT

Advance income tax - net	60,207,322	46,570,094
Sales tax refundable - net	34,291,583	40,338,666
Export rebate receivable	1,334	9,790
Excise duty receivable	4,479,873	4,479,873
Total	98,980,112	91,398,423

26 INVESTMENTS (AVAILABLE-FOR-SALE)

Security General Insurance Company Limited			
6,530,000 (2014: 10,214,914) fully paid ordinary shares	26.1	620,350,000	705,330,000
Total		620,350,000	705,330,000

26.1 This is made-up as under:

Opening investment	705,330,000	1,197,224,966
(Loss) / gain on remeasurement of available-for-sale investment to fair value	(496,280,000)	(541,752,016)
Transferred from long term investments	404,770,000	49,857,050
Investment made by subsidiary during the year	26.2	-
Investments (available-for-sale)		613,820,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

26.2 Fair value of such investment as on June 30, 2015 is Rs. 95 per share which is based on latest sale price of such shares (transaction price of investment sold by Samin Textiles Limited during the year) whereas last year fair value of such investment was Rs.170 per share which was determined by valuation techniques with assumptions of "discount to adjust net asset value to market value" and "liquidity discount" 25% & 10% respectively.

26.3 The investee is associated of the group due to common directorship.

26.4 3,600,000 (2,381,000) shares have been physically pledged against loan facilities from financial institution.

	Note	2015 Rupees	2014 Rupees
27 CASH AND BANK BALANCES			
Cash at bank:			
- current accounts	27.1	10,699,257	5,263,998
- deposit accounts		3,782,239	7,423,609
- foreign currency accounts		1,861,472	1,800,155
		16,342,968	14,487,762
Cash in hand		2,651,843	3,324,972
Total		18,994,811	17,812,734

27.1 The effective rate of return in respect of deposit accounts is 4.5% (2014: 7%).

	2015 Rupees	2014 Rupees
28 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
Investment	-	350,066,830
Total	-	350,066,830

During the year ended June 30, 2014, the Company entered into an MOU with Adamjee Insurance Company Limited for disposing of 3,684,914 shares of Security General Insurance Company Limited at Rs. 95 per share. During the year, such shares have been disposed off.

	2015 Rupees	2014 Rupees
29 SALES - NET		
Export		
Cloth	360,176,801	696,140,498
Sub-total	360,176,801	696,140,498
Local		
Cloth	1,332,846,587	1,903,554,374
Waste	1,707,600	3,654,194
Sub-total	1,334,554,187	1,907,208,568
Less: Sales tax		
Cloth	(37,594,095)	(47,426,326)
Waste	(88,562)	(286,530)
Sub-total	(37,682,657)	(47,712,856)
Total Sales	1,657,048,331	2,555,636,210
Less: Commission	(14,480,392)	(18,553,009)
Total	1,642,567,939	2,537,083,201

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
30 COST OF SALES			
Raw material consumed	30.1	1,201,938,186	1,828,880,589
Fuel and power		191,810,033	228,508,619
Stores, spare parts and loose tools consumed		123,499,289	120,938,407
Salaries, wages and other benefits	30.2	153,206,274	139,711,420
Processing charges		6,797,676	11,812,371
Repairs and maintenance		15,880,438	9,461,347
Communication		580,405	681,879
Insurance		7,417,466	4,895,517
Depreciation	16.3	72,347,084	77,059,607
Traveling and conveyance		3,912,444	4,656,897
Other expenses		8,497,363	12,312,857
		1,785,886,658	2,438,919,510
Adjustment of work in process			
Opening work in process		6,779,303	11,397,288
Closing work in process	21	(4,532,107)	(6,779,303)
		2,247,196	4,617,985
		1,788,133,854	2,443,537,495
Adjustment of finished goods			
Opening stock		202,762,937	257,487,384
Fabric purchases		-	8,078,876
Closing stock	21	(180,461,393)	(202,762,937)
		22,301,544	62,803,323
Less Export rebate		(217,670)	(282,099)
Total		1,810,217,728	2,506,058,719
30.1 Raw material consumed			
Opening stock		111,205,229	103,819,873
Purchases		1,138,001,342	1,836,265,945
		1,249,206,571	1,940,085,818
Closing stock	21	(47,268,385)	(111,205,229)
Total		1,201,938,186	1,828,880,589

30.2 This includes an amount of Rs. 4,445,541 (2014: Rs. 3,689,254) on account of provident fund.

	2015 Rupees	2014 Rupees
31 OTHER INCOME		
Income from financial assets		
Profit on deposit accounts	302,116	273,664
Dividend income	29,385,000	40,859,656
Interest income	146,050	365,269
Income from assets other than financial assets		
Gain on disposal of property, plant and equipment	-	395,805
Gain on disposal of Investment	312,720,097	-
Foreign currency translation differences-net	118,630	-
Liabilities written back	-	26,265,597
Total	342,671,893	68,159,991

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
32 DISTRIBUTION COST			
Salaries and other benefits	32.1	8,274,355	8,139,349
Outward freight		10,397,135	17,293,579
Cloth export expenses		1,019,246	1,428,364
Travelling and conveyance		5,173,237	8,467,426
Communication		307,191	147,446
Vehicle running and maintenance		334,014	441,880
Insurance		1,818,221	1,747,971
Other selling expenses		1,515,869	3,367,931
Total		28,839,268	41,033,946

32.1 This includes an amount of Rs. 386,746 (2014 : Rs. 407,524) on account of provident fund.

	Note	2015 Rupees	2014 Rupees
33 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	33.1	29,700,427	28,924,518
Rent, rates and taxes		1,250,000	900,000
Repairs and maintenance		2,549,585	1,474,325
Insurance		901,575	866,741
Printing and stationery		765,446	1,041,825
Communication		1,170,657	1,146,089
Electricity, gas and water		2,269,535	1,827,082
Travelling and conveyance		4,130,601	3,241,626
Entertainment		451,556	402,593
Fee and subscription		3,570,472	5,085,693
Legal and professional		2,920,000	2,374,450
Vehicle running and maintenance		2,152,122	1,597,144
Provision for doubtful debts	22.1	-	610,944
Auditors' remuneration	33.2	1,085,670	1,009,700
Depreciation	16.3	3,779,077	4,093,480
Amortization	17	875,450	658,542
Miscellaneous		2,445,916	2,328,471
Total		60,018,089	57,583,223

33.1 This includes an amount of Rs. 1,292,901 (2014: Rs. 1,262,150) on account of provident fund.

	Note	2015 Rupees	2014 Rupees
33.2 Auditors' remuneration:			
Audit fee of parent company		500,000	500,000
Audit fee of subsidiary company		40,000	-
Fee for half yearly review and other certifications		150,000	150,000
Taxation services		395,670	359,700
Total		1,085,670	1,009,700

34 OTHER OPERATING EXPENSES

Donations	34.1	300,000	-
Loss on disposal of property, plant and equipment	16.6	679,499	-
Foreign currency translation differences-net		-	425,018
Total		979,499	425,018

34.1 None of the directors of the Company or their spouses had any interest in the donee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
35 FINANCE COST			
Mark up on:			
- Long term financing		20,716,147	30,158,520
- Liabilities against assets subject to finance lease		64,142	107,445
- Short term borrowings		94,613,753	99,610,115
Bank charges and others		7,558,746	11,347,161
Amortization of transaction cost	8.2	1,126,250	563,125
Interest on sponsor's loan		1,561,501	1,566,308
Total		125,640,539	143,352,674

36 PROVISION FOR TAXATION

Current	8,429,616	29,642,328
Deferred	(19,100,671)	(25,112,376)
Total	(10,671,055)	4,529,952

36.1 The Holding Company is under the ambit of final tax up to the extent of export sales under section 169 of Income Tax Ordinance, 2001 and dividend income under section 150 of Income Tax Ordinance, 2001. Provision for income tax is made accordingly. Income tax provision for income which is not subject to final tax under section 169 of Income Tax Ordinance, 2001 has been calculated in accordance with section 113 and 113 (c) of the Income Tax Ordinance, 2001 as the Holding Company has assessed tax losses. The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income falls under final tax regime and 113 & 113 (c) of Income Tax Ordinance, 2001. The subsidiary company has not earned any taxable income.

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, full time working directors and executives of the Group is as follows:

Particulars	2015		
	Chief Executive	Directors	Executives
	Rupees	Rupees	Rupees
Remuneration	1,920,000	3,777,416	16,772,035
Utilities	217,800	403,542	1,677,203
House rent	1,162,200	1,905,166	6,708,814
Provident fund contribution	159,936	314,659	1,397,111
Total	3,459,936	6,400,783	26,555,163
Number of person(s)	1	3	25

Particulars	2014		
	Chief Executive	Directors	Executives
	Rupees	Rupees	Rupees
Remuneration	1,920,000	6,428,320	14,187,963
Utilities	217,800	668,632	1,418,796
House rent	1,162,200	2,965,528	5,675,185
Provident fund contribution	159,936	535,479	1,181,857
Total	3,459,936	10,597,959	22,463,801
Number of person(s)	1	4	25

37.1 In addition, chief executive, directors and some executives are provided with free use of Holding company owned and maintained cars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

37.2 Provident fund contribution are made by the Holding Company @ 8.33% (2014: 8.33%) of the basic salaries of directors and executives.

37.3 Chief executive is also provided with mobile phone, private security guard at residence and medical facilities.

38 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED

Loss per share is calculated by dividing loss after tax for the period by weighted average number of shares outstanding during the period as follows:

	2015 Rupees	2014 Rupees
Profit / (loss) after tax (Rupees)	(29,784,236)	(147,740,340)
Weighted average number of ordinary shares	26,728,000	26,728,000
Earning / (loss) per share - basic and diluted (Rupees)	(1.114)	(5.528)

No figure for diluted earnings per share has been presented as the Group has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Group has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market Risk

The Boards of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Boards are also responsible for developing and monitoring the Group's risk management policies.

39.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises principally from loans and advances, trade debts, deposits, other receivables and bank balances. Out of total financial assets of Rs. 755.716 million (2014: Rs. 1,539.423 million), the financial assets that are subject to credit risk amounted to Rs. 753.064 million (2014: Rs. 1,536.098 million).

The Group monitors the credit quality of the financial assets with reference to the historical performance of such assets and available external credit ratings.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and investment held with some major counterparties at the balance sheet date.

Banks	Rating		Agency	June 2015	June 2014
	Short term	Long term		Rupees	Rupees
Allied Bank Limited	A 1+	AA+	PACRA	8,871	748,837
MCB Bank Limited	A 1+	AAA	PACRA	20,490	7,654,662
Standard Chartered Bank (Pakistan) Limited	A 1+	AAA	PACRA	2,633,673	1,817,246
Habib Metropolitan Bank Limited	A 1+	AA+	PACRA	374,738	183,213
National Bank of Pakistan	A 1+	AAA	JCR-VIS	188,561	442,341
NIB Bank Limited	A 1+	AA-	PACRA	119,263	174,486
Habib Bank Limited	A - 1+	AAA	JCR-VIS	113,926	727,759
Askari Bank Limited	A 1+	AA	JCR-VIS	3,078,671	3,300
Soneri Bank Limited	A 1+	AA-	PACRA	40,689	756,488
Summit Bank Limited	A - 1	A	JCR-VIS	424,052	1,401,475
Faysal Bank Limited	A 1+	AA	PACRA	477,877	534,629
JS Bank Limited	A 1+	A+	PACRA	-	22,338
Sindh Bank Limited	A - 1+	AA	JCR-VIS	20,988	20,988
Bank Al Falaah Limited	A 1+	AA	PACRA	8,643,257	-
Bank Al Habib Limited	A 1+	AA+	PACRA	197,912	-
Total				16,342,968	14,487,762

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

The aging of trade receivables at the reporting date is:

	2015 Rupees	2014 Rupees
Past due but not impaired		
1 to 120 days	53,264,270	25,624,415
120 to 180 days	22,790,954	6,806,863
180 to 365 days	5,763,015	5,330,504
past due 365 days	610,944	610,944
	82,429,183	38,372,726
Not yet due	29,412,606	16,697,495
Total	111,841,789	55,070,221

39.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group uses different methods which assists it in monitoring cash flow requirements. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation.

The following are contractual maturities of financial liabilities as at 30 June 2015:

	Carrying amount Rupees	Less than one year Rupees	One to five years Rupees	More than five years Rupees
Sub-ordinated loan	10,411,566	-	-	10,411,566
Long term financing	173,329,790	49,830,171	123,499,619	-
Liabilities against assets subject to finance lease	1,381,365	1,381,365	-	-
Short term borrowings	802,034,940	802,034,940	-	-
Trade and other payables	345,966,606	345,966,606	-	-
Interest accrued on loans	31,777,580	31,777,580	-	-
Total	1,364,901,846	1,230,990,661	123,499,619	10,411,566

The following are contractual maturities of financial liabilities as at 30 June 2014:

	Carrying amount Rupees	Less than one year Rupees	One to five years Rupees	More than five years Rupees
Sub-ordinated loan	10,411,566	-	-	10,411,566
Long term financing	224,852,747	107,953,880	116,898,867	-
Liabilities against assets subject to finance lease	2,347,560	2,347,560	-	-
Short term borrowings	896,175,554	896,175,554	-	-
Trade and other payables	247,892,382	247,892,382	-	-
Interest accrued on loans	35,687,172	35,687,172	-	-
Total	1,417,366,981	1,290,056,548	116,898,867	10,411,566

39.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Group's income or the value of its holdings of financial instruments.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

The Group is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US dollars. The Group's exposure to foreign currency risk for US Dollars is as follows:

	2015 Rupees	2014 Rupees
Foreign debtors-USD	2,572,503	6,089,605
Total	2,572,503	6,089,605

The following significant exchange rates have been applied:

Rupees per USD

Average rate	101.69	98.28
Reporting date rate	101.70	98.35

As at year end, had the exchange of USD depreciated or appreciated against the currency with all other variables held constant, the change in post tax profit/(loss), mainly as a result of foreign exchange gain/loss on translation of foreign currency denominated payables, would have been as follows:

Currency	% change	2015 Rupees	2014 Rupees
US \$	10	257,250	608,961

b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates.

At the reporting date, the variable interest rate profile of the Group's significant interest bearing financial instruments was as follows:

	Effective rate of interest		Carrying value in Rupees	
	2015	2014	June 2015 Rupees	June 2014 Rupees
Variable rate instruments				
Financial liabilities				
Long term financing	10.9% to 12.66%	10.9% to 12.65%	173,329,790	224,852,747
Liabilities against assets subject to finance lease	15.72%	15.7%	1,381,365	2,347,560
Short term borrowings	9.23% to 16.19%	11.22% to 14.19%	802,034,940	896,175,554
Total			976,746,095	1,123,375,861
Financial assets				
Cash at bank - deposit accounts	4.5%	7.0%	3,782,239	7,423,609
Total			3,782,239	7,423,609

At the reporting date, fixed mark-up rate profile of the Group's significant interest bearing financial instruments was as follows:

	Effective rate of interest		Carrying value in Rupees	
	2015	2014	June 2015 Rupees	June 2014 Rupees
Fixed rate instrument				
Financial liabilities				
Subordinated loan	15%	15%	10,411,566	10,411,566
Total			10,411,566	10,411,566

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit / (loss) for the year by the amounts shown below. This analysis assumes that all other variables remain constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

Currency	Profit / (loss) 100 bp	
	Increase	Decrease
As at June 30, 2015		
Cash flow sensitivity -variable rate financial liabilities	(9,767,461)	9,767,461
As at June 30, 2014		
Cash flow sensitivity -variable rate financial liabilities	(11,233,759)	11,233,759

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

c) Equity price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is exposed to equity price risk.

39.4 Financial instruments by categories

	Available for sale		Loans and receivables		Total	
	June 2015	June 2014	June 2015	June 2014	June 2015	June 2014
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Financial assets						
Investments	621,350,000	1,461,166,830	-	-	621,350,000	1,461,166,830
Trade debts	-	-	112,521,392	58,230,551	112,521,392	58,230,551
Loans and advances	-	-	1,252,702	1,127,759	1,252,702	1,127,759
Trade deposits	-	-	1,085,424	1,085,424	1,085,424	1,085,424
Interest accrued	-	-	511,319	365,269	511,319	365,269
Cash and bank balances	-	-	18,994,811	17,812,734	18,994,811	17,812,734
Total	621,350,000	1,461,166,830	134,365,648	78,621,737	755,715,648	1,539,788,567

	Financial liabilities at amortised cost	
	June 2015	June 2014
	Rupees	Rupees
Financial liabilities		
Sub-ordinated loan	10,411,566	10,411,566
Long term financing	173,329,790	224,852,747
Liabilities against assets subject to finance lease	1,381,365	2,347,560
Short term borrowings	802,034,940	896,175,554
Trade and other payables	345,966,606	247,892,382
Interest accrued on loans	31,777,580	35,687,172
Total	1,364,901,846	1,417,366,981

39.5 Fair values of financial assets and liabilities

Fair value of available for sale unquoted investment is determined by using appropriate valuation techniques as permissible under IAS 39 (Financial Instruments: Recognition and Measurement).

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

39.6 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

As at 30 June 2015, the Group held the following financial instruments carried at fair value:

	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees
Available for sale investment	-	620,350,000	-
Non-current assets classified as held for sale	-	-	-

As at 30 June 2014, the Group held the following financial instruments carried at fair value:

	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees
Available for sale investment	-	1,110,100,000	-
Non-current assets classified as held for sale	-	350,066,830	-

39.7 Capital risk management

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure which comprises capital and reserves 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 Group may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves and/or issue new shares.

Consistent with others in the industry, the Group manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ("long term loan" and "short term borrowings" as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under "share capital and reserves" and "net debt".

	Note	2015 Rupees	2014 Rupees
40 CASH GENERATED FROM OPERATIONS			
(Loss) before taxation		(40,455,291)	(143,210,388)
		(40,455,291)	(143,210,388)
Adjustments for non-cash charges and other items:			
Depreciation on property, plant and equipment	16.3	76,126,161	81,153,087
Amortization	33	875,450	658,542
Gain on disposal of Investment		(313,046,597)	-
Loss / (Gain) on disposal of property, plant and equipment	31	679,499	(395,805)
Dividend income	31	(29,385,000)	(40,859,656)
Finance cost		125,640,539	143,352,674
Provision for doubtful debts	33	-	610,944
Working capital changes	40.1	152,573,858	13,079,302
Interest income		(146,050)	(365,269)
		13,317,860	197,233,819
Total		(27,137,431)	54,023,431

40.1 Working capital changes

(Increase) decrease in current assets

Stores, spare parts and loose tools	12,655,814	5,614,441
Stock in trade	88,485,584	51,346,132
Trade debts	(54,290,841)	20,532,072
Loans and advances	1,580,987	(922,807)
Trade deposits, prepayments and balances with statutory authorities	6,105,539	6,083,136
	54,537,083	82,652,974

(Decrease) in current liabilities

Trade and other payables	98,074,224	(69,573,672)
Total	152,611,307	13,079,302

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

41 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise subsidiary, associated company, associate, companies where directors also held directorship, directors, provident fund and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment as disclosed in Note 37 are as follows:

	Relationship	2015 Rupees	2014 Rupees
Receivables from related parties			
Onetel Pakistan (Private) Limited	Associate		
-Investment		1,000,000	1,000,000
-Loan		1,150,000	1,150,000
Security General Insurance Company Limited	Associated undertaking		
Investment		620,350,000	1,459,016,830
Outstanding balance of insurance premium		2,989,326	3,471,852
Payable to other related parties		23,618,136	19,909,804
Payable to Provident Fund		1,733,035	1,315,741

	Nature of transaction	2015 Rupees	2014 Rupees
Transactions with related parties			
Associated undertaking	Income	29,385,000	41,224,925
Associated undertaking	Payments	7,701,510	4,903,026
Other related parties	Expense	2,811,501	2,466,308
Provident fund	Expense	6,125,188	5,358,928

	2015	2014
42 CAPACITY INSTALLED AND ACTUAL PRODUCTION		
Number of looms installed	214	214
Number of looms worked	214	214
Shifts per day	3	3
No. of days actually worked	365	365
Rated capacity (running meters) per annum	29,920,127	29,920,127
Actual commercial production (running meters)	13,673,432	15,814,042

It is difficult to determine precisely the production / rated capacity in the textile industry since it fluctuates widely depending on various factors such as speed, width and construction of the cloth, etc. The reasons for decrease in actual commercial production include factors like manufacturing different qualities, speed, width and construction of the cloth, etc.

	2015 Rupees	2014 Rupees
43 PROVIDENT FUND RELATED DISCLOSURES		
The following information is based on latest audited financial statements of the Fund:		
Size of the fund - Total assets	48,749,938	40,062,258
Cost of investments made	18,913,488	15,632,283
Percentage of investments made	38.8%	39%
Fair value of investment made	20,559,075	17,739,270

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2015

The break-up of fair value of investment is:

	2015 Rupees	--- % ---	2014 Rupees	--- % ---
Mutual funds				
Arif Habib Investment Limited	1,490,002	7%	1,338,700	8%
MCB-Asset Management Company Limited	7,644,667	37%	6,800,972	38%
NBP Fullerton Asset Management (NAFA)	5,882,407	29%	5,230,817	29%
Balance with brokerage house:				
Money Line Securities (Pvt.) Ltd.	835,265	4%	836,265	5%
Bank balances	4,706,734	23%	12,516	20%
	20,559,075	100%	14,219,270	100%

The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2015	2014
44 NUMBER OF EMPLOYEES		
Number of employees at year end	665	626
Average number of employees during the year	654	679

45 GENERAL

45.1 Figures in these consolidated financial statements have been rounded off to the nearest rupee.

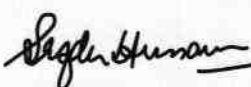
45.2 Corresponding figures have been re-arranged and/ or reclassified, where ever considered necessary, for the purpose of better presentation of the financial statements. However, no significant reclassification has been made except for reclassification of finance cost paid as cash flow from financing activities instead of cash flows from operating activities.

46 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements have been approved by the Board of Directors of the Holding Company and authorized for issue on July 25, 2015.

Lahore
July 25, 2015


JEHANZEB AMIN
Chief Executive


SAFDER HUSSAIN TARIQ
Director

NOTES

Annual General Meeting on Monday 24th August
2015 at 50-C, Main Gulberg Lahore
at 4:00 p.m



From of Proxy
Samin Textiles Limited

I/We _____
of _____ being member(s) of SAMIN TEXTILS LIMITED registered
at Folio No. _____ holder of _____
ordinary shares hereby appoint Mr./Mrs./Miss _____
who is also a member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at
the 26th Annual General Meeting of the Company at the Registered Office of the Company, 50-C, Main Gulberg Lahore on Monday
August 24, 2015 at 4:00 p.m or at any adjournment thereof.

As witness my/our hand this _____ day of 2015
signed by the said _____ in the presence of

1. Witness:

Signature _____
Name _____
Address _____

Affix Revenue
Stamps of Rs. 5/-

Signature of Member

2. Witness:

Signature _____
Name _____
Address _____

Shareholder's Folio No. _____
CDC Participant I.D/Sub A/c # _____
CNIC No. _____

NOTES:

1. Proxies, in order to be effective, must be received at the Company's Registered Office 50-C, Main Gulberg, Lahore. not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2. Signature must agree with the specimen signature registered with the Company.
3. An individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her NIC/Passport to prove his/her identity, and in case of proxy must enclosed an attested copy of his/her NIC/Passport. Representative of corporate members should bring the original usual documents required of such purpose.
4. No person shall act as proxy unless he is member of the Company.



AFFIX
CORRECT
POSTAGE

Company Secretary
Samin Textiles Limited
50-C, Main Gulberg,
Lahore, Pakistan.



samintextile.com



Samin Textiles Limited

50-C, Main Gulberg, Lahore - Pakistan.

Tel: +92 42 3575 3761

Fax: +92 42 3575 3688

Designed & Produced by **inklinks**  info@inklinksonline.com ☎ +92 42 35160431 - 432

