

ANNUAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2015

Taha

SPINNING MILLS LIMITED

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TAHA SPINNING MILLS LIMITED

COMPANY INFORMATION

Board of Directors

Mr. Ashfaq Ahmed	Chief Executive
Mr. Saqib Ashfaq	Non Executive Director
Mr. Amir Ashfaq	Executive Director
Mr. Niaz Mohammad	Independent
Mr. Mohammad Azam	Non Executive
Mr. Qamar Iqbal	Non Executive
Mr. Saleem Abbas	Non Executive

Audit Committee

Mr. Niaz Mohammad	Chairman
Mr. Mohammad Azam	
Mr. Qamar Iqbal	

Human Resource & Remuneration Committee

Mr. Amir Ashfaq	Chairman
Mr. Qamar Iqbal	
Mr. Saleem Abbas	

Chief Financial Officer

Mr. Shakeel Akhtar

Company Secretary

Mr. Muhammad Sarfraz

Auditors

Naveed Zafar Ashfaq Jaffery & Co
Chartered Accountants
1st floor, Modern House
Beaumont Road
Karachi.

Bankers

Habib Bank Limited
Askari Bank Limited
National Bank of Pakistan

Legal Advisor

Farooq Rashid & Co
Advocates and Corporate Consultants
403 Commerce Centre
Hasrat Mohani Road
Karachi-74200

Share Registrar and Transfer Office

Najeeb Consultants (Pvt)Ltd
408-Commerce Centre,
Hasrat Mohani Road, Karachi

Registered Office

406-Commerce Centre,
Hasrat Mohani Road, Karachi
Karachi 74200

Phone No.:

92-21-32638521-3

Fax No.:

92-21-32639843

E-mail:

ttml@hmiml.com

Website

www.hmiml.com

Business:

PC yarn manufacturer

Status of Company

Public listed company (SSC)

Company Registration No.

K-0023133

National Tax No.

0698412-6

Contact person:

Mr.Muhammad Sarfraz

Phone:92-21-32638521-3

E-mail:sarfrazinfo@hotmail.com

TAHA SPINNING MILLS LIMITED

VISION STATEMENT

The primary vision is to reestablish the company and its manufacturing unit and produce quality yarn for its customers in local and international market.

MISSION STATEMENT

The company has taken on a mission to reestablish itself with modern technology of textile machinery, improve its profitability and meet its financial commitments and give a fair return to its shareholders while complying with the best practices of Corporate Governance.

TAHA SPINNING MILLS LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of the shareholders of Taha Spinning Mills Limited will be held on Monday, 26th October, 2015 at 9.30 a.m at its registered office at 406-Commerce Centre, Hasrat Mohani Road, Karachi to consider the following business:

1. To confirm the minutes of Annual General Meeting held on 29th October.2014
2. To receive, consider and adopt the report of Directors, Auditors and the Audited Accounts of the company for the year ended June 30, 2015.
3. To appoint the Auditors for the year ending 30.6.2016 and fix their remuneration. The retiring auditors M/s. Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants being eligible, offers themselves for reappointment.
4. To consider any other business with the permission of the Chair.

By order of the Board
Company Secretary

Karachi: October 5, 2015

Notes:

1. The share transfer books of the company will remain closed from 20th October, 2015 to 26th October 2015 (both days inclusive)
2. A member entitled to attend and vote at this meeting may appoint to a member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the company at the registered office not less than 48 hours before the meeting.
3. Any individual, beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her original NIC or Passport, Account No. and participant's I.D number, to prove his/her identity, and in case of proxy must enclose an attested copy of his/her NIC or Passport.
4. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of nominee/proxy shall be required.
5. Shareholders are requested to notify any change in their address immediately.

TAHA SPINNING MILLS LIMITED
DIRECTORS' REPORT TO THE SHARE HOLDERS

The directors of your company are pleased to place their report together with the auditors' report and audited financial statements of the company for the year ended June 30, 2015 before the 25th Annual General Meeting.

AN OVERVIEW

Textile industry is still in crises due to load shedding of electric and gas. High inflation rate in the country is another major factor of concern. Cost of production is increasing day by day due to high inflation. Inflation and law and order situation is also affecting the competitiveness of textile products in the local and international market. Rupee devaluation is also hurting the up gradation of textile machinery for quality products.

OPERATING RESULTS

There is no manufacturing activity and no sale during the year under report. Operating results for the year are as under:

	30 June 2015 Rupees	30 June 2014 Rupees
Sales – Net	–	–
Net (Loss)/ Profit before tax	(3,295,642)	72,738,395
Provision for taxation:		
Current.	–	(57,283)
Prior year	57,283	–
Deferred	–	–
Profit (loss) after tax	<u>(3,238,359)</u>	<u>72,681,112</u>
Earning per share.	(0.80)	17.95

FINANCE COST

Since the settlement of entire liabilities of the company, there is no borrowing cost for the year.

TAXATION

Income tax returns are all upto date. Returns for the year are deemed to be accepted as filed.

DIVIDEND

Due to adverse financial condition of the company, board is not recommending any dividend.

OUTSTANDING STATUTORY PAYMENTS:

There are no overdue statutory payments.

CURRENT AND FUTURE OUTLOOK

The major issues faced by the industry is load shedding of electricity and gas in industrial sector. High rate of mark-up and inflation rate is another factor. These issues need the attention of the government for revival of the industry.

Alhamdulillah the management has settled the entire liabilities of the creditors. Management is looking forward to set up a small spinning unit in the area where basic industrial facilities are available. Management is also negotiating with the banks and financial institutions to finance the proposed project. Management is facing difficulties due to past bad experience of financial crunch.

RELATED PARTIES

It is the policy of the management to ensure that all transaction entered with related parties must be at arm's length basis. Relevant rates are to be determined as per the comparable un-controlled price method.

ENVIRONMENT, HEALTH, SAFETY AND SOCIAL ACTIONS

Management provides and maintains, reasonably practicable, systems and working conditions which are safe and without risk to the health of all employees and public.

CHANGES IN THE BOARD OF DIRECTORS

There are no changes in the board of directors during the year under report.

MEETING OF BOARD OF DIRECTORS

Four board meetings were held during the year and each director attended the following number of meetings.

<u>Directors</u>	<u>No. of meetings</u>
Mr. Ashfaq Ahmed	4
Mr. Saqib-Ashfaq	2
Mr. Amir Ashfaq	3
Mr. Niaz Muhammad	4
Mr. Azam Nisar	1
Mr. Qamar Iqbal	1
Mr. Saleem Abbas	4

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

PATTERN OF SHARE HOLDING IS ANNEXED TO THIS REPORT.

There was no trading during the year in the company's share by its CEO, Directors and CFO and their spouse and minor children.

AUDITORS

The present auditors of the company M/s. Naveed Zafar Ashfaq Jaffery & Co., Chartered Accountants retires and being eligible offer themselves for reappointment under the terms of the Code of Corporate Governance. The Audit Committee recommended the board to appoint auditors for the year ending June 30, 2016.

CORPORATE GOVERNANCE

We are pleased to inform you that the company has taken necessary steps to comply with the provisions of the Code of Corporate Governance as incorporated in the regulations of Stock Exchanges.

STATEMENT OF DIRECTORS RESPONSIBILITIES UNDER THE CODE OF CORPORATE GOVERNANCE.

The Board of Directors state that:

- a. The financial statements, prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- b. Proper books of account of the company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. Due to settlement of entire liabilities of financial institutions and creditors and efforts of the management for setting up a small spinning unit, there are no doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

- h. Key operating and financial data of last six years in a summarized form is annexed.
- i. The board of directors has adopted a vision and mission statement and a statement of overall corporate strategy.

AUDIT COMMITTEE

The Board, in compliance to the Code of Corporate Governance, has formed an Audit Committee. There are three members of the audit committee. Chairman of the committee is an independent director. Four meetings of the committee were held during the period. The names of its members are given in the company profile. The meetings were attended by all the members.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Human Resource Committee was formed but no meeting was held during the year under review due to the fact the company has sold out its entire undertaking.

STATEMENT OF ETHICS AND BEST BUSINESS PRACTICES

The Board has prepared the statement of ethics and best business practices which has been circulated to all the directors and employees for their acknowledgement, understanding and acceptance.

RELATIONSHIP WITH SHARE HOLDERS

The company reports formally to the shareholders four times a year all its financial results alongwith directors review on the operations and future outlook of the company. All the interim and final reports are being sent to The Karachi Stock Exchange and at the registered addresses of the shareholders.

In addition to above, company sends its annual report and formal notification for holding Annual General Meeting at least 21days in advance to facilitate the shareholders to participate in the meeting. The financial results are also available on the company's website. "www.hmiml.com"

ACKNOWLEDGEMENTS

The Board acknowledges the hard work and efforts of the staff and hopes that this will continue in the forthcoming years. The Board also acknowledges ongoing support from its bankers.

For and on behalf of the Board

Chief Executive

Karachi: October 2, 2015

TAHA SPINNING MILLS LIMITED

STATEMENT OF ETHICS AND BUSINESS PRACTICES

As approved by the Board of Directors, the management of Taha Spinning Mills Limited is hereby advised to follow the under mentioned principles for excellent performance in the attempt to achieve the objectives of the company.

AS DIRECTOR

- a. Commit to all the necessary and appropriate resources.
- b. Foster a conducive environment through responsive policies.
- c. Maintain organizational effectiveness for the achievement of targets.
- d. Encourage and support compliance of legal and industrial requirements.
- e. Protect the interest of the company and employees.

AS EXECUTIVE AND MANAGER

- f. Protect the interest of the company and management.
- g. Ensure increase in productivity and profitability of the company.
- h. Provide the direction and leadership to the organization.
- i. Ensure total customer satisfaction through quality product and services.
- j. Promote a culture of excellence, devotion and continual improvement.
- k. Cultivate work ethics and harmony among colleagues and associates.
- l. Encourage initiatives and self-realization of responsibilities in juniors.
- m. Ensure as equitable way of working and reward system.

AS EMPLOYEE AND STAFF

- n. Devotion to your job.
- o. Abide by company's policies and regulations.
- p. Promote and protect the interest of the company.
- q. Exercise prudence and honesty in using company's resources.
- r. Observe cost effective practices in daily activities
- s. Avoid making any personal gain at the cost of the company.

BRIBERY

- t. The payment of bribes, kickbacks in cash or kind to obtain business or otherwise for the company is strictly prohibited.

FINANCIAL INTEGRITY

- u. Compliance with accepted accounting rules and procedure is required at all times.
- v. All information supplied to all concerns must be complete and not misleading.
- w. The company will not knowingly assist fraudulent activities. If you have any reason to believe that fraudulent activities are taking place within the company or outside where we do business, you must inform the management immediately.

TAHA SPINNING MILLS LIMITED

KEY OPERATING & FINANCIAL RESULTS SIX YEARS AT A GLANCE

OPERATING DATA	2015	2014	2013	2012	2011	2010
	-----RUPEES-----					
Sales	-	-	-	-	3,617,740	11,222,000
Cost of goods sold	-	-	-	-	12,783,620	14,424,828
Gross profit	-	-	-	-	(9,165,880)	(3,202,828)
Operating profit/(loss)	(3,298,642)	72,738,395	(30,128,400)	(2,367,497)	(15,789,187)	(5,962,971)
Profit/(loss) before taxation	(3,298,642)	72,738,395	(30,128,400)	(17,010,676)	(39,603,479)	(14,733,305)
Profit/(loss) after taxation	(3,241,359)	72,681,112	(30,128,400)	(17,010,676)	(39,639,656)	(14,931,808)
FINANCIAL DATA						
Paid up capital	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000	40,500,000
Equity balance	9,745,987	12,987,346	(9,315,471)	(48,557,700)	(31,547,024)	8,092,632
Fixed assets	-	-	396,510	115,335,495	115,335,495	182,025,893
Current assets	9,798,987	13,027,346	10,282,477	24,154,089	44,773,579	70,272,980
Current liabilities	78,000	65,000	113,540,708	109,537,480	95,334,232	144,352,878
KEY RATIOS						
Gross margin (%)	-	-	-	-	(253.36)	(28.54)
Operating margin (%)	-	-	-	-	(436.44)	(53.14)
Net profit (%)	-	-	-	-	(1,095.70)	(133.06)
Return on capital (times)	(33.26)	559.63	323.42	35.03	125.65	(184.51)
Current ratio (%)	0.01	-	11.04	4.53	2.13	2.05
Earnings per share (Rs.)	(0.80)	17.95	(7.44)	(4.20)	(9.79)	(3.69)
Cash dividend (%)	-	-	-	-	-	-
STATISTICS						
Number of spindles	-	-	-	15,216	15,216	15,216
Production into 20/s count (in 'million' Kgs)	-	-	-	-	-	-

Taha Spinning Mills Limited

406 Commerce Centre, Hasrat Mohani Road, Karachi, Pakistan
Tel: 32638521-3 Fax: 32639843 E.mail:tsml@hmiml.com

Statement of Compliance with the Code of Corporate Governance

Name of Company: TAHA SPINNING MILLS LIMITED

Year Ending: June 30, 2015

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

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

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

Category	Names
Independent Directors	Mr.Niaz Mohammad
Chief Executive	Mr.Ashfaq Ahmed
Executive Directors	Mr.Amir Ashfaq
Non-Executive Directors	Mr.Muhammad Azam Mr.Saqib Ashfaq Mr.Qamar Iqbal Mr.Saleem Abbas

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the board during the year under report.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps

have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. One of the directors meets the criteria of exemption under clause (xi) of the CCG and is accordingly exempted from the directors training program. The condition of training of other directors will be complied in due course.
10. There is no change of CFO, Company Secretary except Head of Internal Audit during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the 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 three members, of whom two are non-executive directors and the chairman of the committee is an Executive director.
18. The board has set up an internal audit function which is conversant with the policies and procedures of the Company. Qualification of Head of Internal Audit is not as per the requirements, this condition will be complied in due course.
19. The statutory auditors of the company have confirmed that at the time of their appointment they had a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other applicable material principles contained in the CCG have been complied with.

ASHFAQ AHMED
Chief Executive

Karachi: October 2, 2015

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Taha Spinning Mills Limited** ("the Company"), to comply with the Listing Regulations of the Karachi Stock Exchange Limited, where the Company is listed.

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

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

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by the Karachi Stock Exchange Limited requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in the arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before 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, except for the note 9 and 18 of non-compliance, 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.

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Code as reflected in the note/paragraph reference where these are stated in the Statement of Compliance:

- i. As disclosed in point 9 of the statement, none of the directors have obtained certification under directors training program and Board did not arranged orientation courses for its directors during the financial year to apprise them of their duties and responsibilities as required under clause (xi) of the code
- ii. As disclosed in point 18 of the statement, the qualification of Head of Internal Audit is not as per the requirement of clause (xiv) of the code.

Karachi
Date: October 05, 2015

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **TAHA SPINNING MILLS 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 above said statements. We believe that our audit provides a reasonable basis for our opinion, we report that:

- I. The financial statements of the Company have been prepared on going concern basis, despite of the facts that the Company has closed down the factory in July 2008, and production activities remained suspended. The management has disposed off the land and building to pay off its major debts during the year. No further business activities have been carried out by the Company. Furthermore, the Company has not prepared any detailed business plan including profit or cash flow projection for an appropriate period subsequent to the balance sheet date. The foregoing conditions indicate material uncertainty which cast a significant doubt on the Company's ability to continue as a going concern.

The significance of matters discussed in the preceding paragraph, lead us believe that the going concern assumption used in preparation of the financial statements of the Company is inappropriate: consequently the assets and liabilities should have been stated at their realizable and settlement amount respectively.

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
- i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 , and are in agreement with the books of account and are further in accordance with accounting policies consistently applied ;
 - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
 - iv. due to significance of the matter referred to in paragraph (I) above, in our opinion and to the best of our information and according to the explanations given to us, the financial statements together with the notes have not been prepared in all material respect as at June 30, 2015 and of its profit, comprehensive income, its cash flow and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and do not give the information required by the Companies Ordinance, 1984.
 - v. no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
Engagement Partner: **Ahsan Elahi Vohra - FCA**

Karachi
Dated: October 05, 2015

TAHA SPINNING MILLS LIMITED
BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
6,100,000 (2014 : 6,100,000) ordinary shares of rupees 10 each		<u>61,000,000</u>	<u>61,000,000</u>
Issued, subscribed and paid up share capital	5	40,500,000	40,500,000
Accumulated loss		<u>(30,754,013)</u>	<u>(27,512,654)</u>
		9,745,987	12,987,346
CURRENT LIABILITIES			
Trade and other payables	6	78,000	65,000
TOTAL EQUITY AND LIABILITIES		<u>9,823,987</u>	<u>13,052,346</u>
Contingencies and commitments			
	7	-	-
ASSETS			
NON-CURRENT ASSETS			
Long term deposits	8	25,000	25,000
CURRENT ASSETS			
Advances tax - net of provision		217,069	155,810
Other receivables	9	5,481,716	5,950,745
Cash and bank balances	10	4,100,202	6,920,791
		9,798,987	13,027,346
TOTAL ASSETS		<u>9,823,987</u>	<u>13,052,346</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

TAHA SPINNING MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Operating expenses			
Administrative expenses	12	(3,333,861)	(1,006,182)
Operating loss		(3,333,861)	(1,006,182)
Other operating income	13	37,665	572,839
Gain on disposal of assets held for sale	14	-	73,860,785
		(3,296,196)	73,427,442
Finance cost	15	(2,446)	(689,047)
(Loss) / profit before taxation		(3,298,642)	72,738,395
Taxation	16	57,283	(57,283)
(Loss) / profit after taxation		<u>(3,241,359)</u>	<u>72,681,112</u>
 Earnings / (Loss) per share (Basic and diluted)	 17	 <u>(0.80)</u>	 <u>17.95</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

TAHA SPINNING MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	Rupees	Rupees
(Loss) / profit after taxation	(3,241,359)	72,681,112
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year	<u><u>(3,241,359)</u></u>	<u><u>72,681,112</u></u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

TAHA SPINNING MILLS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(3,298,642)	72,738,395
Adjustments for:		
Gain on sale of fixed assets	-	(73,860,785)
Finance cost	-	689,047
	-	(73,171,738)
(Loss) before working capital changes	(3,298,642)	(433,343)
(Increase)/Decrease in current assets		
Other receivable	469,029	-
Increase/(Decrease) in current liabilities		
Trade and other payables	13,000	(1,398,670)
Cash used in operations	(2,816,613)	(1,832,013)
Finance cost paid	-	(1,626,773)
Taxes paid/adjustment	(3,976)	(66,705)
	(3,976)	(1,693,478)
Net cash used in operating activities	(2,820,589)	(3,525,491)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets and stores	-	116,879,000
Security deposits	-	521,250
Net cash generated from investing activities	-	117,400,250
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	-	(111,139,312)
Net cash used in financing activities	-	(111,139,312)
Net (decrease) / increase in cash and cash equivalents	(2,820,589)	2,735,447
Cash and cash equivalents at beginning of the year	6,920,791	4,185,344
Cash and cash equivalents at end of the year	4,100,202	6,920,791

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

TAHA SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Issued, subscribed and paid-up capital	Accumulated Losses	Reserve for assets classified as held for sale	Total
	-----Rupees-----			
Balance as at July 01, 2013	40,500,000	(100,193,766)	50,378,295	(9,315,471)
Total comprehensive income for the year	-	72,681,112	-	72,681,112
Realized gain on assets classified as held for sale	-	-	(50,378,295)	(50,378,295)
Balance as at June 30, 2014	40,500,000	(27,512,654)	-	12,987,346
Balance as at July 01, 2014	40,500,000	(27,512,654)		12,987,346
Total comprehensive loss for the year	-	(3,241,359)	-	(3,241,359)
Balance as at June 30, 2015	40,500,000	(30,754,013)	-	9,745,987

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

TAHA SPINNING MILLS LIMITED
NOTES TO THE THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

1 THE COMPANY AND ITS OPERATIONS

- 1.1** Taha Spinning Mills Limited (the "Company") was incorporated in Pakistan as a Private Limited Company under the Companies Ordinance, 1984 in 1991 and subsequently converted to a Public Limited company on June 16, 1991. Shares of the company were listed on the Karachi Stock Exchange in Pakistan on February 01, 1994. The principal business of the company is to manufacture and sale of yarn. Mill is located at Sheikhpura in the Province of Punjab.
- 1.2** The Management has settled the liabilities of its creditors and all financial institutions amicably. Since the sale of entire fixed assets management is focusing to set up a small spinning unit if financial assistance is provided by the banks. Negotiation with banks/financial institution are in progress. Pending the arrangement of finance facilities, future business plan with a small capital in hand is not feasible.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Standards amendments and interpretations

a) Standards, amendments or interpretations which became effective during the year:

During the year certain amendments to standards or new interpretations became effective; however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

b) Standards, amendments or interpretations not yet effective

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments have no impact on Company's financial statements as the Company has the policy of depreciating / amortizing its property, plant and equipment and intangible assets based on the assessed useful lives.
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 is not likely to have any impact on the financial statements of the Company.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. IFRS 11 is not likely to have any impact on the financial statements of the Company.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not like to have an impact on Company's financial statements.
- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not like to have an impact on Company's financial statements.
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). These amendments have no impact on the financial statements of the Company.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. These amendments are not likely to have any implication on the Company's Financial Statements.
- IFRS 7 'Financial Instruments- Disclosures'. These amendments are not likely to have any implication on the Company's Financial Statements.
- IAS 19 'Employee Benefits'. These amendments are not likely to have any implication on the Company's Financial Statements.
- IAS 34 'Interim Financial Reporting'. These amendments are not likely to have any implication on the Company's Financial Statements.

3 BASIS OF MEASUREMENT

- 3.1** These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.
- 3.2** The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

Provision for taxation

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Staff retirement benefits - gratuity

Certain actuarial assumptions have been adopted as disclosed in relevant note to the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future year might affect unrecognized gains and losses in those years.

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

Property, plant and equipment

The company reviews recoverable amount, useful life, residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Staff retirement benefit

Defined benefit plan

The company operates as unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income. The most recent actuarial valuation was carried on June 30, 2013 using the Projected Unit Credit Method.

Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for the plan at the end of previous reporting exceeds 10 percent of the present value of defined benefit obligation at that date.

4.2 Taxation

Current

Provision for current taxation is made on the taxable income, if any, after taking into account tax credit and tax rebate available.

Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The carrying amount of all deferred tax assets are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred income tax assets and liabilities are measured at the tax rate 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.

4.3 Trade and other payables

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

4.4 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past event, and it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.5 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and impairment loss, if any except freehold land which is stated at revalued amount. Depreciation is calculated on straight line method to write-off the cost or revalued amount of assets, less their residual values, over their expected useful lives. Remaining useful lives of significant assets and their residual values are reviewed periodically and changes in estimates arising from such review is accounted for in current and future years.

Depreciation on additions during the year is charged on pro-rata basis when the asset is acquired or capitalized. Similarly the depreciation was charged on additions and no depreciation was charged on deletion during the period.

In the year of revaluation depreciation is charged after the date of valuation until the year end. Gain or Loss on disposal of property, plant and equipments are included in operating income. Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

Assets subject to finance lease

Assets held under finance leases are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of assets acquired on lease. Aggregate amount of related obligations under the lease less financial charges allocated to future payments are shown as liability. The financial charges are allocated to accounting period in a manner to provide constant periodic rate of charge on the outstanding liability. Assets acquired under finance lease are depreciated apply straight-line method on a basis similar to owned assets. Depreciation of leased assets is charged to income currently.

4.6 Impairment

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the

revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

4.7 Capital Work-in-progress

Capital work-in-progress (CWIP) is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are ready for their intended use.

4.8 Investment

The management determines the appropriate classification of its investment in accordance with the requirements of International Accounting Standard (IAS 39) Financial Instrument: Recognition and measurement at the time of the purchase and classifies these investments as fair value through profit or loss account, held to maturity or available for sale.

(a) Financial assets at fair value through profit or loss account

Investments that are acquired principally for the purpose of generating profit from short term fluctuation in prices are classified as "fair value through profit or loss account". These investments are initially recognised at cost and transaction cost associated with the investment are taken directly to profit and loss account. Subsequent to initial measurement, investments at fair value through profit or loss are marked to market, using the closing market rates at the end of each day and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these investments, based on the quoted market rates ruling at the day-end, are taken to profit and loss account.

(b) Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intent and ability to hold to maturity.

(c) Available for sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as "available for sale". These investments are initially recognized at cost which includes transaction cost which includes transaction costs associated with the investment. Subsequent to initial measurement, "available for sale" investments are revalued and are remeasured at fair value. Net gains and losses arising on changes in fair values of these investments are taken to shareholder's equity.

All purchases and sales of investments that required delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date, which is the date that the company commits to purchase or sale the asset. All other purchases and sales are recognised as derivative forward transactions until settlement occurs.

Investments are derecognized when the right to received cash flows from the investments have expired, have been realized or transferred and the company has transferred substantially all risk and rewards of ownership.

Impairment of investments is recognised when there is a permanent diminution in their values.

4.9 Stores, spares and loose tools

These are valued at cost or net realizable value whichever is less. Cost is determined by moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred.

4.10 Stock in trade

Stock in trade are valued at lower of average cost and net realizable value applying the following basis.

Raw material

At average cost except those in transit which are stated at actual cost

Work in process and finished goods

Cost of direct material and a proportion of manufacturing overhead based on normal capacity

Waste

At net realizable value

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily incurred in order to make the sale.

4.11 Foreign currencies

Transactions in foreign currency are recorded in Rupees at rates of exchange prevailing at the date of transaction. All monetary assets and liabilities in foreign currency are re-translated at exchange rate prevailing on the balance sheet date. All exchange differences are accounted for in income currently.

4.12 Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand and bank balances.

4.13 Financial instruments

Financial instruments carried at the balance sheet date include trade debts, loans and advances, trade deposits, other receivables, cash and bank balances, long term financing, short term borrowings, trade and other payables and interest/mark-up on loans. Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and derecognized when the company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified into the contract is discharged, cancelled or expired.

4.14 Off setting of financial assets and financial liabilities

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

4.15 Trade debts

Trade Debts are carried at original invoice less an estimate made for doubtful debts based on a review of all out standing amounts at the year end. Bad debts are written off when identified.

4.16 Borrowings

Financing and borrowings are recorded at the proceeds received. Finance cost are accounted for on accrual basis.

4.17 Trade and other payables

These are recognised using the trade date accounting and are measured at cost which is the fair value of the consideration to be paid for the goods and services in future.

4.18 Borrowing cost

Borrowing costs directly attributable to acquisition and construction of qualifying assets are capitalized up to the date of commencement of commercial production. All other borrowing costs are charged to the income.

4.19 Related party transactions and transfer pricing

Transactions and contracts with related parties are carried out at an arm's length price determined in accordance with the comparable uncontrolled price method.

4.20 Revenue recognition

Export sales are accounted for on shipment basis and exchange difference, if any on account of export proceeds are adjusted in the period realization. Local sales are recognised on dispatch of goods to the customer. Dividend is recognized as income when the right to receive dividend is established. Profit on deposits is recognized on time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.21 Dividend

The dividend distribution to the shareholders is recognised as a liability in the period in which it is approved by the shareholders.

			2015 Rupees	2014 Rupees
5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL				
	2015	2014		
	Number of shares			
		Ordinary shares of Rs. 10 each fully		
	4,050,000	4,050,000 paid in cash	40,500,000	40,500,000
	<u>4,050,000</u>	<u>4,050,000</u>	<u>40,500,000</u>	<u>40,500,000</u>

5.1 The shareholders are entitled to receive all distribution to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.

5.2 There is no movement in share capital during the year.

6 TRADE AND OTHER PAYABLES

Audit fee payable

78,000	65,000
<u>78,000</u>	<u>65,000</u>

7 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

There is no commitments as at June 30, 2015 (2014 : Nil).

COMMITMENTS

There is no commitments as at June 30, 2015 (2014 : Nil).

8 LONG TERM DEPOSITS

CDC deposit

Note	2015 Rupees	2014 Rupees
	25,000	25,000
	<u>25,000</u>	<u>25,000</u>

	Note	2015 Rupees	2014 Rupees
9 OTHER RECEIVABLES			
Considered good			
Sales tax receivable		1,481,716	1,950,745
Due from related party		4,000,000	4,000,000
		<u>5,481,716</u>	<u>5,950,745</u>

10 CASH AND BANK BALANCES

Cash in hand		3,319,742	6,303,738
Cash at banks			
Current accounts		780,460	617,053
		<u>4,100,202</u>	<u>6,920,791</u>

11 ASSETS HELD FOR SALES

Transfer from Property Plant and Equipment:-

Land - free hold	-	50,500,000
Building - free hold	-	42,500,000
Generator	-	-
Value of the assets	-	93,000,000
Less : Sales of Generator		
Sales of Land and Building	-	(93,000,000)
	-	-

Revaluation of freehold land, building and generator was carried out on 01 January, 2013 was carried out to arrive a revalued amount of assets which was credited to assets held for sales account to comply with the requirement of IFRS-5 Revaluation was carried out by an independent PBC approved valuers M/s Asif Associates (Pvt) Limited.

11.1 Disposal of held for sales assets

Description	Fair value	Unrealize Gain	Sales Proceed	Mode of Disposal	Particular of Purchase
Land	50,500,000	47,253,903	50,000,000	Through bids	Hassan limited
Building	42,500,000	3,124,392	66,479,000	Through bids	Hassan limited
	<u>93,000,000</u>	<u>50,378,295</u>	<u>116,479,000</u>	-	

	Note	2015 Rupees	2014 Rupees
12 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		839,992	492,905
Postage and Courier		2,582	1,695
Auditors' remuneration	12.1	78,000	78,000
Legal and professional		127,750	-
Fire Loss		1,452,300	-
Repair and Maintenance office		254,780	-
Vehicle and misc. expenses		-	58,700
Printing and stationery		20,000	25,500
Fees and subscriptions		133,606	212,033
Advertisement Expenses		7,250	-
Other expenses		417,601	137,349
		<u>3,333,861</u>	<u>1,006,182</u>
12.1 Auditors' remuneration			
Statutory audit fee		65,000	65,000
Half yearly review fee		13,000	13,000
		<u>78,000</u>	<u>78,000</u>
13 OTHER OPERATING INCOME			
Profit on bank account		37,665	572,839
		<u>37,665</u>	<u>572,839</u>
14 GAIN ON DISPOSAL OF ASSETS HELD FOR SALES			
Gain on disposal of assets held for sales		-	46,753,903
Gain on disposal of assets held for sales		-	27,103,392
Gain on sales of vehicle		-	3,490
		<u>-</u>	<u>73,860,785</u>
15 FINANCE COST			
Short term borrowings		-	-
Long term financing		-	682,920
Bank charges		2,446	6,127
		<u>2,446</u>	<u>689,047</u>
16 TAXATION			
Current		-	57,283
Prior year		(57,283)	-
		<u>(57,283)</u>	<u>57,283</u>

Assessment will be finalized under the provisions of Income Tax Ordinance, 2001.

17 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

(Loss) / profit for the year

Weighted average number of ordinary shares

Earning / (Loss) per share - basic

17.1 There is no dilutive effect on basic Earning / (loss) per share.

18 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The chief executive and directors have waived off their remunerations and meeting fees for the year. No employee of the company fall under the definition of executive as defined in the Companies Ordinance, 1984.

	2015		2014	
	Chief Executive	Directors	Chief Executive	Directors
Meeting fees	-	-	-	-
Remunerations	-	-	-	-
	-	-	-	-
Number of persons	1	6	1	6

18.1 Directors of the company have waived their remuneration.

19 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

19.1 Credit risk

19.2 Liquidity risk

19.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

19.1 Credit risk

19.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and cash and bank balances. Out of total financial assets of Rs. 8.126 million (June 30, 2014 : Rs. 10.945 million), financial assets which are subject to credit risk aggregate to Rs. 8.101 million (June 30, 2014 : Rs. 10.92 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2015 Rupees	2014 Rupees
Long term deposit	25,000	25,000
Other receivables	4,000,000	4,000,000
Cash and bank balances	4,100,202	6,920,791
	<u>8,125,202</u>	<u>8,731,594</u>

19.2 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, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

2015					
	Carrying Amount	Contractual Cash flows	Six to twelve months	One to five years	More than five years
Rupees					
Non - derivative Financial liabilities					
Trade and other payables	78,000	78,000	-	-	-
	<u>78,000</u>	<u>78,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
2014					
	Carrying Amount	Contractual Cash flows	Six to twelve months	One to five years	More than five years
Rupees					
Non - derivative Financial liabilities					
Trade and other payables	78,000	75,000	13,000	-	-
	<u>78,000</u>	<u>75,000</u>	<u>13,000</u>	<u>-</u>	<u>-</u>

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

19.3 Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

19.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follows.

	2015 Rupees	2014 Rupees
Fixed rate instruments		
Financial liabilities	-	-
Variable rate instruments		
Financial liabilities	-	-

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2014.

	Equity		
	100 bp decrease	100 bp increase	100 bp decrease
Cash flow sensitivity - variable rate instruments 2015	-	-	-
Cash flow sensitivity - variable rate instruments 2014	-	-	-

19.4 Fair value of financial assets and liabilities

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

- 19.5 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

20 CAPITAL RISK MANAGEMENT

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term loan from directors and others and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

		2015 Rupees	2014 Rupees
Borrowing		-	-
Total		9,745,987	12,987,346
Total capital employed	Rupees	9,745,987	12,987,346
Gearing	Percentage	-	-

21 PLANT CAPACITY AND PRODUCTION

Since the company has sold out its plant therefore no analysis has been given.

22 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise subsidiaries, directors and their close family members, major shareholders of the Company, key management personnel and other companies under common management. Transactions with related parties are on arm's length. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. No remuneration was paid to chief executive, directors and executives which is disclosed in note 18 to the financial statements.

Details of transaction balances with related parties are as follows:

	2015 Rupees	2014 Rupees
HMI Energy (Pvt) Limited - Associate		
- other receivables	4,000,000	4,000,000

23 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

There is no adjusting event after the balance sheet date

24 GENERAL

24.1 The number of employees of the Company as at June 30, 2015 is 2 (2014: 2)

24.2 Figures have been round off to the nearest rupees

24.3 Certain prior year comparatives have been reclassified to conform to the current's years presentation.

25 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 02, 2015 by the board of directors of the company.

CHIEF EXECUTIVE

DIRECTOR

TAHA SPINNING MILLS LIMITED

PATTERN OF HOLDING OF SHARES HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2015

No. of Shareholders		Share Holding		Shares Held
20	1	To	100	53
98	101	To	500	25,330
57	501	To	1,000	57,000
122	1,001	To	5,000	327,500
38	5,001	To	10,000	298,717
9	10,001	To	15,000	120,500
6	15,001	To	20,000	112,000
6	20,001	To	25,000	138,000
4	25,001	To	30,000	109,500
-	30,001	To	35,000	-
-	35,001	To	40,000	-
1	40,001	To	45,000	43,000
-	45,001	To	50,000	-
-	50,001	To	55,000	-
-	55,001	To	60,000	-
-	60,001	To	65,000	-
1	65,001	To	70,000	68,000
-	70,001	To	75,000	-
-	75,001	To	80,000	-
-	80,001	To	85,000	-
-	85,001	To	90,000	-
1	90,001	To	95,000	92,500
1	95,001	To	100,000	100,000
-	100,001	To	105,000	-
-	105,001	To	110,000	-
-	115,001	To	120,000	-
-	120,001	To	125,000	-
-	130,001	To	135,000	-
1	135,001	To	140,000	140,000
-	140,001	To	145,000	-
-	145,001	To	150,000	-
1	150,001	To	155,000	150,300
-	155,001	To	160,000	-
-	160,001	To	165,000	-
-	165,001	To	170,000	-
-	170,001	To	175,000	-
-	175,001	To	180,000	-
-	180,001	To	185,000	-
-	185,001	To	190,000	-
-	190,001	To	195,000	-
-	195,001	To	200,000	-
1	200,001	To	250,000	213,100
-	250,001	To	300,000	-
-	300,001	To	350,000	-
-	350,001	To	400,000	-
-	400,001	To	450,000	-
-	450,001	To	500,000	-
-	500,001	To	1,000,000	-
-	1,000,001	To	1,500,000	-
-	1,500,001	To	2,000,000	-
1	2,000,001	To	4,000,000	2,021,500
<u>368</u>				<u>4,050,000</u>

CATEGORY WISE SUMMARY OF SHAREHOLDERS

S. No.	Category Name	No. of Shareholders	Share Held	Percentage
1.	Individuals	361	1,858,199	45.88
2.	Joint Stock Companies	7	2,191,801	54.12
	Grand Total	<u>368</u>	<u>4,050,000</u>	<u>100.00</u>

TAHA SPINNING MILLS LIMITED

PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS AS AT 30TH JUNE, 2015

SHARE HOLDERS' CATEGORY		No. of Share held.	Percentage
1	Associated Companies, Undertaking and related parties.		
	HMI Energy (Pvt) Ltd.	2,021,500	49.914
2	Mutual Funds	-	-
3	CEO, Directors & their Spouses and minor children.		
	Mr. Ashfaq Ahmed (Chief Executive)	500	0.012
	Mr. Saqib Ashfaq	500	0.012
	Mr. Amir Ashfaq	500	0.012
	Mr. Niaz Muhammad	500	0.012
	Mr. Mohammad Azam	500	0.012
	Mr. Qamar Iqbal	500	0.012
	Mr. Saleem Abbas	500	0.012
4	Executives.	-	-
5	Public Sector Companies & Corporation:	-	-
6	Joint Stock Companies:	170,301	4.205
7	Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds.	-	-
8	Individuals.	1,854,699	45.795
	Total	4,050,000	100.000
9	Shareholders holding 5% or more voting rights in the company.		
	HMI Energy (Pvt) Ltd	2,021,500	49.914
	Mushtaq Ahmed Vohra	213,100	5.261

TAHA SPINNING MILLS LIMITED

FORM OF PROXY 25TH ANNUAL GENERAL MEETING

I/We _____ of _____ in the district of _____
being a member(s) of TAHA SPINNING MILLS LIMITED and holder of _____
ordinary shares as per Share Register Folio No. _____ and / or CDC Participant ID No. _____ and
A/c No. _____ hereby appoint _____ of _____ or failing him/her
_____ of _____ who is/are also member(s) of TAHA
SPINNING MILLS LIMITED vide Registered Folio No. _____ as my/our proxy in my/our absence to attend
and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday 26th
October, 2015 at 9.30 a.m at 406 Commerce Centre, Hasrat Mohani Road, Karachi and/or any adjournment thereof.

Affix Five
Rupees Revenue Stamp

Signature _____
(Signature should be agree with the specimen signature registered with the Registrar)

Signed on _____

1. Witness Signature _____
Name _____
CNIC _____

2. Witness Signature _____
Name _____
CNIC _____

NOTE:

1. No person shall act as proxy unless he/she himself/herself is a member of the Company, except that a corporation may appoint a person who is not a member.
2. In the case of bank or company, the proxy form must be executed under its common seal and signed by its authorized person.
3. If this proxy form is signed under power of attorney then a notarilly certified copy of that power of attorney/authority must be deposited alongwith this proxy form.
4. Proxy form duly completed and signed, must be received at the registered office of the company at 406-Commerce Centre, Hasrat Mohani Road, Karachi. at least 48 hours before the time of holding the meeting.
5. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.
6. In case of CDC account holders:
 - i) The proxy form shall be witnessed by two persons whose names, address and NIC numbers shall be mentioned on the form
 - ii) Attested copies of NIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iii) The proxy shall produce his original NIC or Original passport at the time of meeting.

PRINTED MATTER
BOOK POST
UNDER CERTIFICATE OF POSTING

If undelivered please return to :
Tala Spinning Mills Limited
406, Commerce Centre, Hasrat Mohani Road, Karachi.

