MAQBOOL TEXTILE MILLS LIMITED

26th Annual Report

&

Financial Statements (Audited)

For the year ended June 30, 2015

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MISSION STATEMENT

The mission of Maqbool Textile Mills Limited is to contribute positively to the Socio-Economic growth of Pakistan through business and industrial pursuits endeavoring to achieve excellence in all spheres of such activity with effective and efficient management.

VISION STATEMENT

Maqbool Textile Mills Limited become a truly Professional Organization, achieve higher quality standards, utilize maximum capacity, capture expansion opportunities and become a least cost operator amongst its competitors.

We will strive to continue as a successful Company, make profit and thus create value for our shareholders without high risk to them, our Customers or employees.

QUALITY AND ENVIRONMENTAL POLICY

Our aim is to achieve the leadership of textile and spinning industry through quality products according to customer satisfaction. We thrive to achieve the above through the following measures:

1) Acquisition of quality raw material.
2) Manufacturing of high quality yarn as per customer satisfaction.
3) Continuous training and guidance to employees regarding quality and environment.
4) Continuous improvement, close watch and control in production process and environment.
5) Follow up of the system, regarding international quality and environmental laws.
6) Control of pollution discharge from industrial process.

COMPANY PROFILE

BOARD OF DIRECTORS	Mian Tanvir Ahmad Sheikh	- Chairman
	Mian Anis Ahmad Sheikh	- Chief Executive Officer
	Mian Idrees Ahmad Sheikh	- Non-Executive Director
	Mian Aziz Ahmad Sheikh	- Non-Executive Director
	Mian Atta Shafi Tanvir Sheikh	- Executive Director
	Maj. (R) Javed Mussarat	- Independent Director
	Syed Raza Abbas Jaffari	- (Rep. NIT)
AUDIT COMMITTEE	Mian Idrees Ahmad Sheikh	- Chairman
	Mian Aziz Ahmad Sheikh	- Member
	Mian Atta Shafi Tanvir Sheikh	- Member
HR & REMUNERATION COMMITTEE	Mian Aziz Ahmad Sheikh	- Chairman
	Mian Idrees Ahmad Sheikh	- Member
	Mian Atta Shafi Tanvir Sheikh	- Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY
M. Ehsanullah Khan

AUDITORS
M/s. Deloitte Yousuf Adil
Chartered Accountants,
Abdali Tower,
Abdali Road, Multan.

LEGAL ADVISOR
Sheikh Muhammad Farooq - Advocate
5-Nusrat Road, Multan Cantt.

BANKERS
Habib Bank Limited
Bank Al-Habib Limited
Allied Bank Limited
Habib Metropolitan Bank Limited
United Bank Limited
Faysal Bank Limited
The Bank of Punjab
Bank Alfalah Limited (Islamic Banking)
Meezan Bank Limited

REGISTERED OFFICE
24/3, Tufail Road, Multan Cantt.

MILLS (Unit I-II & Ginning Unit)
M.M. Road, Chowk Sarwar Shaheed,
Distt. Muzaffargarh.

MILLS (Unit III)
Rajana Road, Pirmahal,
Distt. Toba Tek singh.

HEAD OFFICE
2-Industrial Estate, Multan.

SHARES REGISTRARS
M/s Hameed Majeed Associates (Pvt.) Ltd.
H.M House, 7-Bank Square, Lahore.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the Shareholders of Maqbool Textile Mills Limited will be held on Saturday the 31st Day of October, 2015 at 11:00 A.M at its Head Office, 2-Industrial Estate, Multan to transact the following business:

ORDINARY BUSINESS :

1. To confirm the minutes of the 25th Annual General Meeting of the Company held on Friday the 31st Day of October, 2014.

2. To receive, consider and approve the Audited Financial Statements of the Company together with Directors' and Auditors' Report thereon for the Year Ended 30th June, 2015.

3. To appoint Auditors of the Company for the Year 2015-16 till next Annual General Meeting of the Company and to fix their remuneration. The present Auditors Messrs Deloitte Yousuf Adil, Chartered Accountants, retire and being eligible offer themselves for re-appointment.

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

BY ORDER OF THE BOARD
Sd/-
(M. Ehsanullah Khan)
Company Secretary

Multan: 05.10.2015

NOTES:

Members are requested to attend in person along with Computerized National Identity Card ("CNIC") or appoint some other member as proxy and send their proxy duly witnessed so as to reach the Head Office of the Company not later than 48 hours before the time of holding the meeting.

The Share Transfer Books of the Company will remain closed from October 25,2015 to October 31, 2015 (both days inclusive). Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s Hameed Majeed Associates (PVT) Ltd.7-Bank Square, Lahore. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their participants.

SUBMISSION OF COPIES OF CNIC:

It is hereby reiterated that the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.R.O. 779(l)12011 dated August 18,2011 and Notification S.R.O. 831(1)12012 dated July 5, 2012 has directed all the Listed Companies to issue dividend warrant only crossed as "A/c Payee only" and ensure that the Dividend Warrant should bear the Computerized National identity Card (CNIC) Numbers of the registered members except in the case of minor(s) and corporate shareholder(s).

All those members (holding physical shares) who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/NTN along with the Folio number(s) to the Company's Share Registrar. In case of non-availability of a valid copy of the CNIC in the records of the Company, the Company will be constrained to withhold the Dividend warrants in terms of Section 251(2)(a) of the Companies Ordinance 1984, which will be released by the Share Registrar only upon compliance with the aforesaid notifications.

Deduction of Income Tax from Dividend under Section 150 of the Income Tax Act, 2001

Pursuant to the provisions of the Finance Act 2015 effective July 1, 2015, the rates of deduction of Income tax from dividend payments under the income Tax Ordinance has been revised as follows:

(a) Rate of tax deduction for filer of income tax returns 12.50%
(b) Rate of deduction for non-filer of income tax returns 17.50%

All members of the company who hold shares in physical form are therefore requested to send a valid copy of their CNIC and NTN Certificate, to the Company Shares Registrar, M/s Hameed Majeed Associates (PVT) Ltd. 7-Bank Square, Lahore to allow the Company to ascertain the status of the members.

Members of the Company who hold shares in scrip-less form on Central Depository System (CDS) of Central Depository Company of Pakistan Limited (CDC) are requested to send valid copies of their CNIC and NTN Certificate to their CDC participants CDC Investor Account Services. Where the required documents are not submitted, the company will be constrained to treat the non-complying members as non filler hereby attracting a higher rate of withholding tax.

Dividend Mandate (Optional):

The Company wishes to inform its members that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Members wishing to exercise this option may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank CDC account holders should submit their request directly to their broker (participant)/ CDC

E-mailing of Annual Report along with Notice of Annual General Meeting

Interested Members are encouraged to send their e-mail address with their consent (to opt for transmission of annual reports and AGM notices through e-mail) at company's registered office to enable the company to transmit the annual report along with AGM notice through e-mail as per SECP notification dated: 10th September 2014.

DIRECTORS' REPORT

In the name of Allah the Most Beneficent and the Merciful

Dear Shareholders,

Your directors are pleased to present the 26th Annual Report on the affairs of your Company along with the Audited Financial Statements for the year ended June 30, 2015.

During the year under review, the performance of overall economy and especially manufacturing sector in the country remained under pressure. The International slump in overall commodity prices led to recession in the Pakistan Economic and Industrial Sector as well. The Textile Industry was especially hit due to the recession and your Company was also a victim of the same. The overall demand for yarn decreased causing inventory built up of finished yarn. The decrease in prices of yarn was more than corresponding decrease in the total cost of production, resulting into much lesser gross profit.

The total sales for the year were Rs. 4.014 Billion for three spinning units & one ginning unit. The Company suffered a pre-tax loss of Rs. 53.965 Million which netted at Rs. 66.697 Million after providing for taxation. The average sales price of yarn does not remained competitive to the raw material procured during the year due to continuous decline in prices of raw material & fall in demand of yarn especially by China which is the main sale market of Company

The financial results for the year ended June 30, 2015 along with the comparative figures of the last year are summarized under the respective heads of Accounts below:

	2015	***2014***
	Rupees	***Rupees***
Sales	4,014,689,127	4,928,430,523
Cost of goods sold	(3,778,856,644)	(4,593,306,322)
Gross profit	**235,832,483**	**335,124,201**
Other operating income	6,644,188	34,585,071
	242,476,671	**369,709,272**
Distribution cost	(96,369,438)	(75,014,296)
Administrative expenses	(99,384,770)	(97,370,166)
Other operating expenses	-	(5,415,805)
	(195,754,208)	**(177,800,267)**
Finance cost	(100,687,511)	(118,834,888)
(Loss)/Profit before taxation	**(53,965,048)**	**73,074,117**
Taxation	(12,732,765)	(37,082,522)
Net (Loss)/ Profit for the year	**(66,697,813)**	**35,991,595**
Earnings per share	**(3.97)**	**2.14**

FUTURE OUTLOOK

Keeping in view of existing circumstances and the challenges being faced by the Textile Sector, it is strongly recommended that Textile Sector should be facilitated by subsidizing rates of Electricity along with continuous supply of electricity and gas, so that it can keep on running. Further Government must support the new projects of value addition in Textile Sector by introducing special incentive packages, so that we can compete in international markets.

The salient features of the operations of the Company during the year are summarized below:

In line with Company's policy of continuous BMR, during the year, Letter of Credit for import of following new machines has been established. The machines are expected to arrive in the end December this year & will be installed at Unit I & II of the Company. These were imported & installed at Spinning Units to improve the production of quality yarn.

2 Sets of Muratec 21-C Q-Pro Automatic Cone Winders (**EURO 320,000**)

16 Sets of Ring Spinning Frames EJM-178 (**USD 762,368**)

Card Clothing Parts for Crossrol Card MK-4 & MK-6 (**EURO 22,970**)

The installation of the above machines will increase the production capacity of Unit No. I & II of the Company.

M/s Habib bank Ltd., Corporate Centre Branch, Multan has approved a Term Finance Facility of Rs. 135 Million for retirement of import documents of above machines.

Prompt re-payment of installments of Term Loan of HBL for Rs. 160 Million (Quarterly installment of Rs. 13.333 M) during the year.

Term Loan of ABL for Rs. 60 Million (Quarterly installment of Rs. 3.750 M each) has been fully paid by the Company during the year.

The Company, during the year, has reduced the rates of depreciation from 10% to 5% on Building & Machinery in accordance with requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates & Errors). The Company believes that remaining useful life of above assets is more than 20 years. This estimate of the company has been certified by independent valuers M/s Harvest Services (Pvt.) Ltd. (approved valuers of PBA). The effect of this change in accounting estimates has been recognized in financial statements of the Company prospectively in the profit & loss account. (Reference Note 5.4)

OPERATIONS OF GINNING UNIT

During the year operations of Ginning Unit of the Company remained suspended due non competitive prices of raw material & poor quality of phutty in the surrounding areas.

EXPORTS

The Company made total exports of yarn valuing **Rs. 1,904,724,213 Million** during the year under report as compared to the Exports valuing **Rs. 1,478,210,610 Million** in the previous year. The Increase of 28.85 % in export sales during the year was due to availability of better yarn prices in the International market.

DIVIDEND

Keeping in view the net loss for the year ended June 30, 2015 your directors decided not to distribute any dividend for the year ended 30.06.2015.

ISO 9001:2000 QMS AND ISO 14001:1996 EMS CERTIFICATION:

The company has successfully maintained its ISO 9001:2000 certification for Quality Management System and the ISO 14001:1996 certification for Environmental Management System.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Your Directors are pleased to report that the Company is complying with the requirements of CCG as introduced by the Securities and Exchange Commission of Pakistan 2012. The board is committed to maintain a high standard of good Corporate Governance.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business as are set by Chief Executive and reviewed in total by the Board in the light of Company's overall objectives. The Board is committed to maintain the high standards of good corporate governance.

The Company has been in compliance with the provisions set out by the Securities and Exchange Commission of

Pakistan and accordingly listing regulations of Stock Exchanges.

Following are the statements on Corporate and Financial Reporting Framework:

1. The financial statements, prepared by the management of Maqbool Textile Mills Ltd. present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.
3. Proper books of accounts of Maqbool Textile Mills Ltd. have been maintained.
4. International accounting standards, as applied in Pakistan, have been followed in preparation of these financial statements and departures there from have been adequately disclosed.
5. The Board has set-up an effective internal audit function that are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.
6. The system of internal controls is sound in design and has been effectively implemented and monitored.
7. There are no significant doubts upon the Company's ability to continue as a going concern.
8. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.
9. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at 30 June, 2015, except for those disclosed in the financial statements.
10. Summary of key operating and financial data of the past six years is annexed.
11. Pattern of share holdings of the Company as at June 30, 2015 is annexed.
12. No trades in shares of the Company were carried out by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children during the year in the closed period.
13. The Board in compliance with the Code of Corporate Governance had established audit committee and Human Resource & Remuneration Committee comprising of three and four members respectively.

AUDIT COMMITTEE

Audit Committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial Reporting Framework and Corporate Control. The Committee consists of three persons. Majority of members including Chairman of the Committee are non-executive directors.

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

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

During the year, four Audit Committee meetings were held and attendance was as follows:

Sr. No.	Name of Members	No. of Meetings Attended
1.	Mian Idrees Ahmad Sheikh - Chairman	4
2.	Mian Aziz Ahmad Sheikh Member	4
3.	Mian Atta Shafi Tanvir Sheikh	4

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

RECOVERY OF BALANCE FIRE LOSS OCCURRED IN 2000:

Balance amount of Rs. 20 Million against settlement with M/s Pakistan General Insurance Co. Ltd. (PGI) for Rs.40 Million due to fire loss occurred on April 13, 2000 has been received during the year

Consequent to the settlement agreement, all pending litigations between the Company & PGI stand settled vide court decree in respect of this insurance claim.

BOARD MEETINGS:

During the year ended on 30-06-2015, five (5) meetings of the Board of Directors were held. Attendance by each Director is given below:

Director's Name	Meetings Attended
Mian Tanvir Ahmad Sheikh	5
Mrs. Romana Tanvir Sheikh	3
Mian Anis Ahmad Sheikh	5
Mrs. Rameen Anis Sheikh	3
Mian Idrees Ahmad Sheikh	5
Mian Aziz Ahmad Sheikh	5
Mian Atta Shafi Tanvir Sheikh	5
Syed Raza Abbas Jaffery (Rep.) NIT	3
Maj.(R) Javed Musarrat	2

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

AUDITORS

Your Company's Auditors M/s Deloitte Yousuf Adil, Chartered Accountants, Multan, retired and being eligible offer themselves for re-appointment for the next year.

RELATIONS WITH LABOUR AND STAFF

Your Directors are happy to report that relations with labor and staff of the Company remained cordial throughout the year.

ACKNOWLEDGEMENT

Your Directors acknowledge the best cooperation as usual enjoyed by your Company from its banks namely as under:

- M/s Habib Bank Ltd.,
- M/s Bank Al-Habib Ltd.,
- M/s United Bank Ltd.,
- M/s Faysal Bank Ltd.,
- M/s Habib Metropolitan Bank Ltd.
- Bank Alfalah Ltd. (Islamic Banking)
- The Bank of Punjab
- M/s Meezan Bank Ltd.,

We wish to record our sincere appreciation to the management of above banks and hope that they will continue their support to us in future as usual. The dedicated hard work of all employees of the Company is also acknowledged.

Sd/-

MIAN TANVIR AHMAD SHEIKH

CHAIRMAN

MULTAN:

Dated: 05-10-2015

SIX YEARS KEY OPERATING AND FINANCIAL DATA

	June 30, 2015	*June 30, 2014*	*June 30, 2013*	*June 30, 2012*	*June 30, 2011 Restated*	June 30, 2010
BALANCE SHEET						
Authorized Capital	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Issued, subscribed						
& Paid Up Capital	168,000,000	168,000,000	168,000,000	168,000,000	168,000,000	84,000,000
Reserves	168,000,000	168000,000	42,000,000	42,000,000	42,000,000	42,000,000
Un-appropriated Profit/(Loss)	157,539,979	187,943,654	327,712,860	191,956,271	107,685,352	40,367,698
Total Equity	493,539,979	523,943,654	537,712,860	401,956,271	317,685,352	250,367,698
Surplus on revaluation of						
Property, plant and equipment	750,185,937	779,340,652	150,268,385	150,268,385	150,268,385	150,268,385
Liabilities						
Deferred/Long term	411,316,971	499,943,800	368,728,999	159,182,792	177,941,865	162,755,067
Short Term Liabilities	1,268,927,127	772,681,545	1,098,724,635	773,247,472	536,429,766	451,754,360
Total Liabilities	1,680,244,098	1,272,625,345	1,467,453,634	932,430,264	714,371,631	614,509,427
Total Equity & Liabilities	2,923,970,014	2,575,909,651	2,155,434,879	1,484,654,920	1,182,325,368	1,015,145,510
Fixed Assets						
Owned	1,773,697,267	1,790,826,163	951,646,443	651,186,126	669,489,745	692,329,191
Long Term Deposits	5,668,939	5,668,939	5,654,639	5,654,639	5,654,639	4,499,639
Current Assets	1,144,603,808	779,414,549	1,198,122,497	827,814,155	506,891,738	318,316,680
Total Assets	2,923,970,014	2,575,909,651	2,155,434,879	1,484,654,920	1,182,325,368	1,015,145,510
,						
PROFIT & LOSS ACCOUNT						
Turnover (net)	4,014,689,127	4,928,43,523	4,554,284,139	3,421,881,369	3,970,775,521	2,183,978,491
Gross Profit	235,832,483	335,124,201	493,376,536	348,113,332	383,243,744	293,408,224
Operating Profit/(Loss)		38,489,046	217,062,351	150,083,240	178,731,116	112,464,370
Profit/(Loss) before taxation	(53,965,048)	73,074,117	236,370,101	166,768,755	179,152,669	118,489,601
Taxation	(12,732,765)	(37,082,522)	(62,813,512)	(40,497,836)	(74,035,015)	(29,510,702)
Profit/(Loss) for the Year	(66,697,813)	35,991,595	173,556,589	126,270,919	105,117,654	88,978,899
DISTRIBUTION						
Cash Dividend %	NIL	NIL	27.50%	22.50%	25%	22.50%
RATIOS						
Break up value (Rs)	29.38	31.19	32.01	23.92	18.90	14.90
Earning per share (Rs.)	(3.97)	2.14	10.33	7.52	6.26	5.30
Return on Equity (Rs)	(0.14)	0.07	0.32	0.31	0.33	0.36
Current Ratio	0.90:1	1.01:1	1.09:1	1.07:1	0.95:1	0.70:1
Debt / Equity Ratio without surplus	0.39	0.49	0.54	0.39	0.56	0.65
Debt / Equity Ratio with surplus	0.16	0.20	0.69	0.288	0.381	0.406
CAPACITY AND PRODUCTION						
Total No. of						
Spindles Installed	70,104	70,104	70,104	46,200	46,200	46,200
Unit # 1	18,336	18,336	18,336	18,336	18,336	18,336
Installed Capacity of Yarn-						
20/S Count (Kgs)	6,389,193	6,389,193	6,389,193	5,937,060	6,337,609	6,202,118
Production of Yarn-						
20/S Count (Kgs)	4,870,926	4,388,751	4,443,856	5,389,139	5,690,234	4,816,825
Unit # 2	27,864	27,864	27,864	27,864	27,864	27,864
Standard production of Yarn						
40's PC (Kgs)	4,784,702	4,784,702	4,784,702	4,721,968	4,668,360	3,975,305
Actual production of Yarn						
40's PC (Kgs)	3,636,009	3,723,721	3,706,671	4,302,034	4,480,780	3,730,163
Unit # 3	23,904	23,904	23,904	-	-	-
Installed Capacity of Yarn-						
20/S Count (Kgs)	7,018,741	7,018,741	5,290,445	-	-	-
Production of Yarn-						
20/S Count (Kgs)	5,050,455	4,929,765	4,316,860	-	-	-

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Year Ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in listing regulation of the Karachi, Lahore and Islamabad 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 Code 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	Maj. (R) Javed Musarrat
Executive Directors	Mian Anis Ahmad Sheikh Mian Atta Shafi Tanvir Sheikh
Non-Executive Directors	Mian Tanvir Ahmad Sheikh Mian Idrees Ahmad Sheikh Mian Aziz Ahmad Sheikh Syed Raza Abbas Jaffery

   The above named independent director meets the criteria of independence under clause (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in 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 NBFI or, being a member of a stock exchange, has been declared as defaulter by the stock exchange.

4. No casual vacancy occurred in the Board during the year under review.

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

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of chief executive officer other executive & non-executive directors has been taken by the board/shareholders.

8. The meetings of Board were presided over by Chairman and, in his absence, by a director elected by the Board for this purpose, and the Board met at least once every quarter. Written notices of the Board meetings along with agenda & working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Directors of the Company have already completed their “Training” approved by SECP under the Code of Corporate Governance 2012. The Directors are also encouraged to attend the workshops and seminars on the subject of Corporate Governance.

10. During the year no new appointment of Chief Financial Officer (CFO), Company Secretary or Head of Internal Audit was approved. However, remuneration of the above officers was revised as per company policy approved by the board.

11. The Directors' report for the 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 Chief Executive Officer and Chief Financial Officer before approval of the Board.

13. The directors, Chief Executive Officer 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 reconstituted the Audit Committee as under:

NAME	DESIGNATION
Mian Idrees Ahmad Sheikh	Chairman
Mian Aziz Ahmad Sheikh	Member
Mian Atta Shafi Tanvir Sheikh	Member

It comprises of three members, of whom one is executive & two are non-executive directors including the chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company 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 reconstituted the Human Recourse and Remuneration Committee as under:

NAME	DESIGNATION
Mian Aziz Ahmad Sheikh	Chairman
Mian Idrees Ahmad Sheikh	Member
Mian Atta Shafi Tanvir Sheikh	Member

It comprises of three members, of whom majority are non-executive directors including the chairman of the committee.

18. The Company has set up an effective internal audit function headed by the Head of Internal Audit. The staff is considered to be suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.

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 Institute of Chartered Accountants of Pakistan (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 Institute of Chartered Accountants of Pakistan (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 guide lines in this regard.

21. The 'closed period' prior to the announcements of interim/final results, and business decisions, which may materially affect the market price of the 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 Exchanges.

We confirm that all other material principles contained in the Code have been complied with.

For & on behalf of the Board

Sd/-

Multan: October 5, 2015

MIAN TANVIR AHMAD SHEIKH

CHAIRMAN

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

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

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

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

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

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

DELOITTE YOUSUF ADIL
Chartered Accountants.

Engagement Partner:
Talat Javed

Dated: 05.10.2015
Multan

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Maqbool Textile 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that;

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

(b) In our opinion-

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and, respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, its 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 (XVIII of 1980).

DELOITTE YOUSUF ADIL
Chartered Accountants

Engagement Partner:
Talat Javed

Place: Multan
Date: 05.10.2015

BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,773,697,267	1,790,826,163
Long term deposits		5,668,939	5,668,939
		1,779,366,206	1,796,495,102
Current assets			
Stores and spares	6	35,418,131	32,906,842
Stock in trade	7	573,037,193	336,884,211
Trade debts	8	338,284,383	292,576,295
Loans and advances	9	27,233,968	27,334,879
Trade deposits and prepayments	10	441,409	423,409
Sale tax refundable		75,430,442	31,987,639
Advance tax		46,322,650	16,211,794
Other receivable		-	20,000,000
Cash and bank balances	11	48,435,632	21,089,480
		1,144,603,808	779,414,549
Total assets		**2,923,970,014**	**2,575,909,651**
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	12	168,000,000	168,000,000
General reserve		168,000,000	168,000,000
Unappropriated profits		157,539,979	187,943,654
		493,539,979	523,943,654
Surplus on revaluation of property, plant and equipment - net of deferred tax	13	750,185,937	779,340,652
Non-current liabilities			
Long term financing	14	134,401,352	193,921,284
Long term loans from related parties	15	51,239,670	62,000,000
Deferred liabilities	16	225,675,949	244,022,516
		411,316,971	499,943,800
Current liabilities			
Trade and other payables	17	236,005,012	189,694,867
Accrued mark up	18	19,405,768	17,356,166
Short term borrowings	19	913,368,442	479,231,015
Current portion of long term financing	14	59,519,266	62,072,350
Provision for tax		40,628,639	24,327,147
		1,268,927,127	772,681,545
Contingencies and commitments	20		
Total equity and liabilities		**2,923,970,014**	**2,575,909,651**

The annexed notes from 1 to 37 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

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

	Note	2015 Rupees	2014 Rupees
Sales - Net	21	4,014,689,127	4,928,430,523
Cost of goods sold	22	(3,778,856,644)	(4,593,306,322)
Gross profit		235,832,483	335,124,201
Other Income	23	6,644,188	34,585,071
		242,476,671	369,709,272
Distribution cost	24	96,369,438	75,014,296
Administrative expenses	25	99,384,770	97,370,166
Other operating expenses	26	-	5,415,805
		(195,754,208)	(177,800,267)
Finance cost	27	(100,687,511)	(118,834,888)
(Loss) / Profit before taxation		(53,965,048)	73,074,117
Taxation	28	(12,732,765)	(37,082,522)
(Loss) / Profit after taxation		**(66,697,813)**	**35,991,595**
(Loss) / Earnings per share - basic and diluted	29	**(3.97)**	**2.14**

The annexed notes from 1 to 37 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

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

	2015 Rupees	2014 Rupees
(Loss) / profit for the year	(66,697,813)	35,991,595
Other comprehensive income:		
Items that will not be reclassified to profit or loss account		
Remeasurement on defined benefit obligation	485,771	(2,387,379)
Deferred tax	(96,260)	509,204
	389,511	(1,878,175)
Total comprehensive (loss) / income for the year	**(66,308,302)**	**34,113,420**

The annexed notes from 1 to 37 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(53,965,048)	73,074,117
Adjustments for:		
Depreciation on property, plant and equipment	89,795,784	81,858,084
Provision against loan and advances	-	381,198
Provision for staff retirement benefits - gratuity	14,601,712	15,316,101
Gain on sale of property, plant and equipment	-	(24,593,284)
Finance cost	100,687,511	118,834,888
	205,085,007	191,796,987
Operating cash flows before working capital changes	151,119,959	264,871,104
(Increase) / decrease in current assets		
Stores and spares	(2,511,289)	(1,913,199)
Stock-in-trade	(236,152,982)	168,313,474
Trade debts	(45,708,088)	311,372,701
Loans and advances	100,911	(14,966,926)
Trade deposits and prepayments	(18,000)	(42,000)
Tax refunds due from government	(43,442,803)	(19,638,519)
Other receivable	20,000,000	(20,000,000)
	(307,732,251)	423,125,531
Increase / (decrease) in current liabilities		
Trade and other payables (excluding unclaimed dividend)	46,310,550	(173,940,326)
Cash (used in) / generated from operations	(110,301,742)	514,056,309
Income tax paid	(42,204,508)	(52,316,507)
Gratuity paid	(15,905,313)	(19,027,889)
Finance cost paid	(98,637,909)	(124,388,889)
	(156,747,730)	(195,733,285)
Net cash (used in) / generated from operating activities	(267,049,472)	318,323,024
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(83,558,372)	(142,470,020)
Disposal of property, plant and equipment	5,889,990	32,500,000
Insurance claim proceeds	-	64,500
Long term deposits	-	(3,000)
Net cash used in investing activities	(77,668,382)	(109,908,520)

	2015 Rupees	2014 Rupees
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment long term financing	(62,073,016)	(36,422,830)
Short term borrowings - net	434,137,427	(113,428,791)
Dividend paid	(405)	(43,811,889)
Net cash generated from / (used in) financing activities	372,064,006	(193,663,510)
Net increase in cash and cash equivalents (A+B+C)	27,346,152	14,750,994
Cash and cash equivalents at beginning of the year	21,089,480	6,338,486
Cash and cash equivalents at end of the year	**48,435,632**	**21,089,480**

The annexed notes from 1 to 37 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

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

	Share capital	*General reserve*	*Unappropriated profit*	*Total*
	------------------------------- *Rupees* ------------------------------			
Balance as at July 01, 2013	168,000,000	42,000,000	326,030,234	536,030,234
Profit for the year	-	-	35,991,595	35,991,595
Other comprehensive income for the year - net of deferred tax	-	-	(1,878,175)	(1,878,175)
Total comprehensive income for the year	-	-	34,113,420	34,113,420
Transactions with owners				
Final dividend for the year ended June 30, 2013 at Rs. 2.75 per share	-	-	(46,200,000)	(46,200,000)
Transfer to general reserve	-	126,000,000	(126,000,000)	-
Balance as at 30 June 2014	168,000,000	168,000,000	187,943,654	523,943,654
(Loss) / profit for the year	-	-	(66,697,813)	(66,697,813)
Other comprehensive income for the year - net of deferred tax	-	-	389,511	389,511
Total comprehensive income for the year	-	-	(66,308,302)	(66,308,302)
Surplus transfer to unappropriated profit on account of incremental depreciation charged during the year net of tax	-	-	25,144,297	25,144,297
Transfer of present value adjustment on loans from related parties	-	-	10,760,330	10,760,330
Balance at June 30, 2015	**168,000,000**	**168,000,000**	**157,539,979**	**493,539,979**

The annexed notes from 1 to 37 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

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

1. GENERAL INFORMATION

1.1 Maqbool Textile Mills Limited (the Company) was incorporated in Pakistan on December 03, 1989 as a public limited company under the Companies Ordinance, 1984 and is listed on Karachi, Lahore and Islamabad stock exchanges. The registered office of the Company is situated in Multan, Pakistan. The Company is principally engaged in manufacturing and sale of yarn, cotton seed and cotton lint. The Company's manufacturing facilities are located at District Muzaffar Garh, Pakistan.

On October 01, 2012 the company acquired the fixed assets (Land ,Building and Machinery) of spinning unit from Accord Textiles Limited (ATL) located at Pirmahal-Rajana Road, Distt. Toba Tek Singh.

2. STATEMENT OF COMPLIANCE

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

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 19 Employee Benefits: Employee contributions	***Effective from accounting period beginning on or after July 01, 2014***

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employee's periods of service either using the plans contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees periods of service. Retrospective application is required.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	***Effective from accounting period beginning on or after January 01, 2014***

These amendments clarify the meaning of "currently has a legally enforceable right to set-off." It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets	***Effective from accounting period beginning on or after January 01, 2014***

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. The new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 *Fair value Measurements*. The amendments require retrospective application.

IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting	***Effective from accounting period beginning on or after January 01, 2014***

The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditions are met.

IFRIC 21 - Levies	***Effective from accounting period beginning on or after January 01, 2014***

IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognised when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	***Effective from accounting period beginning on or after January 01, 2016***

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; or
b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated.
The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	***Effective from accounting period beginning on or after January 01, 2016***

The amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.
On the initial application of the amendments, entities are permitted to use the fair value of the items of bearer plants as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognized in opening retained earnings at the beginning of the earliest period presented.

IAS 27 (Revised 2011) Separate Financial Statements	***Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.***

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. Subsequently, IASB issued amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

IAS 28 (Revised 2011) Investments in Associates and Joint Ventures	***Effective from accounting period beginning on or after January 01, 2015***

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

IFRS 10 Consolidated Financial Statements	***Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.***

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the control assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the control conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the control conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

IFRS 11 Joint Arrangements	***Effective from accounting period beginning on or after January 01, 2015***

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

IFRS 12 Disclosure of Interests in Other Entities	***Effective from accounting period beginning on or after January 01, 2015***

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entitys interest in other entities and the effects of those interests on its financial statements.

IFRS 13 Fair Value Measurement	***Effective from accounting period beginning on or after January 01, 2015***

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

These financial statements have been prepared under historical cost convention except indicated in note 4.4.1, 4.4.12 and 4.4.14.

4.2 Functional and presentation currency

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

4.3 Critical judgments and accounting estimates in applying the accounting policies

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimate is revised if the revision affects only that period, or in the period of revision and future period if the revision affects both current and future periods.

In preparing these financial statements, the significant judgment made by the management in applying accounting policies include:

- useful lives of property, plant and equipment (notes 4.4.1 and 6.1)
- provision for staff retirement benefits (notes 4.4.12 and 17.3)
- provision for taxation (notes 4.4.11 and 29)
- revaluation of property, plant and equipment (notes 4.4.1 and 5.4)

4.4 Summary of accounting policies

4.4.1 Property, plant and equipment

Property, plant and equipment except freehold land, building on freehold land, plant and machinery and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any.

Building on freehold land, plant and machinery is stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Freehold land is stated at revalued amount being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the balance sheet date. Any revaluation increase arising on the revaluation of such asset is credited in 'Surplus on revaluation of property, plant and equipment' . A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to previously revalued assets. To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation (net of deferred tax) is transferred directly to retained

Depreciation on property, plant and equipment, except freehold land and capital work-in-progress, is charged to profit and loss account applying reducing balance method over the estimated useful lives of the assets at the rates shown in note 5.1 to the financial statements. Depreciation on additions is charged from the month the asset is available for use up to month immediately preceding the date of disposal.

Gains and losses on disposal of property, plant and equipment if any, are recognized in profit and loss account, as and when incurred. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized.

Capital work-in-progress
Capital work-in-progress (CWIP) is stated at cost less any recognized impairment loss. 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.

4.4.2 Operating lease

Rental paid under operating lease are charged to profit and loss account on straight line basis over the period of lease.

4.4.3 Investments

Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognized at fair value plus transaction cost and are subsequently carried at amortized cost using effective interest rate method.

Derecognition

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

4.4.4 Financial instruments

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 in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and liabilities is taken to profit and loss account directly.

4.4.5 Off setting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

4.4.6 Impairment

Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

For amounts due from loans and advances to customers carried at amortized cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

Held to maturity financial investments

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Non - financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except stores and spares and stock in trade may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.4.7 Stores and spares

These are valued at lower of cost and net realizable value, determined on moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

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

4.4.8 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined as :

Raw material	Weighted average cost.
Material in transit	Cost accumulated up to balance sheet date.
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.
Waste	Net realizable value.

Cost in relation to work in process and finished goods represents the annual average manufacturing cost which consists of prime cost and appropriate production overheads. Cost of raw material consumed is accounted for by applying the annual average cost of both imported and local purchases.

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

4.4.9 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

4.4.10 Cash and cash equivalents

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

4.4.11 *Taxation*

Current

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or provisions of minimum tax, or provisions of alternative corporate tax. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred taxation is recognized, using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of the realization or settlement of the carrying amount of assets and liabilities, using rates of taxation enacted or substantially enacted at the balance sheet date.

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

4.4.12 *Staff retirement benefits- gratuity*

The main features of the scheme operated by the Company for its employees are as follows:

Defined benefit plan

The Company operates an unfunded gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2015 using Projected Unit Credit Method. The following significant assumptions have been used for valuation of defined benefit obligation of the company:

	2015	***2014***
- Discount rate	9.50%	13.25%
- Expected increase in eligible salary	8.50%	12.25%
- Average expected remaining working life time	9 years	7 years
- Mortality rate	SLIC (2001-2005)	SLIC (2001-2005)

4.4.13 *Revenue recognition*

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when the risks and rewards of ownership are transferred i.e. on dispatch in case of local sales and on preparation of bill of lading in case of exports and when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Profit from investment is recognized on time apportioned basis using effective rate of interest.

4.4.14 Foreign currency translation

Transactions in foreign currencies are translated 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 for repayment of liabilities, in that case, the rates contracted for are used.

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

4.4.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the respective 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 pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are charged to profit and loss account in the period in which they are incurred.

4.4.16 Dividend

Dividend distribution to the Companys shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Companys shareholders.

4.4.17 Related party transactions

Sales, purchases and other transactions with related parties are carried out on agreed terms and conditions.

4.4.18 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 future for goods and services received whether billed to the Company or not.

4.4.19 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed periodically and adjusted to reflect the current best estimate.

4.4.20 Earning per share

The Company presents basic and diluted earnings per shares (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

5 PROPERTY, PLANT AND EQUIPMENT

	Notes	2015 Rupees	2014 Rupees
Operating assets	5.1	1,773,392,960	1,790,826,163
Capital work-in-progress		304,307	-
		1,773,697,267	1,790,826,163

5.1 Operating assets

Particulars	Cost / Revalued amount				Accumulated depreciation				Net book value	Rate
	At July 1, 2014	Additions/ (Disposal)	Revaluation Surplus	At June 30, 2015	At July 1, 2014	For the year	Revaluation Adjustment	At June 30, 2015	At June 30, 2015	%
	Rupees									
Land - Freehold	230,369,000	-	-	230,369,000	-	-	-	-	230,369,000	-
Buildings on freehold land	413,877,001	9,781,960	-	423,658,961	-	21,182,948	-	21,182,948	402,476,013	5
Plant and machinery	1,242,904,605	55,409,515	-	1,298,314,120	198,299,603	53,596,266	-	251,895,869	1,046,418,251	5
Generator	13,659,614	161,590	-	13,821,204	709,614	1,300,981	-	2,010,595	11,810,609	10
Electric fittings and installations	68,585,323	15,302,836	-	72,270,576	11,495,324	8,603,625	-	19,372,850	52,897,726	15
		(11,617,583)				(726,099)				
Tools and equipments	1,024,021	287,590	-	1,311,611	292,729	85,814	-	378,543	933,068	10
Office equipments	8,019,734	563,359	-	8,583,093	2,699,288	561,696	-	3,260,984	5,322,109	10
Telephone installations	2,893,781	228,440	-	3,122,221	939,541	206,414	-	1,145,955	1,976,266	10
Furniture & fixtures	7,869,681	8,150	-	7,877,831	3,718,022	415,574	-	4,133,596	3,744,235	10
Arms & ammunitions	394,695	483,100	-	877,795	49,913	55,453	-	105,366	772,429	10
Weighing scales	1,716,939	17,500	-	1,734,439	1,161,597	56,425	-	1,218,022	516,417	10
Tube well	1,035,476	59,000	-	1,094,476	578,638	46,176	-	624,814	469,662	10
Fire extinguishing equipments	1,526,392	157,550	-	1,683,942	797,828	80,117	-	877,945	805,997	10
Vehicles	36,002,678	793,475	-	36,796,153	18,310,680	3,604,295	-	21,914,975	14,881,178	20
	2,029,878,940	**83,254,065**	**-**	**2,101,515,422**	**239,052,777**	**89,795,784**	**-**	**328,122,462**	**1,773,392,960**	
		(11,617,583)				**(726,099)**				

For comparative period

Particulars	Cost / Revalued amount				Accumulated depreciation				Net book value	Rate
	At July 1, 2013	Additions/ (Disposal)	Revaluation Surplus	At June 30, 2014	At July 1, 2013	For the year	Revaluation Adjustment	At June 30, 2014	At June 30, 2014	%
	---------- Rupees ----------									
Land - Freehold	180,753,883	1,302,496	48,312,621	230,369,000	-	-	-	-	230,369,000	-
Buildings on freehold land	229,082,923	9,235,186	175,558,892	413,877,001	104,491,928	12,815,661	(117,307,589)	-	413,877,001	10
Plant and machinery	1,142,824,544	120,659,089	-	1,242,904,605	558,459,227	58,578,172	(406,083,520)	198,299,603	1,044,605,002	10
		(20,579,028)				(12,654,275)				
Generator	11,932,614	1,727,000	-	13,659,614	8,404,679	465,185	(8,160,250)	709,614	12,950,000	10
Electric fittings and installations	62,958,605	5,626,718	-	68,585,323	38,320,274	4,291,177	(31,116,127)	11,495,324	57,089,999	15
Tools and equipments	867,221	156,800	-	1,024,021	223,397	69,332	-	292,729	731,292	10
Office equipments	6,337,037	1,682,697	-	8,019,734	2,244,528	454,760	-	2,699,288	5,320,446	10
Telephone installations	1,838,337	1,055,444	-	2,893,781	784,754	154,787	-	939,541	1,954,240	10
Furniture & fixtures	7,284,463	585,218	-	7,869,681	3,274,195	443,826	-	3,718,021	4,151,660	10
Arms & ammunitions	141,295	253,400	-	394,695	22,209	27,704	-	49,913	344,782	10
Weighing scales	1,660,739	56,200	-	1,716,939	1,103,777	57,820	-	1,161,597	555,342	10
Tube well	915,041	120,435	-	1,035,476	527,878	50,760	-	578,638	456,838	10
Fire extinguishing equipments	1,439,337	87,055	-	1,526,392	721,730	76,098	-	797,828	728,564	10
Vehicles	35,562,352	512,250	-	36,002,678	13,963,340	4,372,802	-	18,310,681	17,691,997	20
		(71,924)				(25,461)				
	1,683,598,391	**143,059,988**	**223,871,513**	**2,029,878,940**	**732,541,916**	**81,858,084**	**(562,667,486)**	**239,052,777**	**1,790,826,163**	
		(20,650,952)				**(12,679,736)**				

5.2 The following assets were disposed off during the year

Description	Cost	Accumulated depreciation	Carrying value	Claim / Sale proceed	Gain/(Loss)	Mode of disposal	Particulars of Buyers
	----------	----------	(Rupees)	----------	----------		
Electric fittings and installations	11,617,583	726,099	10,891,484	5,889,990	(5,001,494)	Insurance Claim	Consortium of insurance companies
	11,617,583	**726,099**	**10,891,484**	**5,889,990**	**(5,001,494)**		

For comparative period

Description	Cost	Accumulated depreciation	Carrying value	Claim / Sale proceed	Gain/(Loss)	Mode of disposal	Particulars of Buyers
	----------	----------	(Rupees)	----------	----------		
Plant and machinery							
Toyoda Draw Frame DX8	20,579,028	12,654,275	7,924,753	32,500,000	24,575,247	Negotiation	Allawasaya Textile & Finishing Mills Limited
Vehicles							
Motor Bike MNR-7000	71,924	25,461	46,463	64,500	18,037	Insurance Claim	Habib Insurance Company Limited
	20,650,952	**12,679,736**	**7,971,216**	**32,564,500**	**24,593,284**		

5.2.1 A fire broke out in the Light Transmission room (LT room) involving LT panels, electric installations, cabels and stock in process in unit 1 of the copany's mill on January 07, 2015 due to electric fluctuations. A survey, through the quantity Surveyors appointed by the insurers, were conducted. The total insurance claim of Rs. 10,891,484 was filed by the company however, insurance claim ascertained and accepted was Rs. 5,889,990 by a consortium of Habib Insurance Company Pakistan Limited (HICL), EFU General Insurance Limited (EFU), IGI Insurance Limited (IGI) and PICIC Insurance Limited (PICIC) . All the insurance companies satisfied the total insurance claims to the extent of their shares.

	Note	2015 Rupees	2014 Rupees
5.3 Allocation of Depreciation			
Cost of goods sold	22	85,071,543	76,487,759
Administrative expenses	25	4,724,241	5,370,325
		89,795,784	**81,858,084**

5.4 The management, during the current year, has revised the depreciation rates of plant and machinery and building on freehold land. Keeping in consideration the assessed useful life of these assets, consequently depreciation rates have been revised to 5% from 10%. Management belives that the said change in estimate reflects more accurately the pattern of consumption of economic benefits of the respective assets. The management, in this regard, has also obtained opinion from independent Valuers M/s Harvester Services (Pvt.) Ltd., confirmed the new depreciation rates adopted.

The aforementioned revision has been accounted for as change in accounting estimates in accordance with the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). The effect of this change in accounting estimate has been recognised prospectively in the profit and loss account of the current year. Had there been no revision, loss before taxation for the current year would have been increased by Rs. 74.77 million whereas the carrying value of operating fixed assets would have been lower by same amount. Accordingly, loss per share basis and diluted for the year ended 30 June, 2015 would have been Rs.8.42 instead of Rs. 3.97.

5.5 Revaluation of freehold land was carried out as on March 18, 2009 by independent valuer M/s Consultancy (Pvt.) Limited on the basis of depreciated replacement value.

Further, the company has revalued its freehold land, building on free hold land and machinery including generator & electric fittings that was carried out as on June 30, 2014 by independent valuer M/s K. G. Traders (Pvt.) Limited on the basis of depreciated replacement value. Revaluation surplus has been credited to surplus on revaluation of property,plant and equipment. The basis used for the revaluation of these assets were as follows:

Freehold land and building on free hold land

Fair market value of the land was assessed through inquiries from various estate agents, brokers and builders/developers and keeping in view the location of the property, size, status, utilization, cost of new construction, construction standard, depreciation cost factor, state of infrastructure and current trends in prices of real estate in the vicinity of the property.

Plant and machinery

Fair market value of the plant and machinery was assessed through inquiries of local authorized dealers who deal in old and new similar type of plant and machineries. Replacement value was then ascertained from competitive rates of the plant and machinery and thereafter, an average depreciation factor was applied on the replacement value of the plant and machinery.

5.6 Had there been no revaluation the related carrying amounts of freehold land, building and machinery would have been as follows:

	Note	2015 Rupees	2014 Rupees
Land - Freehold		31,787,994	31,787,994
Buildings on freehold land		124,252,856	121,010,520
Plant and machinery		660,638,907	638,521,481
Generator		4,466,384	4,789,750
Electric fittings and installations		37,050,063	25,973,872
		858,196,204	**822,083,617**

6. STORES AND SPARES

Stores and spares		29,623,361	24,037,668
Packing material		5,794,770	8,869,174
		35,418,131	32,906,842

7. STOCK IN TRADE

Raw materials	7.1	333,329,334	258,718,211
Work in process		39,556,000	34,616,000
Finished goods			
- Yarn	7.2	193,606,273	39,815,000
- Waste		6,545,586	3,735,000
		200,151,859	43,550,000
		573,037,193	**336,884,211**

7.1 Net realizable value of raw material was lower than its cost, which resulted in write down of Rs. 36.67 million (2014: Rs. 27.52 million).

7.2 Net realizable value of fininshed goods was lower than its cost, which resulted in write down of Rs. 14.66 million (2014: Rs. 27.52 million).

8. TRADE DEBTS

Considered good			
Export - secured	8.2	138,733,918	185,815,937
Local - unsecured	8.1	199,550,465	106,760,358
		338,284,383	292,576,295
		338,284,383	**292,576,295**

8.1 Local trade receivables are non-interest bearing and are generally on 15 to 25 day terms.

8.2 Export trade receivable are realized on early discounting or retirement of L/C upon 90-120 days.

8.3 Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, where appropriate.

8.4 Trade debts include debtors with a carrying amount of Rs. 0.926 million (2014: Rs. 0.946 million) which are past due at the reporting date but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

	Note	2015 Rupees	2014 Rupees
8.4.1 Aging of amounts past due but not impaired			
90 - 120 days		-	-
120 days and above		926,009	946,603
		926,009	**946,603**

9. LOANS AND ADVANCES

	Note	2015 Rupees	2014 Rupees
Advance to suppliers - Considered good		17,691,936	17,863,515
Advance to suppliers - Considered doubtful		1,794,628	1,794,628
		19,486,564	19,658,143
Provision for doubtful suppliers		(1,794,628)	(1,794,628)
		17,691,936	17,863,515
Advance for spinning unit on operating lease		5,040,048	5,040,048
Advance to employees - considered good		3,653,963	3,583,295
Minimum tax deposited under protest		848,021	848,021
		27,233,968	**27,334,879**
Provision for doubtful debts			
As at July 01		1,794,628	-
Provision during the year		-	1,794,628
		1,794,628	1,794,628

10. TRADE DEPOSITS AND PREPAYMENTS

	Note	2015 Rupees	2014 Rupees
Electricity charges paid under protest	20.1	219,606	219,606
Prepayments		221,803	203,803
		441,409	**423,409**

11. CASH AND BANK BALANCES

	Note	2015 Rupees	2014 Rupees
Cash in hand		1,641,223	665,552
Cash at banks - current accounts		46,794,409	20,423,928
		48,435,632	**21,089,480**

12. SHARE CAPITAL

2015 Number of shares	2014 Number of shares		2015 Rupees	2014 Rupees
		Authorized		
20,000,000	20,000,000	Ordinary shares of Rs. 10 each	**200,000,000**	200,000,000
		Issued, subscribed and paid up		
16,800,000	16,800,000	Ordinary shares of Rs. 10 each fully paid in cash	**168,000,000**	**168,000,000**

12.1 The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to theCompany's residual assets.

	Note	2015 Rupees	2014 Rupees
13. SURPLUS ON REVALUTAION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED TAX			
Opening balance		936,807,384	150,268,385
Effect of revaluation of property, plant and equipment carried out at year end		-	786,538,999
On account of disposal of assets during the year- net of tax		(8,733,271)	-
On account of incremental depreciation charged during the year - net of tax		(20,421,444)	-
Related deferred tax liability on incremental depreciation		(9,968,413)	-
Deferred tax due to rate change		(11,182,762)	-
	13.1	(50,305,890)	786,538,999
Closing balance		886,501,494	936,807,384
Less: Related deferred tax liability			
Opening balance		157,466,732	-
Addition during the year		-	157,466,732
Related deferred tax liability on incremental depreciation		(9,968,413)	-
Deferred tax due to rate change		(11,182,762)	-
		136,315,557	157,466,732
Closing balance		**750,185,937**	**779,340,652**

13.1 Revaluation surplus amounting to Rs. 10.9 million pertains to an asset derecognized during the year due to loss of fire. An insurance claim of the entire amount of Rs.10.9 million was lodged during the year but the company only received claim amounting to Rs. 5.9 million. Consequently, the remaining amount of Rs. 5.1 million revaluation surplus was written off on account of loss on disposal.

	Note	2015 Rupees	2014 Rupees
14. LONG-TERM FINANCING			
From banking companies - secured			
Habib Bank Limited			
- Demand Finance	14.1	20,000,100	30,000,150
- Demand finance - II	14.2	106,666,668	133,333,334
- LTFF -EOP	14.3	20,000,100	30,000,150
		146,666,868	193,333,634
Bank Al-Habib Limited			
- Term finance	14.4	29,093,750	33,250,000
- Term finance - II	14.5	18,160,000	18,160,000
		47,253,750	51,410,000
Allied Bank Limited			
- Term finance	14.6	-	11,250,000
		193,920,618	255,993,634
Less: Current portion shown under current liabilities		(59,519,266)	(62,072,350)
		134,401,352	**193,921,284**

14.1 Habib Bank Limited - Demand Finance

This finance has been obtained from HBL to retire LC for import of textile machinery. The loan is repayable in 8 equal half yearly installments commencing from November 20, 2013. It carries markup at the rate 6 months KIBOR+ 1.70. This finance is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company and personal guarantees of directors of the company.

14.2 Habib Bank Limited - Demand Finance II

This finance has been obtained from HBL to acquire the fixed assets (Land, Building and Machinery) of Accord Textiles Limited (ATL) under the arrangements of settlement of entire liability of ATL. The loan is repayable in 12 equal half yearly installments. This finance is interest free and is secured against equitable mortgage charge of Rs. 160 Million over the fixed assets of newly acquired spinning unit from ATL and personal guarantees of directors of the company.

14.3 Habib Bank Limited - LTFF - EOP

This finance has been obtained from HBL to import textile machinery under the SBP-Scheme of LTFF/EOP project . The loan is repayable in 8 equal half yearly installments commencing from November 20, 2013. It carries markup at 11.1%. This finance is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company and personal guarantees of directors of the company.

14.4 Bank Al-Habib Limited - Term finance

This finance has been obtained for repayment of shipping documents under LCs limits. The loan was obtained on June 12, 2014 with 1 year grace period. It is repayable in 8 half yearly installments commencing from June 12, 2015 and is secured against 1st exclusive charge over specific imported machinery. It carries markup at the rate of 6 month KIBOR + 1.50%. During the year, markup was charged ranging from 11.64 % to 11.65 %. (2013 : Nil)

14.5 Bank Al-Habib Limited - Term finance II

This finance has obtained for repayment of shipping documents under LCs limits. The loan was obtained on July 06, 2014 with 1 year grace period. It is repayable in 8 half yearly installments commencing from July 06, 2015 and is secured against 1st exclusive charge over specific imported machinery. It carries markup at the rate of 6 month KIBOR + 1.50%. During the year, markup was charged at the rate 11.62 %. (2014 : Nil)

14.6 Allied Bank Limited - Term finance

This finance was obtained for balance sheet restructuring / repayment of already drawn running finance from ABL. It was repayable in 16 equal quarterly installments commencing from July 01, 2011 and was secured against charge over present & future fixed assets of the Company amounting to Rs. 80 million. It carried markup at the rate of 3 month KIBOR + 1.75%. During the year, markup charged ranging from 10.83% to 11.93 %. (2014 : 11.06% to 13.74 %). This finance facility has fully been repaid during the year and charge over fixed assets as stated above has been satisfied.

	Note	2015 Rupees	2014 Rupees

15. LONG TERM LOANS FROM RELATED PARTIES

	Note	2015 Rupees	2014 Rupees
Interest free loans from Directors and Chief Executive	15.1	62,000,000	62,000,000
Less: present value adjustment		10,760,330	
		51,239,670	**62,000,000**

15.1 The Company entered into agreements with various related parties (directors / chief executive) in their capacity as sponsors, whereby the repayment of loans were deferred for a period of three years. The loans are interest free, unsecured and are repayable in full at the end of three-year period unless further extended by mutual agreement. Using the discount rate of 10% per annum, the fair value of the loans is estimated at Rs. 51.23 million. The difference of Rs. 10.76 million, between the gross proceeds and the fair value of loans has been recognized in equity through a transfer to inappropriate profit (the unamortized portions is not available for distribution). In subsequent years, the interest (i.e., unwinding of the difference between present value on initial recognition and the amount received) will be recognized account using the effective interest method.

16. DEFERRED LIABILITIES

	Note	2015 Rupees	2014 Rupees
Deferred taxation	16.1	212,454,912	229,012,107
Staff retirement benefits - gratuity	16.3	13,221,037	15,010,409
		225,675,949	**244,022,516**

16.1 The deferred taxation comprises of:

	2015 Rupees	2014 Rupees
Taxable temporary differences on :		
Surplus on revaluation of property, plant and equipment	136,315,557	157,466,732
Accelerated tax depreciation on property, plant and equipment	79,114,799	75,129,959
	215,430,356	232,596,691
Deductible temporary differences on:		
Provision for staff retirement benefits - gratuity	(2,619,828)	(3,201,782)
Provision for doubtful receivables	(355,616)	(382,802)
	212,454,912	**229,012,107**

16.2 Movement in temporary differences during the year

	Balance as at July 01, 2014	Recognized in equity	Loss on disposal	Recognized in SOCI	Recognized in profit and loss	Balance as at June 30, 2015
	----------------------------- Rupees -----------------------------					
Movement for the year ended June 30, 2015						
Deferred tax credits						
Accelerated tax depreciation	75,129,959	-	-	-	3,984,840	79,114,799
Surplus on revaluation of property, plant and equipment	157,466,732	-	(991,076)	-	(20,160,099)	136,315,557
Deferred tax debits						
Provision against doubtful receivables	(382,802)	-	-	-	27,186	(355,616)
Provision for gratuity	(3,201,782)	-	-	96,260	485,694	(2,619,828)
June 30, 2015	**229,012,107**	**-**	**(991,076)**	**96,260**	**(15,662,379)**	**212,454,912**

	Balance as at July 01, 2013	Recognized in equity	Loss on disposal	Recognized in SOCI	Recognized in profit and loss	Balance as at June 30, 2014
	----------------------------- Rupees -----------------------------					
Movement for the year ended June 30, 2014						
Deferred tax credits						
Accelerated tax depreciation	64,520,094	-	-	-	10,609,865	75,129,959
Surplus on revaluation of property, plant and equipment	-	157,466,732	-	-	-	157,466,732
Deferred tax debits						
Provision against doubtful receivables	-	-	-	-	(382,802)	(382,802)
Provision for gratuity - restated	(3,193,651)	-	-	(509,204)	501,073	(3,201,782)
June 30, 2014	**61,326,443**	**157,466,732**	**-**	**(509,204)**	**10,728,136**	**229,012,107**

	Note	2015 Rupees	2014 Rupees
16.3 Staff retirement benefits - gratuity			
Liability recognized in the balance sheet			
Present value of defined benefit obligation		**13,221,037**	**15,010,409**
Movement in liability for defined benefit obligation			
Opening balance		15,010,409	16,334,818
Charge for the year		14,601,712	15,316,101
Actuarial (gain) / loss		(485,771)	2,387,379
Benefits paid during the year		(15,905,313)	(19,027,889)
Provision for gratuity		**13,221,037**	**15,010,409**
Change in present value of defined benefit obligation			
Opening defined benefit obligation		15,010,409	16,334,818
Current service cost for the year		13,666,560	14,599,909
Interest cost for the year		935,152	716,192
Benefits paid during the year		(15,905,313)	(19,027,889)
Remeasurement of plan obligation		(485,771)	2,387,379
		13,221,037	**15,010,409**
Charge for the year			
Current service cost		13,666,560	14,599,909
Interest cost		935,152	716,192
		14,601,712	**15,316,101**
Charge for the year has been allocated as follows:			
Cost of goods sold	22.2	8,550,039	12,272,307
Administrative expenses	25.1	6,051,673	3,043,794
		14,601,712	**15,316,101**
Total remeasurements chargeable to other comprehensive income			
Remeasurement of plan obligation:			
Experience adjustments		**(485,771)**	**2,387,379**

Expected contribution for the next year

The expected contribution to the gratuity scheme for the next year works out to Rs. 17.28 million.

Sensitivity analysis as at June 30, 2015

	Discount Rate + 1%	Discount Rate - 1%	Salary Increase +1%	Salary Increase -1%
Present value of defined benefit obligation	11,685,660	15,119,268	15,119,268	11,659,986

	Note	2015 Rupees	2014 Rupees
17. TRADE AND OTHER PAYABLES			
Creditors		103,855,558	77,823,451
Advance payments		4,504,958	5,183,691
Accrued liabilities		97,819,027	76,703,643
Tax deducted at source		4,922,024	1,462,678
Unclaimed dividend		8,594,905	8,595,310
Workers' profit participation fund	17.1	3,032	3,366,662
Workers' welfare fund		15,779,115	15,779,115
Others		526,393	780,317
		236,005,012	**189,694,867**
17.1 Workers' profit participation fund			
Opening balance		3,366,662	12,707,556
Interest on funds utilized		101,370	1,552,734
		3,468,032	14,260,290
Paid during the year		(3,465,000)	(14,818,124)
		3,032	(557,834)
Allocation for the year		-	3,924,496
		3,032	**3,366,662**
18. ACCRUED MARKUP			
Accrued mark-up on			
- Long term financing		7,916,675	3,803,695
- Short term borrowings		11,489,093	13,552,471
		19,405,768	**17,356,166**
19. SHORT TERM BORROWINGS			
Secured - under markup arrangements			
Running finance		564,247,169	375,633,615
Cash finance		349,121,273	103,597,400
		913,368,442	**479,231,015**

19.1 Short term facilities are available from various commercial banks under mark-up arrangements aggregating to Rs. 2,845 million (2014: Rs. 2,490 million). These facilities are subject to mark-up ranging from 2.25% to 11.74% (2014: 2.0% to 11.97%) per annum. These facilities are secured against pledge of raw materials and finished goods, hypothecation charge over present and future current assets of the Company, lien on documents of title to goods and personal guarantees of certain Directors of the Company. Facilities available for opening letters of credit and guarantee aggregating to Rs. 335 million (2014: Rs.160 million) of which facilities remained un-utilized at the year end were Rs. 171.79 million (2014: Rs. 154 million).

These facilities are expiring on various dates by January 31, 2016.

20. CONTINGENCIES AND COMMITMENTS

Contingencies

20.1 WAPDA, during the accounting year ended September 30, 1998, raised demand for electricity charges amounting to Rs. 0.22 million for the period from July 1992 to December 1994. The Company had not accepted the said demand and filed a suit against this demand before the Court of Civil Judge-1st Class, Kot Addu. The case is pending for final decision. However, on the Court's instructions Rs. 0.22 million were deposited with it. This amount has been grouped under 'trade deposits and prepayments (note 10).

20.2 The Company during the year ended September 30, 1999, filed a writ petition with the Lahore High Court Multan Bench against the Chairman, Administrator town committee Muzaffargarh praying that the respondent be ordered to implement the orders of the Lahore High Court regarding the refund of the Zila Tax collected from the petitioner to the tune of Rs. 0.886 million. In this respect an amount of Rs. 0.161 million has been received against Zila Tax. The refund of the balance amount of Rs. 0.725 million is still pending.

20.3 The Company has imported textile machinery availing exemption from custom duty and sales tax on importation thereof under S.R.Os 554(1)/98, 987(1)/99 and 369(1)/2000. The Company has submitted indemnity bonds to the Customs Authorities in this regard. In case the conditions of aforementioned S.R.Os are violated, the amount of customs duty and sales tax exempted aggregating Rs. 65.283 million shall be recoverable by the Customs Authorities along with such penalties imposed in this regard under Section 202 of the Customs Act, 1969.

20.4 The taxation officer has finalized the assessment for the assessment year 2002-03 by disallowing certain expenses. The Company filed an appeal before the Commissioner Income Tax (Appeal), who in his order allowed Rs. 0.779 million out of total disallowed expenses of Rs. 8.280 million. The department has filed second appeal before the ITAT for the assessment year 2002-03 which is rejected and effects of appeal are awaited.

Commitments

20.4 Commitments outstanding at the end of the year in respect of irrevocable letter of credit is Rs. 161.84 million (2014: Nil) and Letter of guarantees is Rs. 1.37 million (2014: Rs. Nil).

	Note	2015 Rupees	2014 Rupees
21. SALES - net			
Local			
Yarn		2,103,262,098	3,319,983,977
Waste		46,676,622	54,354,971
Cotton seed		-	129,185,104
Doubling process income		2,197,800	12,859,370
		2,152,136,520	3,516,383,422
Export			
Yarn		1,904,724,213	1,478,210,610
		4,056,860,733	4,994,594,032
Less: Sales Tax		42,171,606	66,163,509
		4,014,689,127	**4,928,430,523**

	Note	2015 Rupees	2014 Rupees
22. COST OF GOODS SOLD			
Raw materials consumed	22.1	2,627,077,859	3,316,285,740
Salaries, wages and benefits	22.2	262,310,397	258,844,985
Stores consumed		67,094,124	41,702,878
Packing materials consumed		83,850,562	71,873,660
Power and fuel		582,741,202	633,014,512
Repair and maintenance		8,583,375	9,824,589
Insurance		11,229,051	9,242,613
Depreciation	5.3	85,071,543	76,487,759
Others		212,541	56,025
		3,728,170,654	4,417,332,761
Work-in-process			
Opening stock		34,616,000	37,731,000
Closing stock		(39,556,000)	(34,616,000)
		(4,940,000)	3,115,000
Cost of goods manufactured		3,723,230,654	4,420,447,761
Finished goods			
Opening stock		43,550,000	68,693,500
Purchases		212,227,849	147,715,061
Closing stock		(200,151,859)	(43,550,000)
		55,625,990	172,858,561
		3,778,856,644	**4,593,306,322**

22.1 *Raw materials consumed*

	Note	2015 Rupees	2014 Rupees
Opening stock		258,718,211	398,773,185
Purchases and purchase expenses		2,699,226,264	3,218,970,851
		2,957,944,475	3,617,744,036
Closing stock		(333,329,334)	(258,718,211)
		2,624,615,141	3,359,025,825
Fire insurance claim	22.3	-	(46,821,134)
Cotton cess		2,462,718	4,081,049
		2,627,077,859	**3,316,285,740**

22.2 These include Rs. 8.55 million (2014: Rs. 12.27 million) in respect of staff retirement benefits.

22.3 This amount was receivable from insurance company because of a fire broke out in the stock of cotton bales stored in the open compound and godowns at the premises of the Company's mills on April 13, 2000. Surveys, through the Surveyors appointed by the insurers, were conducted. The total insurance claim of Rs. 100,684,299 was ascertained and accepted by a consortium of Habib Insurance Company Pakistan Limited (HICL), Premier Insurance Company of Pakistan Limited (PICPL) and Pakistan General Insurance Limited (PGIL). HICL and PICPL satisfied the total insurance claims to the extent of their shares. The portion of insurance claim receivable from PGIL, however, remained due till September 30, 2000.

The insurance claim receivable from PGIL to the tune of Rs. 49.618 million was deemed doubtful for recovery and it was written off as at September 30, 2000. The Company, however served legal notice and filed recovery suits against PGIL.

The dispute has been settled between the Company and PGI during last year vide agreement dated April 08, 2014. PGI have agreed to pay a total amount of Rs. 40 million against outstanding claim in four equal installments of Rs. 10 million each as full and final settlement. The Company received two installments of Rs. 10 million during year ended June 30, 2014. Another two installments of Rs. 10 million each has also been received by the Company during year ended June 30, 2015. Consequent to the settlement agreement, all pending litigations between the Company and PGI stand settled vide court decree in respect of this insurance claim.

			2015	2014
23.	***OTHER INCOME***	***Note***	***Rupees***	***Rupees***
	Income from financial assets			
	Exchange gain		4,692,537	9,442,661
	Income from assets other than financial assets			
	Miscellaneous income		1,951,651	549,126
	Gain on disposal of fixed assets		-	24,593,284
			1,951,651	25,142,410
			6,644,188	**34,585,071**
24.	***DISTRIBUTION COST***			
	Export expenses (including freight on export sales)		46,177,938	42,950,686
	Commission		40,984,127	23,296,122
	Export development surcharge		2,699,619	2,449,349
	Freight, forwarding and others		6,507,754	6,318,139
			96,369,438	**75,014,296**
25.	***ADMINISTRATIVE EXPENSES***			
	Directors' meeting fee		90,000	70,000
	Salaries and benefits	25.1	48,854,299	45,606,358
	Vehicles running and maintenance		7,753,931	10,202,460
	Traveling and conveyance		13,725,488	15,422,347
	Printing and stationery		1,101,825	2,402,459
	Communication		2,317,425	2,540,246
	Electricity and gas		5,213,904	3,288,599
	Rent, rates and taxes		415,574	200,000
	Repairs and maintenance		4,103,553	4,154,822
	Entertainment		968,864	1,428,270
	Subscription		1,282,303	1,202,635
	Insurance		1,387,543	1,157,521
	Donation	25.2	4,533,567	1,000,687
	Advertisement		151,300	129,840
	Depreciation	5.3	4,724,241	5,370,325
	Auditors' remuneration	25.3	650,000	665,000
	Legal and professional		546,942	1,105,937
	Others		1,564,011	1,422,660
			99,384,770	**97,370,166**

25.1 These include Rs. 6.05 million (2014: Rs. 3.043 million) in respect of staff retirement benefits and employee bonus of Rs. Nil (2014: Nil).

25.2 None of the Directors or their spouses had any interest in the donee's fund.

	Note	2015 Rupees	2014 Rupees
25.3 Auditor's remuneration			
Statutory audit fee		500,000	500,000
Half yearly review		150,000	100,000
Tax services		-	50,000
Certification and other services		-	15,000
		650,000	**665,000**

26. OTHER OPERATING EXPENSES

Workers' profit participation fund (WPPF)		-	3,924,496
Workers' welfare fund (WWF)		-	1,491,309
		-	**5,415,805**

27. FINANCE COST

Mark up / interest on:			
Long term financing		12,465,082	13,497,400
Short term borrowings		81,317,268	100,619,512
Interest on WPPF		101,370	1,552,734
		93,883,720	115,669,646
Bank charges		6,803,791	3,165,242
		100,687,511	**118,834,888**

28. TAXATION

Current			
Current		40,628,639	52,836,713
Deferred - restated		(15,662,379)	10,728,136
Prior year		(12,233,495)	(26,482,327)
		12,732,765	**37,082,522**

28.1 Tax charge reconciliation

Applicable tax rate		***33%***	***34%***
Profit before tax		**(53,965,048)**	**73,074,117**
Tax on accounting profit before tax		(17,808,466)	24,845,200
Effect of expenses that are not deductible in tax		1,496,077	(849,097)
Tax effect of previously unrecognized temporary differences		1,986,479	4,235,156
Effect of income chargeable at lower rate		39,292,170	35,333,590
Prior year tax adjustment		(12,233,495)	(26,482,327)
Current year provision		**12,732,765**	**37,082,522**

28.2 The Company, in view of the Supreme Court of Pakistan's Judgment dated June 04, 1997 is not liable to pay minimum tax under section 80-D of the repealed Income Tax Ordinance, 1979. Consequently, Minimum Tax paid under protest and tax deducted at source till September 30, 1999 were accounted for as loans and advances (note 9).

29. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2015	***2014***
(Loss) / Profit for the year	***Rupees***	(66,697,813)	35,991,595
Weighted average number of shares	***Number***	16,800,000	16,800,000
(Loss) / Earnings per share - basic and diluted	***Rupees***	(3.97)	2.14

30. FINANCIAL RISK MANAGEMENT

30.1 The company is exposed to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The companys overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

The Companys activities expose it to a variety of financial risks: market risk (including currency risk, and price risk), credit risk and liquidity risk.

30.2 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. Out of the total financial assets of Rs. 541.81 million (2014: Rs.365.82 million), the financial assets which are subject to credit risk amounted to Rs. 417.13 million (2014: Rs. 342.25 million). The Company manages credit risk in trade debts by assigning credit limits to its customers and thereby does not have significant exposure to any individual customer.

Credit risk of the Company arises principally from the trade debts, loans and advances and bank balances. 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
Financial assets as per balance sheet		
Deposits	5,668,939	5,668,939
Trade debts	338,284,383	292,576,295
Loans and advances	8,694,011	3,583,295
Other receivables	-	20,000,000
Bank balances	46,794,409	20,423,928
	399,441,742	**342,252,457**

30.2.1 Credit risk related to receivables

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Companys exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

30.3 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Companys short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 31.3.1 below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

30.3.1 Liquidity and interest risk table

The following tables detail the Companys remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted average effective rate of interest (%)	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total
		------------ Rupees ------------				
Financial liabilities						
Interest bearing						
Long term finance	*10.83 - 11.93*	-	59,519,266	185,641,022	-	245,160,288
Short term borrowings	*2.25 - 11.74*	-	913,368,442	-	-	913,368,442
Non interest bearing						
Accrued mark up		19,405,768	-	-	-	19,405,768
Trade and other payables		-	231,500,054	-	-	231,500,054
June 30, 2015		**19,405,768**	**1,204,387,762**	**185,641,022**	**-**	**1,409,434,552**
Financial liabilities						
Interest bearing						
Long term finance	*10.79 - 11.93*	-	62,072,350	193,921,284	-	255,993,634
Short term borrowings	*2.0 - 11.94*	-	479,231,015	-	-	479,231,015
Non interest bearing						
Trade and other payables		17,356,166	-	-	-	17,356,166
Accrued mark up		-	184,511,176	-	-	184,511,176
June 30, 2014		**17,356,166**	**725,814,541**	**193,921,284**	**-**	**937,091,991**

30.3.2 The following table details the Companys expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Companys liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total
	------------ Rupees ------------					
Financial Assets						
Non interest bearing						
Deposits	-	-	-	5,668,939	-	5,668,939
Trade debts	-	338,284,383	-	-	-	338,284,383
Loans and advances	-	8,694,011	-	-	-	8,694,011
June 30, 2015	**-**	**346,978,394**	**-**	**5,668,939**	**-**	**352,647,333**
Financial Assets						
Non interest bearing						
Deposits	-	-	3,000	5,665,939	-	5,668,939
Trade debts	-	292,576,295	-	-	-	292,576,295
Loans and advances	-	3,583,295	-	-	-	3,583,295
June 30, 2014	**-**	**296,159,590**	**3,000**	**5,665,939**	**-**	**301,828,529**

	2015 Rupees	2014 Rupees
30.3.3 Financing facilities		
Secured bank loan facilities with various maturity dates through to 2015 and which may be extended by mutual agreement:		
- amount used	1,107,289,060	735,224,649
- amount un-used	1,931,631,558	2,041,560,000

30.4 *Market risk management*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

30.4.1 *Interest rate risk management*

Interest/mark-up rate risk arises from the possibility that changes in interest/mark-up rates will affect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest/mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 1 month, 3 months and 6 months KIBOR.

30.4.2 The exposure of the Companys borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

- Short term borrowings	913,368,442	479,231,015
- Long term loans	193,920,618	255,993,634
	1,107,289,060	**735,224,649**

Borrowing that are not exposed to interest rate changes and contractual reprising amount to;

- Long term loans	**177,906,438**	**163,333,484**

30.4.3 *Interest rate sensitivity*

If interest rates had been 100 basis points lower / higher and all other variables were held constant, the Companys profit for the year would have been lower / higher by Rs. 9.21 million (2014: Rs. 7.35 million). This is mainly attributable to the Companys exposure to interest rates on its variable rate borrowings.

30.5 *Foreign exchange risk management*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However currently, the Company's foreign exchange risk exposure is restricted to amounts receivable from foreign entities. As at June 30, 2015, the total foreign currency risk exposure was Rs. 138.73 million (2014: Rs. 185.12 million) in respect of trade debts only.

30.6 *Foreign currency sensitivity analysis*

At June 30, 2015, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, profit for the year would have been higher/lower by Rs.13.87 million (2014: Rs. 18.01 million), mainly as a result of foreign exchange gains / losses on translation of foreign currency trade debts.

30.7 *Determination of fair values*

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value estimation

IFRS 7 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measured fair value of financial instruments.

- Level 1 Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. drive from prices). The Company has no items to report in this level.
- Level 3 Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Company has no financial assets measured at above mentioned levels.

	2015 Rupees	2014 Rupees

30.8 *Financial instruments by category*

The accounting policies for financial instruments have been applied for line items below:

Financial Assets as per balance sheet

	2015 Rupees	2014 Rupees
Loans and receivables		
Deposits	5,668,939	5,668,939
Trade debts	338,284,383	292,576,295
Loans and advances	26,385,947	26,486,858
Other receivables	-	20,000,000
Cash and bank balances	48,435,632	21,089,480
	418,774,901	**365,821,572**

Financial Liabilities as per balance sheet

	2015 Rupees	2014 Rupees
At amortized cost		
Long term financing	193,920,618	255,993,634
Long term loans from related parties	51,239,670	62,000,000
Short term borrowings	913,368,442	479,231,015
Accrued mark up	19,405,768	17,356,166
Trade and other payables	117,481,814	184,511,176
	1,295,416,312	**999,091,991**

31. *CAPITAL RISK MANAGEMENT*

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

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

The debt-to-adjusted capital ratios at June 30, 2015 and June 30, 2014 were as follows:

	2015 Rupees	2014 Rupees
Total debt	1,158,528,730	797,224,649
Less: Cash and cash equivalents	**(48,435,632)**	(21,089,480)
Net debt	**1,110,093,098**	**776,135,169**
Total equity	1,243,725,916	1,303,284,306
Adjusted capital	**2,353,819,014**	**2,079,419,475**
Debt-to-adjusted capital ratio	**47%**	**37%**

32. REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTOR

Particulars	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	June 30, 2015			June 30, 2014		
Managerial remuneration	300,000	1,950,000	3,039,113	-	1,445,332	3,945,875
Utilities	492,119	415,332	-	397,210	338,210	-
	792,119	**2,365,332**	**3,039,113**	**397,210**	**1,783,542**	**3,945,875**
Number of persons	**1**	**1**	**3**	**1**	**1**	**4**

32.1. Chief Executive Officer and executive Directors are provided with Company maintained cars and utilities at residences.

32.2 Meeting fee amounting Rs.90,000 (2014: Rs.70,000) was paid to non-executive Directors of the Company during the year.

33. TRANSACTIONS WITH RELATED PARTIES

33.1 Related parties comprise of associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due to associated undertakings are shown under-long term financing (refer note 15) and trade and other payables (refer note 17) . Remuneration of key management personnel is disclosed in note 32. Other significant transactions with related parties are as follows:

Transaction with associated undertakings	***2015 Rupees***	***2014 Rupees***
Purchase of goods	95,762,979	324,104,107
Sale of goods	-	58,044,908
Sale of used plant and machinary	-	32,500,000
Transaction with associated persons		
Loan received	-	30,615,000
Loan repaid	-	56,781,064

33.2 All transactions with related parties have been carried out on agreed terms and conditions.

34 PLANT CAPACITY ACTUAL AND PRODUCTION

		2015	2014
Spinning Unit-1			
Spindles installed and worked	No.	18,336	18,336
Shift worked	No.	995	905
Standard production after conversion into 20's count	Kgs	6,389,193	6,389,193
Actual production of yarn after conversion into 20's count	Kgs	4,870,926	4,388,751
Spinning Unit-II			
Spindles installed and worked	No.	27,864	27,864
Shift worked	No.	873	898
Standard production after conversion into 40's PC count	Kgs	4,784,702	4,784,702
Actual production of yarn after conversion into 40's PC count	Kgs	3,636,009	3,723,721
Spinning Unit-III			
Spindles installed and worked	No.	23,904	23,904
Shift worked	No.	796	791
Standard production after conversion into 20's count	Kgs	7,018,741	7,018,741
Actual production of yarn after conversion into 20's count	Kgs	5,050,455	4,929,765

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

35. NUMBER OF EMPLOYEES

The total average no of employees during the year as at june 30, 2015 and 2014 repectively are as follows.

	2015	2014
	No of employees	
Average no of employees during the year	**1,610**	**1,940**
Total number of employees as at June 30,	**1,598**	**1,331**

36. DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been authorized for issue on October 5, 2015 by the Board of Directors of the Company.

37. GENERAL

Figures have been rounded-off to the nearest rupee except stated otherwise.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

THE COMPANIES ORIDNANCE 1984

(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number **0020652**
2. Name of the Company **Maqbool Textile Mills Limited**
3. Pattern of holding the share held by the shareholders as at 30.06.2015

Number of ShareHolders	Shareholdings From	To	Total Number of Share Held	Percentage of Total Capital
70	1 -	100	3,208	0.02
329	101 -	500	155,354	0.92
139	501 -	1000	136,488	0.81
108	1001 -	5000	324,232	1.93
28	5001 -	10000	213,345	1.27
12	10001 -	15000	157,000	0.93
7	15001 -	20000	128,000	0.76
2	20001 -	25000	46,000	0.27
1	25001 -	30000	28,600	0.17
1	30001 -	35000	35,000	0.21
1	40001 -	45000	44,000	0.26
3	45001 -	50000	148,600	0.88
1	50001 -	55000	51,000	0.30
1	60001 -	65000	65,000	0.39
1	75001 -	80000	76,000	0.45
1	80001 -	85000	80,500	0.48
1	85001 -	90000	90,000	0.54
1	90001 -	95000	94,500	0.56
1	95001 -	100000	96,000	0.57
1	110001 -	115000	113,500	0.68
1	120001 -	125000	125,000	0.74
1	150001 -	155000	152,321	0.91
2	165001 -	170000	338,000	2.01
2	175001 -	180000	353,000	2.10
1	180001 -	185000	182,000	1.08
1	205001 -	210000	209,000	1.24
1	225001 -	230000	229,500	1.37
1	375001 -	380000	376,500	2.24
4	700001 -	705000	2,815,743	16.76
3	775001 -	780000	2,328,915	13.86
1	1465001 -	1470000	1,465,121	8.72
1	1475001 -	1480000	1,476,921	8.79
2	1495001 -	1500000	2,995,563	17.83
1	1665001 -	1670000	1,666,089	9.92
731			**16,800,000**	**100.00**

Categories of Share Holders
As on: June 30, 2015

Ser #	Code	Category	No. of Shareholder	Shares Held	Percentage of Total Capital
1	1	JOINT STOCK COS	5	386,001	2.2976
2	3	INVESTMENT COS.	2	2,500	0.0149
3	5	Individual	716	14,252,808	84.8381
4	7	Financial Institution	1	936	0.0056
5	9	Mutual Funds	1	1,666,089	9.9172
6	10	Funds	6	491,666	2.9266
		TOTAL:	**731**	**16,800,000**	**100.0000**

PATTERN OF SHAREHOLDING
AS ON JUNE 30, 2015

ADDITIONAL INFORMATION

Sr. No.	*Shareholders' Category*	*Number of Shareholders*	*Number of Shares Held*
1	**Associated Companies, Undertakings & Related Parties**		Nil
2	**NIT**		
	National Bank of Pakistan-Trustee Department	1	1,666,089
3	**Directors**		
	Mian Tanvir Ahmad Sheikh	1	1,465,121
	Mian Anis Ahmad Sheikh	1	1,497,781
	Mian Idrees Ahmad Sheikh	1	1,476,921
	Mian Aziz Ahmad Sheikh	1	1,497,782
	Mian Atta Shafi Tanvir Sheikh	1	177,000
	Maj. (R) Javed Mussarat	1	2,500
	Syed Raza Abbas Jafari (Rep NIT)	1	1,666,089
4	**Chief Executive Officers**		
	Mian Anis Ahmad Sheikh	1	1,497,781
5	**Executives**		Nil
6	**Directors'/CEO's Spouses**	19	9,901,948
7	**Shareholders Holding 5% or more voting interest**		
	Mian Tanvir Ahmad Sheikh - Chairman	1	1,465,121
	Mian Anis Ahmad Sheikh - Chief Executive Officer	1	1,497,781
	Mian Idrees Ahmad Sheikh - Director	1	1,476,921
	Mian Aziz Ahmad Sheikh - Director	1	1,497,782
	Syed Raza Abbas Jafari (Rep NIT)	1	1,666,089
8	**General Public**	**716**	14,252,808

Category wise Detail of Shareholding
As on June 30, 2015

Sr. #	Folio No.	Name	Shares Held	Percentage
Joint Stock Cos.				
1	CDC-194	TREET CORPORATION LIMITED.	376,500	2.2411
2	CDC-213	MAPLE LEAF CAPITAL LIMITED	1	0.0000
3	CDC-282	TIME SECURITIES (PVT.) LTD.	3,000	0.0179
4	CDC-386	INVEST CAPITAL MARKETS LIMITED	500	0.0030
5	CDC-391	FIKREE'S (SMC-PVT) LTD.	6,000	0.0357
			386,001	**2.2976**
Investment Cos.				
1	CDC-377	ESCORTS INVESTMENT BANK LIMITED	1,000	0.0060
2	7170	NATIONAL DEVELOPMENT FINANCE CORPORATION (INVESTER)	1,500	0.0089
			2,500	**0.0149**
Individual				
			14,252,808	**84.8381**
Financial Institution				
1	CDC-216	NATIONAL BANK OF PAKISTAN	936	0.0056
			936	**0.0056**
Mutual Funds				
1	CDC-393	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,666,089	9.9172
			1,666,089	**9.9172**
Funds				
1	CDC-203	TRUSTEES TREET CORPORATION LTD GROUP EMPLOYEES SERVICE FUND	80,500	0.4792
2	CDC-197	TRUSTEES TREET CORP LTD SUPERANNUATION FD	113,500	0.6756
3	CDC-195	TRUSTEES TREET CORP LTD EMP PROVIDENT FD	90,000	0.5357
4	CDC-196	TRUSTEES TREET CORP LTD EMP GRATUTY FUND	50,000	0.2976
5	CDC-180	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	5,345	0.0318
6	CDC-169	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	152,321	0.9067
			491,666	**2.9266**
		Grand Total	**16,800,000**	**100.0000**

FORM OF PROXY

I, ...

....

of ....

being a member of *MAQBOOL TEXTILE MILLS LIMITED*, hereby appoint.

....

of ....

as my proxy in my absence to attend and vote for me and on my behalf at the (Ordinary or / and Extraordinary as the case may be) General Meeting of the Company to be held on the .... and at any adjournment thereof ....

As witness my hand this ....

day of 2015

Signed by the said

Five Rupees Revenue Stamp

IMPORTANT

This form of proxy, duly completed, must be deposited at the Company's Head Office 2-Industrial Estate, Multan not less than 48 hours before the time for holding the meeting (Article 76).