

We are **making**
a difference



J.K. SPINNING MILLS LIMITED



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Company Information

Chairman	Mr. Jawed Anwar
Chief Executive	Mr. Faiq Jawed
Directors	Mr. Shaiq Jawed Mr. Rehan Ashfaq Mrs. Farhat Jehan Mrs. Nageen Faiq Mrs. Mahwish Shaiq Mrs. Sadaf Aamir Arshad
Audit Committee	
Chairman	Mr. Rehan Ashfaq
Members	Mrs. Farhat Jehan Mrs. Sadaf Aamir Arshad
HR Committee	
Chairperson	Mrs. Sadaf Aamir Arshad
Members	Mr. Shaiq Jawed Mrs. Nageen Faiq
Company Secretary	Syed Hussain Shahid Mansoor Naqvi
Chief Financial Officer	Mr. Ghulam Muhammad
Head of Internal Audit	Mr. Amjad Ali
Auditors	M/s Riaz Ahmad & Company, Chartered Accountants (A member of Nexia International) Faisalabad
Legal Advisor	Atif & Atif Law Associates Advocates
Bankers	Standard Chartered Bank (Pakistan) Limited The Bank of Punjab National Bank of Pakistan Askari Bank Limited NIB Bank Limited The Bank of Khyber Summit Bank
Head Office & Mills	29-KM, Sheikhupura Road, Khurrianwala Faisalabad.





Vision

To enter into global economy accepting the challenge of barrier free trade as a dynamic force.

Mission

To turn around performance of company into sustainable growth for the benefit of its stake holders.

To stand the test of expectations of our valued customers redefining excellence with craft, creativity, professionalism and quality control.

To strive hard for boosting exports of country to earn more foreign exchange to rebuild economy.





Chairman's Review



It is my pleasure to present 29th Annual Report of the Company for the year ended June 30, 2015.

Overview of Economy and Industry

Pakistan's economy continue to face severe downside challenges including security risk due to terrorism, tension with India on line of control, political turmoil and climate changes threats to Pakistan's various sectors. The floods hit the kharif crop and wheat productivity of the country. Despite these adverse factors, Fiscal year 2014-15 registered some improvements in macroeconomic situation. Inflation knocked the lowest level at 2.10 percent. The policy rates decelerated at 6% which is lowest in last four to five decades. The year 2014-15 ended with sharp improvement in the external account in view of sharp fall in oil prices along with strong growth in remittance which helped to contain the current deficit and improvement of grading of the country by International rating agencies.

The global Economy came under clouds of uncertainty and prolonged weakness in the Euro area. Although US economy is showing improvements but global growth revised downward in view of GDP decline in Russia, European countries and China. A sharper decline in growth might trigger disorderly unwinding of financial vulnerabilities and would enhance the implications for the global economy.

The industrial sector of Pakistan showed the moderate growth of 3.60 percent in fiscal 2014-15. The large scale manufacturing sector could not perform well. Textile sectors growth also remained subdued due to energy crises and dull demand. Spinning sector badly affected due to lackluster demand of yarn from china and dumping of yarn by India in global market. In view of global recession, Pakistan Textile sector could not take the maximum benefit of GSP Plus status.

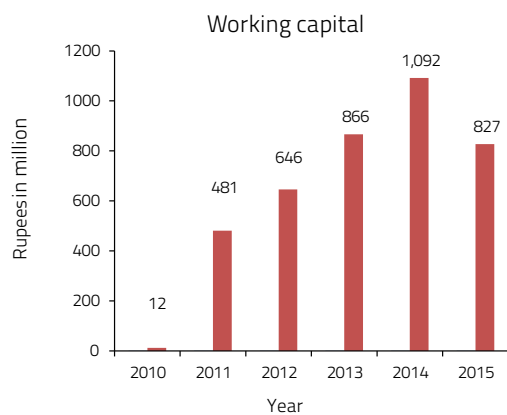
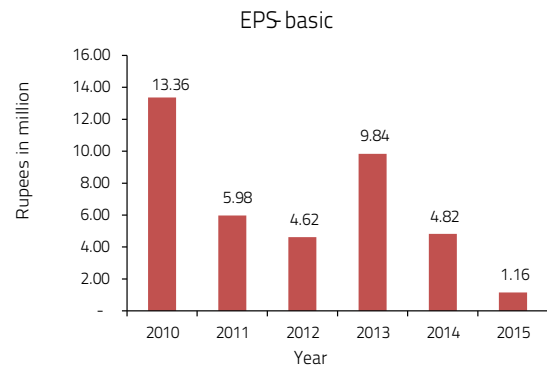
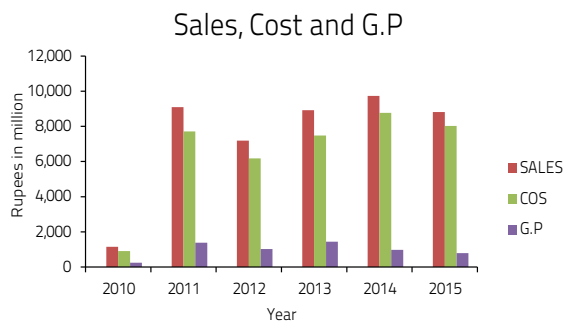
Financial and operational performance

Financial year 2014-15 remained difficult for textile sector. Despite challenging business conditions, we closed the year with a positive bottom line and also progressed well on our Balancing, Modernization, replacement and expansion plans. Your company has earned profit after taxation of Rs. 70.405 million for the year ended June 30, 2015 as compared to profit of Rs. 293.262 million in the last year.

Sales revenue for the year 2015 stood Rs. 8,813.412 million against Rs. 9,734.861 million in 2014 in view of depressed pricing and low demand factors. During the year under review average cotton prices decreased to Rs. 5200 per mound as compared to Rs. 6900 per mound in 2014. Fuel and power and salaries and wages expenses increased due to increase in tariff and minimum wage rate respectively while Stores, spare parts, and loose tools, processing and conversion charges and packing material expenses remained downward in view of depressed sale volumes and controlled inflation factor. Financial cost decreased to Rs. 147.701 million in the year 2015 from Rs. 221.186 million in 2014 in view of lower cost of inventories and cut in policy rates.

Management of your company continued focus on policy for Balancing Modernization and Replacement (BMR) of its plant and machinery. In view of future expansion plans, sanctioned load of electricity has been enhanced from existing 9 MW to 18 MW on approval from FESCO. Your company has added one card machine and two Savio Auto Cone Machines during the financial year

Chairman's Review



under review while letter of credit valuing Rs.350 million has been opened for up gradation of 2 blow room lines, 14 Cards machines 9 Savio Auto Cone machines. Letter of credits valuing Rs. 360 million are likely to be opened for addition of two contamination sorter, 7 breaker draw frame, 7 finisher draw frame, 4 Simplex machines , 9504 spindles in ring section of spinning division and 4 auto cone machines in last quarter of forthcoming financial year.

To enhance the cotton warehousing capacity, 20 cotton warehouses have been added in existing cotton warehousing capacity during the year.

The production of yarn converted into 20s for the year ended June 30, 2015 stood at 26.787 million Kgs against 25.664 million kgs of corresponding year.

The company faced shut down equivalent to 37 days during the year under review in view of power and Gas outage resulting loss of Rs. 104 million approximately.

Financial Strength

Balance Sheet footing is showing constant sign of improvement over past six years. Total assets of the company stood at Rs. 5,332.253 million in financial years 2015 as compared to Rs. 5,669.409 million in corresponding year. Liquidity of the company is good enough with current ratio of 1.47. The Debt equity ratio stood at 02:98 in 2015 against 14:86 in 2014 while leverage of the company also improved to 0.44 in 2015 from last year level



of 0.60. Breakup value of share is Rs. 45.71 against Rs. 44.89 in last year. All balance sheets ratios are showing improvement with symptom of growth of company.

Human Resource

Human resource is central and fundamental aspect of existence of an enterprise and the success of business. We understand that positive attitude, strong skills and creative abilities of our human capital assets will create value by enabling greater organizational performance and productivity. With this vision ,we have developed an open and effective environment for our employees where they are given an opportunity to express their ideas which are heard, valued and respected. These ideas lead to innovation, process improvement and ultimately enhance the growth of the company.

Future Outlook

Despite laps of two years of regime of current government, energy supply could not improve significantly and there are no

signs of major improvement in energy supply during next financial year.

The rapid decline in oil prices and other commodities, quick adjustments in exchange rates (with the US dollar appreciating and weakening of most other currencies) and the new quantitative easing program of the ECB and policy changes in China may help to improve business and consumer confidence. The United States will continue to register stronger growth than its peers. There is also increased geopolitical uncertainty related to the Russia-Ukraine, Middle East conflicts and concern about the economic and political future of the European Union.

We foresee lesser cotton crop for the season 2015-16 in India and Pakistan in view of heavy rains and floods. Due to the accumulation of stocks in China over the past several years, as well as the reluctance of Chinese mills to purchase cotton from government reserves, additional downward pressure on Chinese cotton prices could develop in coming months. Currently yarn sale margins are depressed.

Management of your company is closely watching the cotton outlook to procure cotton at minimum rates and is focusing efforts on minimizing cost to achieve the favorable financial results of forthcoming financial year.

Jawed Anwar
Chairman

Faisalabad
October 03, 2015



Director's Report

In the Name of Almighty Allah The Most Gracious, The Beneficent, The Merciful

Chief Executive Officer



Dear Shareholders,

The Directors' of your Company feel pleasure in presenting the annual report together with audited financial statements of the Company for the year ended June 30, 2015.

Financial Highlights

The financial highlights of the Company for the year ended June 30, 2015 are summarized as under:

	2015	2014
	Rupees in Thousands	
Net Sales	8,813,412	9,734,861
Gross Profit	791,049	969,226
Profit before Taxation	126,776	350,930
Taxation	56,371	57,668
Net profit for the year	70,405	293,262
Other Comprehensive Income	40,868	45,671
Total comprehensive income for the year	111,273	338,933

Dividend:

Board of Directors in their meeting held on February 26, 2015 approved interim cash dividend @10% for the financial year 2015. In view of low profitability and future Balancing, Modernization, Replacement (BMR) and expansion plan, the Board of Directors have decided to skip the final cash dividend for the year 2015.

Earnings Per Share

Earnings per share for the year ended June 30, 2015 stood at Rs. 1.16 per share as compared to Rs. 4.82 per share in corresponding year.

CORPORATE AND FINANCIAL REPORTING FRAME WORK:

Security and Exchange Commission of Pakistan framed a code of corporate governance, which was incorporated through the listing regulations of all Stock Exchanges of the country. The Director of your company has ensured implementation of all provisions of the code of corporate governance applicable for the period ended on June 30, 2015.

The review report on Statement of Compliance with the code of corporate governance of Auditors is annexed with this report.

The Directors of the company are pleased to confirm that there is no material departure from the best practices as detailed in the listing regulations.

- The financial statements prepared by the management of J.K. Spinning Mills Limited present fairly its state of affair, the results of its operations, cash flow and statement of changes in equity.
- Proper books of accounts of J.K. Spinning Mills Limited have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as going concern.

- Information about outstanding taxes and levies is given in notes to the accounts.
- Key operating results and financial data of last six years in summarized form is annexed.
- The gain/ (loss) arising out due to exchange rate fluctuations and financing under State Bank of Pakistan Circular No. F.E. 25 has been appropriately accounted for as on the date of balance sheet.
- Value of investment of provident fund trust based on audited accounts as on June 30, 2014 is Rs. 152.354 million.
- No trade in shares of the Company was carried out during the year by its Directors, CEO, CFO, Company Secretary and their spouses and minor children.
- The Statement of pattern of shareholding of the Company as at June 30, 2015 is annexed in new form set out in the code of corporate governance.
- Abstract of terms of directors is annexed herewith as required under clause (b) of sub-section 1 of section 218 of the Companies Ordinance 1984.

Risk Management

The company is conducting business in a challenging

environment. Its activities expose it to number of risks including raw material sourcing/ pricing, currency risk, credit risk, liquidity and interest rate risks, Gas and power outage risk and human resource retention and recruitment.

Raw material Risk

Cotton is main raw material of a textile spinning. Inability to procure raw material and increase in prices may adversely influence the operation and profitability of the company. The company aims to use its purchasing power and manage to procure cotton at the start of harvesting season to minimize this risk.

Currency Risk

Exchange rate fluctuation may have impact on financial results. The company mitigates these risks through hedging tools and monitoring payable and receivable in foreign currencies.

Credit Risk

The company's credit exposure to credit risk and impairment relates to its trade debts. This risk is mitigated by the fact that majority of our customers have a strong financial standings and we have a long standing relations with all our customers. We do not expect non performance by these counter parties, hence credit risk is minimal.

Cost and Availability of Funds

It is one of our objectives to

Managing Director



safeguard the company's ability as going concern. Collapse in steady availability of funds and interest rates may adversely affect the liquidity and overall financial conditions. The significant portion of working capital requirements of the company is arranged through short term financing. The company has secured sufficient financing facilities to meet these requirements to mitigate capital risk. We manage the capital structure on the basis of leverage ratio at low level. Interest rates risk is managed through alternative financing.

Power and Gas outage

Smooth operation may get affected due to Gas outage. The company has mitigated this risk through standby arrangements of power supply from FESCO and diesel generators.



Director's Report

Employee Recruitment and Retention

Failure to attract and retain the right peoples may adversely affect the achievement of company goals and plans. A strong emphasis is placed on the company human resource and its skills. We operate the best talent management and human resource instrument to attract, retain, motivate, educate and encourage personnel and staff.

Changes on Board of Directors

During the year under review, election of Board of Directors was held on March 28, 2015. Mr. Rehan Ashfaq, Mrs. Sadaf Aaimr, Mrs. Nageen Faiq and Mrs. Mahwish Shaiq elected to replace Syed Hussain Shahid Mansoor Naqvi, Mr. Ghulam Muhammad and Mr. Qayyum Mohsan Malik . The Board appreciates the contribution made by outgoing directors and welcome the new directors on the Board.,

Boards Meetings

During the year under review, four meetings of Board of Directors were held. Attendance position of Board of Directors meetings is as under:

Name of Director	No. of Meetings Attended
Mr. Jawed Anwar	05
Mr. Faiq Jawed	04
Mr. Shaiq Jawed	05
Mr. Rehan Ashfaq	02
Mrs. Farhat Jahan	05
Syed Hussain Shahid Mansoor Naqvi	03
Mr. Ghulam Muhammad	03
Mr. Qayyum Mohsan Malik	02
Mrs Sadaf Aamir	02
Mrs. Nageen Faiq	02
Mrs. Mahwish Shaiq	02

AUDIT COMMITTEE

The Audit Committee held eight meetings during the year under review, each before the Board of Director's meeting to review the financial statements, internal audit reports and compliance of the corporate governance requirements. These meeting included meeting with external auditors before and

after completion of audit and other statutory meetings as required by the code of corporate Governance.

Human Resource Committee

Two meeting of HR committee was held during the year which was attended by all the committee members.

Directors Training

Two director's of the company



participated and completed all the requirements of Directors Training Program conducted by Institute of Chartered Accountants of Pakistan in November, 2013 and got certification of Certified Directors to fulfill the requirements of directors training program as required by Code of Corporate Governance. Training program has been chalked out for two new directors during the forthcoming financial year. Three directors are exempted due to more than 14 years of education and 15 years of experience on board of listed company.

AUDITORS:

The Auditors M/S Riaz Ahmad & Company, Chartered Accountants, stand retired and being eligible, offer themselves for re-appointment for the next financial year ending on 30-06-2016.

Chairman's Review

The accompanied Chairman's Review deal with performance of the company during the year and future outlook. The directors of the company endorse the contents of review.

Events After Reporting Period

There was no significant event after reporting period which warrants mention in Directors' Report.

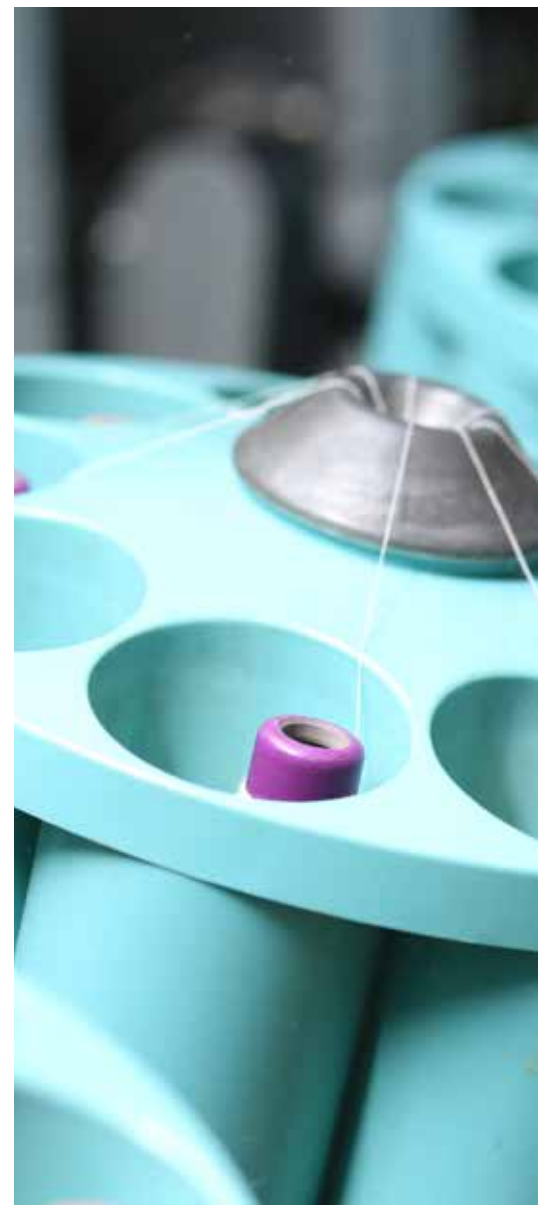
ACKNOWLEDGEMENT:

The Directors wish to express their gratitude to our valued clients and bankers for the cooperation extended by them during the course of business activities. The Directors also wish to place on record their appreciation for the hard work and devoted services demonstrated by the staff members and the workers of the company.

For and on behalf of
Board of Directors

FAIQ JAWED
Chief Executive Officer

Faisalabad
October 03, 2015



Vertical Analysis

	2015		2014		2013		2012		2011	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
BALANCE SHEET										
TOTAL EQUITY	3,305,679	62%	3,298,536	58%	3,008,247	55%	2,730,415	55%	2,483,426	52%
NON-CURRENT LIABILITIES	260,102	5%	598,165	11%	690,517	13%	758,379	15%	629,512	13%
CURRENT LIABILITIES	1,766,472	33%	1,772,708	31%	1,764,128	32%	1,491,416	30%	1,698,745	35%
TOTAL LIABILITIES	2,026,574	38%	2,370,873	42%	2,454,645	45%	2,249,795	45%	2,328,257	48%
TOTAL EQUITY AND LIABILITIES	5,332,253	100%	5,669,409	100%	5,462,892	100%	4,980,210	100%	4,811,683	100%
ASSETS										
NON-CURRENT ASSETS	2,738,718	51%	2,805,095	49%	2,832,655	52%	2,842,828	57%	2,631,622	55%
CURRENT ASSETS	2,593,535	49%	2,864,314	51%	2,630,237	48%	2,137,382	43%	2,180,061	45%
TOTAL ASSETS	5,332,253	100%	5,669,409	100%	5,462,892	100%	4,980,210	100%	4,811,683	100%
PROFIT AND LOSS ACCOUNT										
SALES	8,813,412	100.00%	9,734,861	100.00%	8,918,973	100.00%	7,193,895	100.00%	9,097,849	100.00%
COST OF SALES	8,022,363	91.02%	8,765,635	90.04%	7,476,268	83.82%	6,176,622	85.86%	7,713,396	84.78%
GROSS PROFIT	791,049	8.98%	969,226	9.96%	1,442,705	16.18%	1,017,273	14.14%	1,384,453	15.22%
DISTRIBUTION COST	325,709	3.70%	343,996	3.53%	404,019	4.53%	291,775	4.06%	396,088	4.35%
ADMINISTRATIVE EXPENSES	199,301	2.26%	179,530	1.84%	164,422	1.84%	120,263	1.67%	111,228	1.22%
OTHER OPERATING EXPENSES	16,156	0.18%	31,780	0.33%	45,871	0.51%	25,772	0.36%	39,833	0.44%
	541,166	6.14%	555,306	5.70%	614,312	6.89%	437,810	6.09%	547,149	6.01%
	249,883	2.84%	413,920	4.25%	828,393	9.29%	579,463	8.05%	837,304	9.20%
OTHER OPERATING INCOME	24,594	0.28%	158,196	1.63%	38,319	0.43%	26,161	0.36%	2,417	0.03%
PROFIT FROM OPERATIONS	274,477	3.11%	572,116	5.88%	866,712	9.72%	605,624	8.42%	839,721	9.23%
FINANCE COST	147,701	1.68%	221,186	2.27%	216,220	2.42%	241,545	3.36%	322,852	3.55%
PROFIT BEFORE TAXATION	126,776	1.44%	350,930	3.60%	650,492	7.29%	364,079	5.06%	516,869	5.68%
PROVISION FOR TAXATION	56,371	0.64%	57,668	0.59%	51,137	0.57%	82,494	1.15%	152,463	1.68%
PROFIT AFTER TAXATION	70,405	0.80%	293,262	3.01%	599,355	6.72%	281,585	3.91%	364,406	4.01%

Horizontal Analysis Based on Year 2011

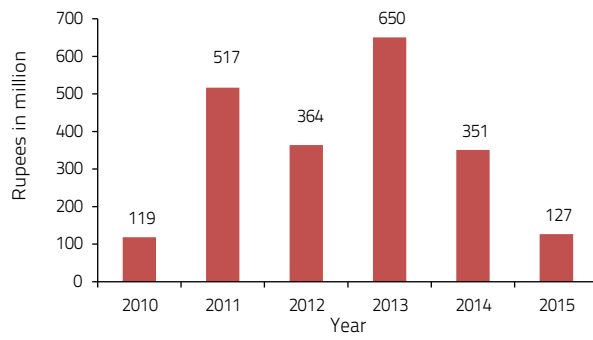
	2015		2014		2013		2012		2011	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
BALANCE SHEET										
TOTAL EQUITY	3,305,679	133%	3,298,536	133%	3,008,247	121%	2,730,415	110%	2,483,426	100%
NON-CURRENT LIABILITIES	260,102	41%	598,165	95%	690,517	110%	758,379	120%	629,512	100%
CURRENT LIABILITIES	1,766,472	104%	1,772,708	104%	1,764,128	104%	1,491,416	88%	1,698,745	100%
TOTAL LIABILITIES	2,026,574	87%	2,370,873	102%	2,454,645	105%	2,249,795	97%	2,328,257	100%
TOTAL EQUITY AND LIABILITIES	5,332,253	111%	5,669,409	118%	5,462,892	114%	4,980,210	104%	4,811,683	100%
ASSETS										
NON-CURRENT ASSETS	2,738,718	104%	2,805,095	107%	2,832,655	108%	2,842,828	108%	2,631,622	100%
CURRENT ASSETS	2,593,535	119%	2,864,314	131%	2,630,237	121%	2,137,382	98%	2,180,061	100%
TOTAL ASSETS	5,332,253	111%	5,669,409	118%	5,462,892	114%	4,980,210	104%	4,811,683	100%
PROFIT AND LOSS ACCOUNT										
SALES	8,813,412	97%	9,734,861	107%	8,918,973	98%	7,193,895	79%	9,097,849	100%
COST OF SALES	8,022,363	104%	8,765,635	114%	7,476,268	97%	6,176,622	80%	7,713,396	100%
GROSS PROFIT	791,049	57%	969,226	70%	1,442,705	104%	1,017,273	73%	1,384,453	100%
DISTRIBUTION COST	325,709	82%	343,996	87%	404,019	102%	291,775	74%	396,088	100%
ADMINISTRATIVE EXPENSES	199,301	179%	179,530	161%	164,422	148%	120,263	108%	111,228	100%
OTHER OPERATING EXPENSES	16,156	41%	31,780	80%	45,871	115%	25,772	65%	39,833	100%
	541,166	99%	555,306	101%	614,312	112%	437,810	80%	547,149	100%
	249,883	30%	413,920	49%	828,393	99%	579,463	69%	837,304	100%
OTHER OPERATING INCOME	24,594	1018%	158,196	6545%	38,319	1585%	26,161	1082%	2,417	100%
PROFIT FROM OPERATIONS	274,477	33%	572,116	68%	866,712	103%	605,624	72%	839,721	100%
FINANCE COST	147,701	46%	221,186	69%	216,220	67%	241,545	75%	322,852	100%
PROFIT BEFORE TAXATION	126,776	25%	350,930	68%	650,492	126%	364,079	70%	516,869	100%
PROVISION FOR TAXATION	56,371	37%	57,668	38%	51,137	34%	82,494	54%	152,463	100%
PROFIT AFTER TAXATION	70,405	19%	293,262	80%	599,355	164%	281,585	77%	364,406	100%

Key Operating and Financial Results

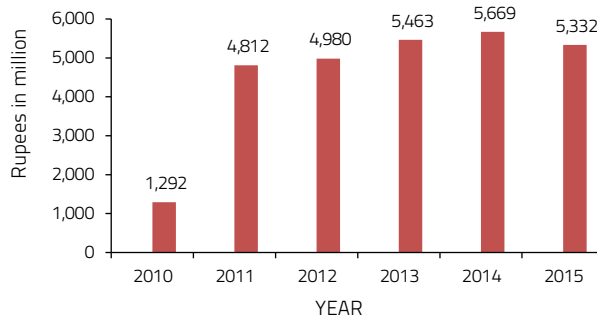
for last six years

PARTICULARS	RUPEES in 000						
	2015	2014	2013	2012	2011	2010	
SUMMARISED BALANCE SHEET							
NON-CURRENT ASSETS							
Property, Plant And Equipment	2,726,462	2,787,750	2,822,964	2,841,761	2,623,342	927,481	
Long Term Loans	-	1,727	387	392	-	-	
Other Non-Current Assets	12,256	15,618	9,304	675	8,280	10,245	
CURRENT ASSETS							
Stores, Spares And Loose Tools	65,076	61,125	44,926	37,082	35,226	8,204	
Stock In Trade	1,486,168	1,652,837	1,592,021	1,278,678	1,249,430	207,017	
Trade Debts	593,632	691,322	612,751	451,143	528,745	73,766	
Other Current Assets	448,659	459,030	380,539	370,479	366,660	65,266	
TOTAL ASSETS	5,332,253	5,669,409	5,462,892	4,980,210	4,811,683	1,291,979	
Share Holders' Equity	2,784,091	2,733,721	2,400,047	1,763,656	1,439,286	333,864	
Surplus on Revaluation of Operating Fixed Assets	521,588	564,815	608,200	966,759	1,044,140	263,777	
NON-CURRENT LIABILITIES							
Long Term Financing	-	10,715	86,818	194,163	65,080	-	
Director's Loan	-	300,000	300,000	300,000	300,000	196,391	
Liabilities Against Assets Subject To Finance Lease	21,973	26,887	25,875	-	5,980	22,275	
Deferred Tax	236,495	258,612	277,824	264,216	258,452	101,252	
Other Non-Current Liabilities	1,634	1,951	-	-	-	32,497	
CURRENT LIABILITIES							
Short Term Borrowings	1,191,193	1,202,486	1,194,856	1,032,246	1,192,112	216,714	
Current Portion Of Long Term Liabilities	23,245	102,360	124,999	125,561	56,245	51,338	
Other Current Liabilities	552,034	467,862	444,273	333,609	450,388	73,871	
Total Equity And Liabilities	5,332,253	5,669,409	5,462,892	4,980,210	4,811,683	1,291,979	
PROFIT & LOSS							
Sales	8,813,412	9,734,861	8,918,973	7,193,895	9,097,849	1,148,043	
Gross Profit	791,049	969,226	1,442,705	1,017,273	1,384,453	241,340	
EBITDA	547,675	841,572	1,011,933	736,629	969,805	235,366	
Profit From Operations	274,477	572,116	866,712	605,624	839,721	189,869	
Profit / (Loss) Before Tax	126,776	350,930	650,492	364,079	516,869	118,615	
Profit / (Loss) After Tax	70,405	293,262	599,355	281,585	364,406	110,591	
CASH FLOWS							
Cash Flow From Operating Activities	716,386	285,417	373,240	341,837	(763,089)	102,124	
Cash Flow From Investing Activities	(184,617)	(222,047)	(437,276)	(387,618)	(168,131)	(42,912)	
Cash Flow From Financing Activities	(489,440)	(95,088)	77,833	30,708	937,056	(39,958)	
Changing In Cash & Cash Equivalents	42,329	(31,718)	13,797	(15,073)	5,836	19,254	
Cash & Cash Equivalents - Year End	69,625	27,296	59,014	45,217	60,290	24,454	
PROFITABILITY RATIOS							
Gross Profit	%	8.98	9.96	16.18	14.14	15.22	21.02
EBITDA To Sales	%	6.21	8.64	11.35	10.24	10.66	20.50
Pre Tax Profit	%	1.44	3.60	7.29	5.06	5.68	10.33
After Tax Profit	%	0.80	3.01	6.72	3.91	4.01	9.63
Return On Equity	%	2.53	10.73	24.97	15.97	25.32	33.12
Return On Capital Employed	%	2.53	10.69	24.10	14.38	24.22	33.12
Dividend Rate (Cash)	%	-	-	50.00	25.00	20.00	20.00
Leverage Ratio		0.44	0.60	0.72	0.94	1.13	1.46
LIQUIDITY RATIOS							
Current Ratio	Times	1.47	1.62	1.49	1.43	1.28	1.04
Quick Ratio	Times	0.59	0.65	0.56	0.55	0.53	0.41
Cash To Current Liabilities	Times	0.04	0.02	0.03	0.03	0.04	0.07
Cash Flows From Operation To Sales	Times	0.08	0.03	0.04	0.05	(0.08)	0.09

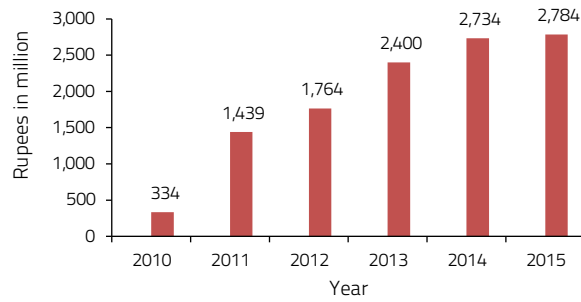
Profit before taxation



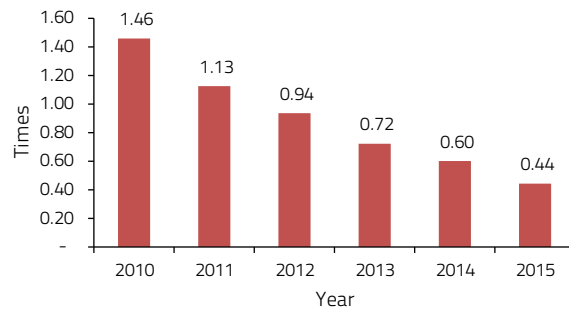
Total assets



Share capital & reserves



Leverage ratio



Statement of Compliance with the Best Practices Code of Corporate Governance

For the Year Ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (the "CCG") contained in the Listing Regulations of Karachi Stock Exchanges (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

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

1. The Board of Directors of J.K Spinning Mills Ltd has always encouraged and reconfirmed its Commitments of continued support and implementation of the highest standard of Corporate Governance at all time. The company encourages representation of Independent Director / Non-Executive Directors and Directors representing the minority interest on Board.

At present the Board of Directors includes:-

Category	Names
Non-Executive Director	Mr. Jawed Anwar
	Mrs. Farhat Jehan
	Mrs. Nageen Faiq
	Mrs. Mahwish Shaiq
	Mrs. Sadaf Aamir
Executive Directors	Mr. Faiq Jawed
	Mr. Shaiq Jawed
Independent Director	Mr. Rehan Ashfaq

The independent director meets the criteria of independence under Clause 5-19.1 (b) of the CCG.

2. The Directors have confirmed that none of them is serving as 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 Development Finance Institution (DFI) , or a Non-Banking Financial Institution (NBFI) or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy was occurred on the board during the period under report.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by

all the directors and employees of the Company and circulated by the board of directors to establish a standard of conduct for directors and employees.

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. The corporate strategy of the Company is reviewed and approved by the Board along with the Annual Plan.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive and Non-Executive Directors have been taken by the Board / Share holders.
8. An effective and sound system of internal control has been established and implemented at all levels within the listed company. All the meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for that purpose. The Board met at least once in every quarter during the year ended 30th June, 2015 to approve the Financial Statement of the Company. Written notices of the Board Meetings, along with agenda and working papers, were circulated seven days before the date of meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors were apprised about the changes in the CCG, applicable laws and their duties and responsibilities to effectively manage the affairs of the Company for and on behalf of the shareholders.
10. The directors of the Company having 15 years of experience on the board of a listed Company are exempted from the requirement of director's training program. All the board members except four directors qualify for exemption under this provision of the CCG.

Statement of Compliance with the Best Practices Code of Corporate Governance

For the Year Ended June 30, 2015

11. The Board approve appointment of Chief Financial Officer (CFO) and Head of Internal Audit, including their remuneration and terms and conditions of employment, as recommended by the Human Resource and Remuneration Committee. However there was no new appointment during the year.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the CCG.
16. The Board has formed an Audit Committee. It comprises three members, two of them are non-executive and Chairman is an Independent Director.
17. The Meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has formed Human Resource and Remuneration Committee. It comprises one member as Executive Director and two members of the Committee are Non-Executive Directors. The Chair Person of Committee is Non-Executive Director.
19. The Board has set-up an effective Internal Audit Function. The member of Audit Team 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. The Company has designed a full time employee as Head of Internal Audit.
20. The Statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program one of the Institute of Chartered Accountants of Pakistan, 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.
21. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the Auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The "Closed Period" prior to the announcement of the interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to Directors, Employees and Stock Exchanges.
23. Material / price sensitive information has been disseminated among all market participants at once through Stock Exchanges.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

ON BEHALF OF THE BOARD OF DIRECTORS



FAIQ JAWED
Chief Executive Officer



JAWED ANWAR
Chairman

Faisalabad
October 03, 2015

Review Report to the Members

on Statment of Complaiance with the Best Practices 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 **J.K. SPINNING MILLS LIMITED** ("the Company") for the year ended 30 June 2015 to comply with the requirements of Listing Regulations of the respective 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 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 30 June 2015.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Liaqat Ali Panwar

Faisalabad
October 03, 2015

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT 29TH ANNUAL GENERAL MEETING OF THE MEMBERS OF J. K. SPINNING MILLS LIMITED WILL BE HELD ON SATURDAY 31ST OCTOBER, 2015 AT 10.00 A.M. AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT 29 K.M, SHEIKHUPURA ROAD, KHURRIANWALA, FAISALABAD TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To confirm the minutes of the Extra-ordinary General Meeting held on 28th March, 2015.
2. To receive, consider and adopt the Annual Audited Accounts together with the Directors' and Auditors' Reports of the company for the year ended 30th June, 2015.
3. To appoint Auditors for the year 2015-2016 and fix their remuneration. The present Auditors M/s. Riaz Ahmad & Company., Chartered Accountants, being eligible offer themselves for reappointment.
4. To transact any other business or businesses with the permission of the Chairman.

SPECIAL RESOLUTION:

5. To Authorize Chief Executive of the Company to approve Related Party Transactions for sale and purchase of goods/ Services to / from J.K. Tech (Pvt.) Limited - An associated company for the year ending June 30,2016 by passing the following resolution with or without modification.

"Resolved that the Chief Executive of the Company be and is hereby authorized to approve the Related Party Transactions of Rupees 200 million each for sale and purchase of goods/ Services to/from J.K. Tech (Pvt.) Limited - an associated company from time to time for the year ending June 30, 2016 and take any and all actions and sign any and all such documents as may be required in this regard."

BY THE ORDER OF THE BOARD

FAISALABAD:

Dated: 08-10-2015

SYED HUSSAIN SHAHID MANSOOR NAQVI
COMPANY SECRETARY

NOTES:

- I. The share transfer books of the Company will remain closed from 22nd October, 2015 to 31st October, 2015 (both days inclusive).
- II. A member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint a proxy to attend, speak and vote instead of him/her. A proxy must be a member of the company. Proxy in order to be effective must be duly signed, witnessed and deposited at the office of the company's Shares Department not less than 48 hours before the meeting.
- III. The shareholder/proxy shall produce his/her original CNIC or passport at the time of the meeting.
- IV. Shareholders are requested to promptly notify the office of the company's Shares Department of any change in their address.
- V. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending the meeting:

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

B. For appointing proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account, and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport, of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
- vi) Members who have not yet provided valid CNIC/NTN (as the case may be) are requested to kindly provide the same at the earliest to the Company's Shares Department at the address mentioned-above in compliance with the directives issued by the Securities and Exchange Commission of Pakistan and/or Federal Board of Revenue from time to time.
- vii) Form of proxy is enclosed herewith.

Financial Statements

For the year ended June 30, 2015

Auditors' Report to the Members

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

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give 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 30 June 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, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Liaqat Ali Panwar

Date: 03-10-15

FAISALABAD

Balance Sheet

As at June 30, 2015

	NOTE	2015 (RUPEES IN THOUSAND)	2014
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
96 000 000 (2014: 96 000 000) ordinary shares of Rupees 10 each		960,000	960,000
Issued, subscribed and paid up share capital	3	609,033	609,033
Reserves	4	2,175,058	2,124,688
Total equity		2,784,091	2,733,721
Surplus on revaluation of property, plant and equipment - net of deferred income tax	5	521,588	564,815
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	-	10,715
Directors' loan	7	-	300,000
Liabilities against assets subject to finance lease	8	21,973	26,887
Deferred income on sale and leaseback		1,634	1,951
Deferred income tax liability	9	236,495	258,612
		260,102	598,165
CURRENT LIABILITIES			
Trade and other payables	10	463,704	375,519
Accrued mark-up	11	10,772	21,234
Short term borrowings	12	1,191,193	1,202,486
Current portion of non-current liabilities	13	23,245	102,360
Provision for taxation		77,558	71,109
		1,766,472	1,772,708
TOTAL LIABILITIES		2,026,574	2,370,873
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		5,332,253	5,669,409

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



Faiq Jawed
Chief Executive Officer

Balance Sheet

As at June 30, 2015

	NOTE	2015 (RUPEES IN THOUSAND)	2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	2,726,462	2,787,750
Long term investments	16	-	-
Long term loans	17	-	1,727
Long term deposits and prepayments	18	12,256	15,618
		2,738,718	2,805,095
CURRENT ASSETS			
Stores, spare parts and loose tools	19	65,076	61,125
Stock-in-trade	20	1,486,168	1,652,837
Trade debts	21	593,632	691,322
Loans and advances	22	48,513	83,290
Short term deposits and prepayments	23	10,688	5,578
Other receivables	24	32,634	79,361
Tax refunds due from the Government	25	287,199	263,505
Cash and bank balances	26	69,625	27,296
		2,593,535	2,864,314
TOTAL ASSETS		5,332,253	5,669,409



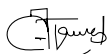
Jawed Anwar
Chairman

Profit and Loss Account

For the Year ended June 30, 2015

	NOTE	2015 (RUPEES IN THOUSAND)	2014
SALES	27	8,813,412	9,734,861
COST OF SALES	28	(8,022,363)	(8,765,635)
GROSS PROFIT		791,049	969,226
DISTRIBUTION COST	29	(325,709)	(343,996)
ADMINISTRATIVE EXPENSES	30	(199,301)	(179,530)
OTHER EXPENSES	31	(16,156)	(31,780)
		(541,166)	(555,306)
		249,883	413,920
OTHER INCOME	32	24,594	158,196
PROFIT FROM OPERATIONS		274,477	572,116
FINANCE COST	33	(147,701)	(221,186)
PROFIT BEFORE TAXATION		126,776	350,930
TAXATION	34	(56,371)	(57,668)
PROFIT AFTER TAXATION		70,405	293,262
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	35	1.16	4.82

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



Faiq Jawed
Chief Executive Officer




Jawed Anwar
Chairman

Statement of Comprehensive Income

For the Year ended June 30, 2015

	2015 (RUPEES IN THOUSAND)	2014
PROFIT AFTER TAXATION	70,405	293,262
Items that will not be reclassified subsequently to profit or loss:		
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	40,868	45,671
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	40,868	45,671
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	111,273	338,933

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


Faiq Jawed
Chief Executive Officer

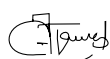

Jawed Anwar
Chairman

Cash Flow Statement

For the Year ended June 30, 2015

	NOTE	2015 (RUPEES IN THOUSAND)	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	967,820	635,336
Finance cost paid		(157,667)	(223,760)
Income tax paid		(79,504)	(78,992)
Workers' profit participation fund paid		(19,352)	(39,513)
Net decrease / (increase) in long term loans		1,727	(1,340)
Net decrease / (increase) in long term deposits and prepayments		3,362	(6,314)
NET CASH GENERATED FROM OPERATING ACTIVITIES		716,386	285,417
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(228,071)	(300,255)
Proceeds from sale of property, plant and equipment		43,454	78,208
NET CASH USED IN INVESTING ACTIVITIES		(184,617)	(222,047)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(93,933)	(105,458)
Finance lease liabilities - net		(23,311)	7,728
Short term borrowings - net		(311,293)	7,630
Dividend paid		(60,903)	(4,988)
NET CASH USED IN FINANCING ACTIVITIES		(489,440)	(95,088)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		42,329	(31,718)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		27,296	59,014
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 26)		69,625	27,296

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



Faiq Jawed
Chief Executive Officer




Jawed Anwar
Chairman

Statement of Changes in Equity

For the Year ended June 30, 2015

	SHARE CAPITAL	RESERVES			TOTAL EQUITY
		CAPITAL RESERVE	REVENUE RESERVE	TOTAL	
		Merger reserve	Unappropriated profit		
----- (RUPEES IN THOUSAND) -----					
Balance as at 30 June 2013	609,033	289,636	1,501,378	1,791,014	2,400,047
Transaction with owners - Final dividend for the year ended 30 June 2013 at the rate of Rupee 5.00 per share	-	-	(5,259)	(5,259)	(5,259)
Profit for the year	-	-	293,262	293,262	293,262
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	45,671	45,671	45,671
Total comprehensive income for the year	-	-	338,933	338,933	338,933
Balance as at 30 June 2014	609,033	289,636	1,835,052	2,124,688	2,733,721
Transaction with owners - Interim dividend for the half year ended 31 December 2014 at the rate of Rupee 1.00 per share	-	-	(60,903)	(60,903)	(60,903)
Profit for the year	-	-	70,405	70,405	70,405
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	40,868	40,868	40,868
Total comprehensive income for the year	-	-	111,273	111,273	111,273
Balance as at 30 June 2015	609,033	289,636	1,885,422	2,175,058	2,784,091

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


Faiq Jawed
 Chief Executive Officer


Jawed Anwar
 Chairman

Notes to the Financial Statements

For the Year ended 30 June 2015

1. THE COMPANY AND ITS ACTIVITIES

J.K. Spinning Mills Limited (the Company) is a public limited company incorporated in Pakistan on 07 January 1987 under the Companies Ordinance, 1984 and listed on Karachi and Lahore Stock Exchanges in Pakistan. Its registered office is situated at 29-Kilometers, Sheikhpura Road Faisalabad where the factory premises of the Company are also located. The Company is engaged in business of textile manufacturing comprising of ginning, spinning, stitching, buying, selling and otherwise dealing in yarn, fabrics and other goods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain operating fixed assets measured at revalued amount.

c) Critical accounting estimates and judgments

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

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Notes to the Financial Statements

For the Year ended 30 June 2015

Provision for doubtful debts

The Company reviews its receivable balances against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

d) Amendments to published approved standards that are effective in current year and are relevant to the Company

Following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2014:

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments' and IAS 24 'Related Party Disclosures', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. The amendments to IFRS 8 require an entity to disclose the judgments made by the management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'. Further, the amendment to IFRS 8 clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment

assets are regularly provided to the chief operating decision-maker. The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

The application of the above amendments and interpretation does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Notes to the Financial Statements

For the Year ended 30 June 2015

e) **Amendments to published standards that are effective in current year but not relevant to the Company**

There are other standards, new interpretation and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2014 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) **Standards and amendments to published standards that are not yet effective but relevant to the Company**

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2015 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the de-recognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard is not expected to have a material impact on the Company's financial statements.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 12 (effective for annual periods beginning on or after 01 January 2015) provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

Amendments to IAS 28 (effective for annual periods beginning on or after 01 January 2016) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

Notes to the Financial Statements

For the Year ended 30 June 2015

Amendments to IFRS 12 and IAS 28 (effective for annual periods beginning on or after 01 January 2016) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points: the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value; a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity; when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries; and an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified

to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

g) [Standard and amendments to published standards that are not yet effective and not considered relevant to the Company](#)

There are other standard and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2015 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

Notes to the Financial Statements

For the Year ended 30 June 2015

2.2 Employees retirement benefits

The Company operates a recognized provident fund for all its permanent employees. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 8.33 percent of the basic salary. Obligation for contributions to defined contribution plan is recognized as an expense in the profit and loss account as and when incurred. Employees are eligible under the scheme on completion of prescribed qualifying period of service.

2.3 Provisions

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

2.4 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.5 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.6 Property, plant and equipment and depreciation

a) Owned

All operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss, except those subject to revaluation which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Capital work-in-progress is stated at cost less any recognized impairment loss.

Notes to the Financial Statements

For the Year ended 30 June 2015

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Increase in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to profit and loss account. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to profit and loss account) and depreciation based on the assets' original cost is transferred from surplus on revaluation of property, plant and equipment to unappropriated profit. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred taxation.

b) Leased

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to profit and loss account over the lease term. Gain on sale and lease back of operating fixed assets is deferred and amortized over the lease term and loss on sale and lease back of operating fixed assets is recognized in profit and loss account.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to profit and loss account.

c) Depreciation

Depreciation on property, plant and equipment is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is de-recognized. Depreciation is charged to profit and loss account applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their expected useful lives at the rates mentioned in Note 15.1. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

d) De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit and loss account in the year the asset is de-recognized.

2.7 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is measured initially at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investment in associate, which is tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

Notes to the Financial Statements

For the Year ended 30 June 2015

a) Investments at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

b) Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

c) Available for sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available for sale. After initial recognition, investments which are classified as available for sale are measured at fair value. Gains or losses on available for sale investments are recognized directly in statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in profit and loss account. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

Unquoted

The investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, subsequent to after initial recognition are carried at cost less any identified impairment loss.

d) Investment in an associate

The Company's investment in its associate is accounted for under the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the Company's share of net assets of the associate. The profit and loss account reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.

The reporting dates of the associate and the Company are identical and the associate's accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

2.8 Inventories

Inventories, except for stock in transit and waste materials, are stated at lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make a sale. Cost is determined as follows:

Notes to the Financial Statements

For the Year ended 30 June 2015

Stores, spare parts and loose tools

Usable stores, spare parts and loose tools are valued at moving average cost, while items considered obsolete are carried at nil value. Items in transit are stated at invoice amount plus other charges paid thereon.

Stock-in-trade

Cost of raw materials is measured using the moving average cost formula.

Cost of work-in-process and finished goods comprises of average manufacturing cost including a portion of production overheads.

Stock-in-transit is valued at cost comprising invoice values plus other charges paid thereon. Waste materials are stated at net realizable value.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.10 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from sale of goods is recognized on dispatch of goods to customers.
- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.
- Rental income is recognized when rent is accrued.

2.11 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long term financing, liabilities against assets subject to finance lease, short term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized at the time the Company becomes a party to contractual provisions of the instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which is measured initially at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.12 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

Notes to the Financial Statements

For the Year ended 30 June 2015

2.13 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.14 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.15 Borrowing cost

Interest, mark-up and other charges on long term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long term finances. All other interest, mark-up and other charges are recognized in profit and loss account.

2.16 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non - financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

2.17 Derivative financial instruments

Derivative that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

2.18 Off setting

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

Notes to the Financial Statements

For the Year ended 30 June 2015

2.19 Foreign currencies

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

2.20 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibres), Fabric (Buying yarn, fabric and selling after conversion) and Home Textile (Manufacturing of home textile articles).

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2015 (NUMBER OF SHARES)	2014		2015 (RUPEES IN THOUSAND)	2014
14 243 500	14 243 500	Ordinary shares of Rupees 10 each fully paid in cash	142,435	142,435
45 947 600	45 947 600	Ordinary shares of Rupees 10 each issued to shareholders of J.K. Fibre Mills Limited and Abid Faiq Textile Mills Limited under the scheme of merger	459,476	459,476
712 175	712 175	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	7,122	7,122
60 903 275	60 903 275		609,033	609,033

Notes to the Financial Statements

For the Year ended 30 June 2015

	2015 (RUPEES IN THOUSAND)	2014
4. RESERVES		
Composition of reserves is as follows:		
Capital reserve		
Merger reserve	289,636	289,636
Revenue reserve		
Unappropriated profit	1,885,422	1,835,052
	2,175,058	2,124,688
5. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX		
Surplus on revaluation of operating fixed assets as at 01 July	564,815	608,200
Add:		
Decrease in deferred income tax liability due to change in local sales ratio	-	2,902
	564,815	611,102
Less:		
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred income tax	40,868	45,671
Decrease in deferred income tax liability due to change in local sales ratio	2,359	-
Adjustment of surplus on sale of plant and machinery - net of deferred income tax	-	616
	43,227	46,287
	521,588	564,815

- 5.1 Freehold land, buildings on freehold land, plant and machinery, stand-by equipment and electric installations and appliances of the Company were revalued on 29 June 2013 by an independent valuer, Messrs Harvester Services (Private) Limited, using depreciated replacement values. Previous revaluations were made by independent valuers on 30 September 1996, 30 September 2000 and 30 September 2004 and 30 June 2007.

Notes to the Financial Statements

For the Year ended 30 June 2015

	2015 (RUPEES IN THOUSAND)	2014 (RUPEES IN THOUSAND)
6. LONG TERM FINANCING		
From banking companies - secured		
Long term loans (Note 6.1)	-	47,115
Long term musharika (Note 6.2)	-	46,818
	-	93,933
Less: Current portion shown under current liabilities (Note 13)	-	83,218
	-	10,715

LENDER	2015	2014	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	(RUPEES IN THOUSAND)						
6.1 Long term loans							
United Bank Limited	-	25,031	3 months KIBOR + 1.50%	Last installment was paid on 29 June 2015.	Quarterly	Quarterly	First joint pari passu charge over present and future fixed assets (land, building, plant and machinery) of the Company for Rupees 171.429 million.
The Bank of Punjab	-	2,667	3 months KIBOR + 2.50%	Last installment was paid on 02 July 2014.	Quarterly	Quarterly	First exclusive charge of Rupees 43 million over specific plant and machinery of the Company with 25% margin and personal guarantee of three directors.
The Bank of Punjab	-	10,667	3 months KIBOR + 2.50%	Last installment was paid on 02 April 2015.	Quarterly	Quarterly	First exclusive charge of Rupees 44 million over specific plant and machinery of the Company and personal guarantee of three directors.
The Bank of Punjab	-	8,750	3 months KIBOR + 2.50%	Last installment was paid on 03 June 2015.	Quarterly	Quarterly	First exclusive charge of Rupees 28 million over specific plant and machinery of the Company and personal guarantee of three directors.
	-	47,115					
6.2 Long term musharika							
Standard Chartered Bank (Pakistan) Limited	-	46,818	1 month KIBOR + 2.00%	Last installment was paid on 12 January 2015.	Monthly	Monthly	Specific charge over plant and machinery of Rupees 250 million with 25% security margin and personal guarantee of three directors.

Notes to the Financial Statements

For the Year ended 30 June 2015

7. DIRECTORS' LOAN

This represented unsecured interest free loan obtained from the directors of the Company whose classification has been changed from non-current to current because the nature of this loan has become repayable on demand.

	2015 (RUPEES IN THOUSAND)	2014
8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	47,794	50,684
Less: Un-amortized finance charge	2,576	4,655
Present value of future minimum lease payments	45,218	46,029
Less: Current portion shown under current liabilities (Note 13)	23,245	19,142
	21,973	26,887

8.1 These represent plant, machinery and vehicles acquired under finance lease agreement from Standard Chartered Leasing Limited and Askari Bank Limited. The implicit interest rate used to arrive at the present value of minimum lease payments range from 8.91% to 12.42% (2014: 11.34% to 12.39%) per annum. Taxes, repairs and insurance costs are to be borne by the Company. The purchase option is available to the Company on payment of last installment and surrender of security deposit paid under the agreement. These are secured against the leased assets.

8.2 Minimum lease payments and their present values are regrouped as under:

	2015		2014	
	Not later than one year	Later than one year and not later than five years	Not later than one year	Later than one year and not later than five years
	----- (RUPEES IN THOUSAND) -----			
Future minimum lease payments	25,151	22,643	22,535	28,149
Less: Un-amortized finance charge	1,906	670	3,393	1,262
Present value of future minimum lease payments	23,245	21,973	19,142	26,887

	2015 (RUPEES IN THOUSAND)	2014
9. DEFERRED INCOME TAX LIABILITY		
Taxable temporary differences		
Accelerated tax depreciation	188,154	191,731
Surplus on revaluation of property, plant and equipment	68,630	73,895
	256,784	265,626
Deductible temporary differences		
Liabilities against assets subject to finance lease	(7,110)	(7,014)
Minimum taxation	(13,179)	-
	(20,289)	(7,014)
	236,495	258,612

Notes to the Financial Statements

For the Year ended 30 June 2015

	2015 (RUPEES IN THOUSAND)	2014
10. TRADE AND OTHER PAYABLES		
Creditors	148,733	125,696
Accrued liabilities	252,850	193,100
Advances from customers	23,827	18,102
Securities / retention money - interest free	5,651	5,685
Income tax deducted at source	231	302
Sales tax deducted at source	2,403	-
Unclaimed dividend	312	312
Workers' profit participation fund (Note 10.1)	6,785	18,856
Workers' welfare fund	1,647	2,336
Other payables	21,265	11,130
	463,704	375,519
10.1 Workers' profit participation fund		
Balance as on 01 July	18,856	34,544
Interest for the year (Note 33)	496	4,969
Provision for the year (Note 31)	6,785	18,856
	26,137	58,369
Less: Payments during the year	19,352	39,513
	6,785	18,856
10.1.1 The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.		
11. ACCRUED MARK-UP		
Long term financing	-	1,794
Liabilities against assets subject to finance lease	-	45
Short term borrowings	10,772	19,395
	10,772	21,234
12. SHORT TERM BORROWINGS		
From banking companies - secured		
Cash and running finances (Note 12.1 and Note 12.2)	20,424	380,997
State Bank of Pakistan (SBP) refinance (Note 12.1 and Note 12.3)	651,000	362,000
Other short term finances (Note 12.1 and Note 12.4)	115,361	413,310
	786,785	1,156,307
Unsecured		
From directors (Note 12.5)	294,215	46,179
Temporary bank overdraft	110,193	-
	404,408	46,179
	1,191,193	1,202,486

Notes to the Financial Statements

For the Year ended 30 June 2015

- 12.1 These finances are obtained from banking companies under mark up arrangements and are secured against joint pari passu hypothecation charge of Rupees 3,053.663 million (2014: Rupees 2,673 million) on present and future current assets, joint pari passu charge of Rupees 1,405.333 million (2014: Rupees 1,240 million) on fixed assets, pledge of stock of cotton, yarn and polyester with specific margin and personal guarantee of certain directors of the Company. These form part of total credit facility of Rupees 4,015 million (2014: Rupees 5,575 million).
- 12.2 The rates of mark-up range from 8.95% to 11.68% (2014: 10.56% to 11.82%) per annum on the balance outstanding.
- 12.3 The rates of mark up range from 6.00% to 7.50% (2014: 8.65% to 9.40%) per annum on the balance outstanding.
- 12.4 The rates of mark up on Pak Rupee finances and US Dollar finances range from 9.00% to 11.66% (2014: 10.45% to 11.68%) per annum and 2.99% to 3.50% (2014: 3.20% to 3.39%) per annum respectively on the balance outstanding.
- 12.5 This represents interest free loan obtained from directors of the Company which are repayable on demand.

	2015 (RUPEES IN THOUSAND)	2014
13. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Current portion of long term financing (Note 6)	-	83,218
Current portion of liabilities against assets subject to finance lease (Note 8)	23,245	19,142
	23,245	102,360

14. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) The Company has filed an appeal before Appellate Tribunal, Inland Revenue, Lahore against order in original 02/2007 dated 03 May 2007 for Rupees 11.002 million (2014: Rupees 11.002 million) along with default surcharge under section 34 of Sales Tax Act, 1990 and penalty at the rate of 30 percent. Appellate Tribunal, Inland Revenue, Lahore passed order against our appeal. Afterwards we filed reference against the decision of Appellate Tribunal, Inland Revenue, Lahore before Honourable Lahore High Court, Lahore. The related provision is not made in these financial statements in view of possible favourable outcome of the reference.
- ii) The Company has filed an appeal before Customs Appellate Tribunal, Lahore against the order in original 28/2015 dated 05 March 2015 for the recovery of Rupees 2.133 million alongwith additional tax and penalty under section 156 of the Customs Act, 1969. The related provision is not made in these financial statements in view of favourable outcome of the reference.
- iii) The Company has filed appeals with Appellate Tribunal, Inland Revenue, Lahore for the revision of assessment orders issued under section 122(5A) and section 124 of the Income Tax Ordinance, 2001 for tax years 2005 to 2011 where tax liability of Rupees 140.255 million (2014: Rupees 3.352 million) was raised by the department. The Company considers that its stance is based on reasonable grounds and appeals are likely to succeed. Hence, no provision has been recognized in these financial statements.
- iv) Guarantees of Rupees 59.844 million (2014: Rupees 44.253 million) are given by the banks of the Company to Sui Northern Gas Pipeline Limited against gas connections, Punjab Power Development Board for installing electricity generation facility and Faisalabad Electric Supply Company against electricity connection.
- v) Post dated cheques of Rupees 164.147 million (2014: Rupees 125.794 million) are issued to custom authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.

Notes to the Financial Statements

For the Year ended 30 June 2015

b) Commitments

- i) Letters of credit for capital expenditure are of Rupees 332.267 million (2014: Rupees 5.156 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 215.510 million (2014: Rupees Nil).
- iii) Ijarah (operating lease) commitments - Company as lessee

The Company has purchased during the year the vehicle obtained through Ijarah (operating lease) agreement. The future aggregate minimum lease payments, under Ijarah (operating lease), are of Rupees Nil (2014: Rupees 12.044 million).

	2015 (RUPEES IN THOUSAND)	2014
15. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 15.1)		
- Owned	2,587,169	2,624,831
- Leased	69,721	57,769
Capital work-in-progress (Note 15.2)	69,572	105,150
	<u>2,726,462</u>	<u>2,787,750</u>

Notes to the Financial Statements

For the Year ended 30 June 2015

15.1 OPERATING FIXED ASSETS

	OWNED ASSETS							LEASED ASSETS					
	Freehold land	Buildings on freehold land	Plant and machinery	Stand-by equipment	Electric installations and appliances	Factory equipment and fixtures	Furniture and fixtures	Office equipment	Vehicles	Total	Plant and machinery	Vehicles	Total
------(RUPEES IN THOUSAND)-----													
At 30 June 2013													
Cost / revalued amount	211,616	750,775	1,794,092	200,897	155,258	27,277	8,113	21,749	127,947	3,297,724	43,979	-	43,979
Accumulated depreciation	-	(110,793)	(382,732)	(65,115)	(46,570)	(16,031)	(2,474)	(12,371)	(59,676)	(695,762)	(897)	-	(897)
Impairment loss	-	-	-	-	-	-	-	-	-	-	(2,746)	-	(2,746)
Net book value	211,616	639,982	1,411,360	135,782	108,688	11,246	5,639	9,378	68,271	2,601,962	40,336	-	40,336
Year ended 30 June 2014													
Opening net book value	211,616	639,982	1,411,360	135,782	108,688	11,246	5,639	9,378	68,271	2,601,962	40,336	-	40,336
Additions	-	32,654	225,439	-	3,085	15,042	88	419	76,044	352,771	-	23,000	23,000
Deletions:													
Cost / revalued amount	-	-	(8,028)	-	-	-	-	-	(90,975)	(99,003)	-	-	-
Accumulated depreciation	-	-	297	-	-	-	-	-	32,693	32,990	-	-	-
Depreciation charge	-	(65,296)	(155,759)	(13,578)	(11,132)	(1,251)	(566)	(2,898)	(13,409)	(263,889)	(4,034)	(1,533)	(5,567)
Closing net book value	211,616	607,340	1,473,309	122,204	100,641	25,037	5,161	6,899	72,624	2,624,831	36,302	21,467	57,769
At 30 June 2014													
Cost / revalued amount	211,616	783,429	2,011,503	200,897	158,343	42,319	8,201	22,168	113,016	3,551,492	41,233	23,000	64,233
Accumulated depreciation	-	(176,089)	(538,194)	(78,693)	(57,702)	(17,282)	(3,040)	(15,269)	(40,392)	(926,661)	(4,931)	(1,533)	(6,464)
Net book value	211,616	607,340	1,473,309	122,204	100,641	25,037	5,161	6,899	72,624	2,624,831	36,302	21,467	57,769

Notes to the Financial Statements

For the Year ended 30 June 2015

	OWNED ASSETS							LEASED ASSETS					
	Freehold land	Buildings on freehold land	Plant and machinery	Stand-by equipment	Electric installations and appliances	Factory equipment	Furniture and fixtures	Office equipment	Vehicles	Total	Plant and machinery	Vehicles	Total
Year ended 30 June 2015													
Opening net book value	211,616	607,340	1,473,309	122,204	100,641	25,037	5,161	6,899	72,624	2,624,831	36,302	21,467	57,769
Additions	-	86,976	59,438	6,040	47,166	50	6,898	5,901	51,180	263,649	-	22,500	22,500
Deletions:													
Cost	-	-	-	-	-	(798)	-	-	(47,131)	(47,929)	-	-	-
Accumulated depreciation	-	-	-	-	-	642	-	-	8,626	9,268	-	-	-
Depreciation charge	-	(64,059)	(152,022)	(12,472)	(10,968)	(2,498)	(846)	(2,775)	(17,010)	(262,650)	(3,630)	(6,918)	(10,548)
Closing net book value	211,616	630,257	1,380,725	115,772	136,839	22,433	11,213	10,025	68,289	2,587,169	32,672	37,049	69,721
At 30 June 2015													
Cost / revalued amount	211,616	870,405	2,070,941	206,937	205,509	41,571	15,099	28,069	117,065	3,767,212	41,233	45,500	86,733
Accumulated depreciation	-	(240,148)	(690,216)	(91,165)	(68,670)	(19,138)	(3,886)	(18,044)	(48,776)	(1,180,043)	(8,561)	(8,451)	(17,012)
Net book value	211,616	630,257	1,380,725	115,772	136,839	22,433	11,213	10,025	68,289	2,587,169	32,672	37,049	69,721
Annual rate of depreciation (%)	-	10	10	10	10	10	10	30	20	20	10	20	20

Notes to the Financial Statements

For the Year ended 30 June 2015

15.1.1 Had there been no revaluation, the cost, accumulated depreciation and book value of the revalued assets as at 30 June 2015 would have been as follows:

	Cost	Accumulated Depreciation	Net book value
	(RUPEES IN THOUSAND)		
Freehold land	57,837	-	57,837
Buildings on freehold land	634,756	298,232	336,524
Plant and machinery	2,242,168	988,720	1,253,448
Stand-by equipment	160,608	48,883	111,725
Electric installations and appliances	274,726	149,269	125,457
2015	3,370,095	1,485,104	1,884,991
2014	3,170,475	1,294,075	1,876,400

	2015	2014
	(RUPEES IN THOUSAND)	
15.1.2 Depreciation charge for the year has been allocated as follows:		
Cost of sales (Note 28)		
-Owned assets	242,019	247,016
-Leased assets	3,630	4,034
	245,649	251,050
Administrative expenses (Note 30)		
-Owned assets	20,631	16,873
-Leased assets	6,918	1,533
	27,549	18,406
	273,198	269,456

15.1.3 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:

Description	Qty.	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchasers
	Nos.	------(RUPEES IN THOUSAND)-----					
Factory Equipment							
Weighing Scale	1	798	642	156	349	Negotiation	Mr. Iftikhar Hussain, Chak No. 206 R.B, Tehsil and District Faisalabad
		798	642	156	349		
Vehicles							
Honda City F50-4200	1	840	654	186	705	Negotiation	Mr. Khurram Bashir, Peoples Colony No.1, Faisalabad
Suzuki Cultus VXL FDA-09-2695	1	862	576	286	283	Negotiation	Mr. Rana Muhammad Atta-ul-Rehman, Farooqia Mohallah, Faisalabad
Toyota GLI PV-277	1	1,354	921	433	444	Negotiation	Mr. Mumtaz Ahmad Khan, Sector G-9/3, Islamabad
Toyota GLI LEE-11-1472	1	1,679	872	807	1,460	Negotiation	Mr. Javed Iqbal, Chak No. 215 R.B., Tehsil and District Faisalabad
Honda City LEF-12-1404	1	1,496	631	865	1,083	Negotiation	Mr. Muhammad Hanif Jillani, Tariqabad, Faisalabad
Suzuki Cultus FDA-10-1098	1	887	593	294	287	Negotiation	Mr. Zahoor Ahmad, Khayaban Colony No. 2, Faisalabad
Honda Civic FDA-09-2113	1	1,770	1,186	584	551	Negotiation	Mr. Mehmood Ahmad Mughal, Sharifpura, Faisalabad
Mercedes Benz S-400	1	24,665	2,809	21,856	22,500	Sale and leaseback	Askari Bank Limited
Audi WW-880	1	12,927	-	12,927	15,550	Negotiation	Master Tiles and Ceramics Industries, Gujranwala
Honda CG-125 FDR-11-4769	1	91	37	54	28	Negotiation	Mr. Abdul Hameed Saleemi, Canal Colony, Faisalabad
		46,571	8,279	38,292	42,891		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000	9	560	347	213	214		
		47,929	9,268	38,661	43,454		

Notes to the Financial Statements

For the Year ended 30 June 2015

	2015 (RUPEES IN THOUSAND)	2014
15.2 Capital work-in-progress		
Buildings on freehold land	19,407	57,175
Plant and machinery	23,446	37,718
Electric installations and appliances	16,315	10,257
Advances against purchase of vehicles	10,404	-
	69,572	105,150
16. LONG TERM INVESTMENT		
Investment in an associate		
J.K. Tech (Private) Limited - unquoted 750 (2014: 750) ordinary shares of Rupees 10 each (Note 16.1)	8	8
Less: Accumulated impairment	(8)	(8)
	-	-
16.1 The Company holds 50% (2014: 50%) shares in J.K. Tech (Private) Limited, a private limited company involved in providing services of electricity transmission. The summarized financial information of J.K. Tech (Private) Limited is as follows:		
	Un-Audited 2015 (RUPEES IN THOUSAND)	Audited 2014
Associate's balance sheet:		
Current assets	808	865
Non-current assets	9,670	10,517
Current liabilities	(734)	(498)
Non-current liabilities	(10,089)	(11,118)
Net assets	(345)	(234)
Associate's revenue and profit / (loss):		
Revenue	5,018	3,870
Profit before taxation for the year	168	27
Loss after taxation for the year	(112)	(320)
	2015 (RUPEES IN THOUSAND)	2014
17. LONG TERM LOANS		
Considered good - secured		
Executive (Note 17.1)	-	720
Other employees	-	2,744
	-	3,464
Less: Current portion shown under current assets (Note 22)		
Executive	-	240
Other employees	-	1,497
	-	1,737
	-	1,727

Notes to the Financial Statements

For the Year ended 30 June 2015

	2015 (RUPEES IN THOUSAND)	2014
17.1 Reconciliation of carrying amount of loans to executive:		
Balance as on 01 July	720	-
Add: Disbursement	-	800
	720	800
Less: Repayments	720	80
Balance as on 30 June	-	720

17.1.1 Maximum aggregate balance due from executive at the end of any month during the year was Rupees 0.720 million (2014: Rupees 0.800 million).

17.2 These represented personal loans to executive and employees and were secured against balance to the credit of them in the provident fund trust. These were recoverable in equal monthly installments.

	2015 (RUPEES IN THOUSAND)	2014
18. LONG TERM DEPOSITS AND PREPAYMENTS		
Deposits	15,858	15,618
Prepayments	1,214	-
	17,072	15,618
Less: Current portion shown under current assets (Note 23)	4,816	-
	12,256	15,618
19. STORES, SPARE PARTS AND LOOSE TOOLS		
Stores (Note 19.1)	47,956	45,124
Spare parts	16,852	15,639
Loose tools	268	362
	65,076	61,125

19.1 These include stores in transit of Rupees Nil (2014: Rupees 1.488 million).

20. STOCK-IN-TRADE

Raw materials (Note 20.1 and 20.2)	730,452	661,682
Work-in-process	240,918	270,065
Finished goods (Note 20.3)	497,517	699,969
Waste	17,281	21,121
	1,486,168	1,652,837

20.1 These include stock in transit of Rupees 155.997 million (2014: Rupees Nil).

20.2 These include stock of Rupees 124.468 million (2014: Rupees 77.246 million) sent to third parties for conversion.

20.3 These include stock of Rupees 66.681 million (2014: Rupees 134.799 million) sent to third parties for processing.

20.4 Stock-in-trade of Rupees 139.983 million (2014: Rupees 794.956 million) is being carried at net realizable value.

20.5 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 11.621 million (2014: Rupees 70.409 million).

Notes to the Financial Statements

For the Year ended 30 June 2015

	2015 (RUPEES IN THOUSAND)	2014
21. TRADE DEBTS		
Considered good:		
Secured (against letters of credit)	324,137	379,084
Unsecured	269,495	312,238
	593,632	691,322
21.1	As at 30 June 2015, trade debts of Rupees 110.790 million (2014: Rupees 210.011 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:	
Upto 1 month	103,271	191,466
1 to 6 months	5,037	17,695
More than 6 months	2,482	850
	110,790	210,011
22. LOANS AND ADVANCES		
Considered good:		
Employees - interest free:		
Executives	959	1,312
Against expenses	107	-
Against salary	1,066	1,312
Other employees:		
Against expenses	1,591	953
Against salary	514	672
Current portion of long term loans (Note 17)	2,105	1,625
Advances to suppliers	-	1,737
Letters of credit	41,438	78,008
	3,904	608
	48,513	83,290
23. SHORT TERM DEPOSITS AND PREPAYMENTS		
Deposits	3,017	3,017
Prepayments	2,855	2,561
Current portion of long term deposits and prepayments (Note 18)	4,816	-
	10,688	5,578
24. OTHER RECEIVABLES		
Considered good:		
Export rebate and duty drawback	30,168	17,249
Insurance claim	-	58,796
Miscellaneous	2,466	3,316
	32,634	79,361

Notes to the Financial Statements

For the Year ended 30 June 2015

	2015 (RUPEES IN THOUSAND)	2014
25. TAX REFUNDS DUE FROM THE GOVERNMENT		
Considered good:		
Income tax	135,747	133,048
Sales tax	147,988	127,298
Federal / special excise duty	3,464	3,159
	287,199	263,505
26. CASH AND BANK BALANCES		
With banks:		
On current accounts		
Including US\$ 88,396 (2014: US\$ 35,905)	66,418	26,705
On PLS saving accounts (Note 26.1)	18	16
	66,436	26,721
Cash in hand	3,189	575
	69,625	27,296
26.1 Rate of profit on bank deposits was 3.10% to 3.85% (2014: 7.30%) per annum.		
27. SALES		
Export	4,216,953	5,169,948
Local (Note 27.1)	4,580,383	4,559,629
Export rebate and duty drawback	16,076	5,284
	8,813,412	9,734,861
27.1 Local		
Sales	4,598,578	4,575,707
Waste	74,062	75,009
	4,672,640	4,650,716
Less: Sales tax	92,257	91,087
	4,580,383	4,559,629

Notes to the Financial Statements

For the Year ended 30 June 2015

	2015 (RUPEES IN THOUSAND)	2014
28. COST OF SALES		
Raw materials consumed (Note 28.1)	4,976,590	6,519,567
Stores, spare parts and loose tools consumed	132,268	137,297
Packing material consumed	127,608	130,859
Processing and conversion charges	878,488	890,016
Doubling charges	13,352	2,560
Fuel and power	757,216	728,355
Salaries, wages and other benefits (Note 28.2)	448,234	414,094
Repair and maintenance	21,466	21,083
Insurance	13,027	12,999
Other factory overheads	35,778	41,976
Depreciation (Note 15.1.2)	245,649	251,050
	7,649,676	9,149,856
Work-in-process		
Opening stock	270,065	311,908
Closing stock	(240,918)	(270,065)
	29,147	41,843
Cost of goods manufactured	7,678,823	9,191,699
Finished goods		
Opening stock	721,090	343,863
Closing stock	(514,798)	(721,090)
	206,292	(377,227)
	7,885,115	8,814,472
Cost of finished goods lost due to fire	-	(64,696)
	7,885,115	8,749,776
Cost of sale - purchased for resale	137,248	15,859
	8,022,363	8,765,635
28.1 Raw material consumed		
Opening stock	661,682	936,250
Add: Purchased during the year	5,045,360	6,244,999
	5,707,042	7,181,249
Closing stock	(730,452)	(661,682)
	4,976,590	6,519,567

28.2 Salaries, wages and other benefits include provident fund contribution of Rupees 11.230 million (2014: Rupees 9.262 million) by the Company.

Notes to the Financial Statements

For the Year ended 30 June 2015

	2015 (RUPEES IN THOUSAND)	2014
29. DISTRIBUTION COST		
Salaries and other benefits (Note 29.1)	9,155	5,575
Ocean freight	110,976	120,693
Commission and brokerage	130,312	136,884
Travelling and conveyance	17,578	14,089
Local freight	26,023	32,277
Shipping expenses	16,320	13,297
Export development surcharge	10,566	11,828
Advertisement	2,151	2,024
Business promotion	704	914
Insurance	1,224	1,392
Miscellaneous	700	5,023
	325,709	343,996

29.1 Salaries and other benefits include provident fund contribution of Rupees 0.523 million (2014: Rupees 0.282 million) by the Company.

30. ADMINISTRATIVE EXPENSES

Salaries and other benefits (Note 30.1)	97,946	86,954
Rent, rates and taxes (Note 30.2)	3,733	7,373
Legal and professional	1,168	1,414
Insurance	4,725	2,704
Traveling and conveyance	22,858	18,405
Vehicles' running	12,595	12,415
Entertainment	3,463	4,448
Auditors' remuneration (Note 30.3)	1,300	1,300
Advertisement	163	37
Communication	6,283	6,522
Utilities	3,948	4,520
Printing and stationery	1,663	1,604
Repair and maintenance	2,620	1,676
Fee and subscription	5,774	4,735
Depreciation (Note 15.1.2)	27,549	18,406
Other charges	3,513	7,017
	199,301	179,530

30.1 Salaries and other benefits include provident fund contribution of Rupees 4.191 million (2014: Rupees 3.423 million) by the Company.

30.2 These include ijarah (operating lease) rentals amounting to Rupees 3.733 million (2014: Rupees 5.839 million).

30.3 Auditors' remuneration:

Audit fee	1,250	1,250
Half yearly review	50	50
	1,300	1,300

Notes to the Financial Statements

For the Year ended 30 June 2015

	2015 (RUPEES IN THOUSAND)	2014
31. OTHER EXPENSES		
Donations (Note 31.1)	7,249	10,588
Other receivables written off	475	-
Workers' profit participation fund (Note 10.1)	6,785	18,856
Workers' welfare fund	1,647	2,336
	16,156	31,780
31.1 There is no interest of any director or his / her spouse in donees' fund.		
32. OTHER INCOME		
Income from financial assets		
Exchange gain	17,751	147,195
Profit on deposits with banks	3	30
	17,754	147,225
Income from non-financial assets		
Gain on sale of property, plant and equipment	4,149	10,413
Amortization of deferred income on sale and leaseback (Note 32.1)	961	558
Credit balances written back	1,410	-
Rental income	320	-
	6,840	10,971
	24,594	158,196
32.1 The Company entered into sale and leaseback arrangement of operating fixed assets. Excess of sales proceeds over carrying amount of operating fixed assets is deferred and being amortized over the lease term.		
33. FINANCE COST		
Mark up on:		
Long term financing	4,784	15,681
Liabilities against assets subject to finance lease	3,898	3,815
Short term borrowings	112,907	165,635
Interest on workers' profit participation fund (Note 10.1)	496	4,969
Bank charges and commission	25,616	31,086
	147,701	221,186
34. TAXATION		
Charge for the year:		
Current tax (Note 34.1)	77,558	71,109
Prior year adjustment	3,289	2,758
	80,847	73,867
Deferred (Note 34.3)	(24,476)	(16,199)
	56,371	57,668

Notes to the Financial Statements

For the Year ended 30 June 2015

34.1 Provision for current taxation represents the tax deducted against export sales and minimum tax on local sales under the relevant provisions of the Income Tax Ordinance, 2001 adjusted by tax credits available as at 30 June 2015. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not presented, being impracticable.

34.2 Under Section 5A of the Income Tax Ordinance, 2001, introduced through the Finance Act, 2015, the Company is required to pay tax at the rate of 10% of so much of its undistributed profits as exceed 100% of its paid up capital unless it distributes profits equal to 40% of its after tax profits or 50% of its paid up capital, whichever is less, by due date for filing of income tax return for the tax year 2015. However the Company has paid interim dividend to its shareholders at the rate of Rupee 1 per share which was decided in the meeting of its Board of Directors on 26 February 2015. The amount of the interim dividend was more than 40% of the after tax profits of the Company or 50% of the paid up capital of the Company, whichever is less. Therefore, no income tax liability is required under the above mentioned section.

	2015 (RUPEES IN THOUSAND)	2014
34.3 Deferred income tax effect due to:		
Accelerated tax depreciation	188,154	191,731
Liabilities against assets subject to finance lease	(7,110)	(7,014)
Minimum taxation	(13,179)	-
Surplus on revaluation of property, plant and equipment	68,630	73,895
	236,495	258,612
Opening balance as at 01 July	(258,612)	(277,824)
Related to surplus on revaluation of property, plant and equipment	(2,359)	2,902
Adjustment of deferred income tax liability on sale of plant and machinery	-	111
	(260,971)	(274,811)
	(24,476)	(16,199)

35. EARNING PER SHARE - BASIC AND DILUTED

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

Profit attributable to ordinary shareholders (Rupees in thousand)	70,405	293,262
Weighted average number of ordinary shares (Numbers)	60,903,275	60 903 275
Earnings per share (Rupees)	1.16	4.82

36. CASH GENERATED FROM OPERATIONS

Profit before taxation	126,776	350,930
Adjustments for non-cash charges and other items:		
Depreciation	273,198	269,456
Amortization of deferred income on sale and leaseback	(961)	(558)
Other receivables written off	475	-
Credit balances written back	(1,410)	-
Finance cost	147,701	221,186
Provision for workers' profit participation fund	6,785	18,856
Provision for workers' welfare fund	1,647	2,336
Gain on sale of property, plant and equipment	(4,149)	(10,413)
Working capital changes (Note 36.1)	417,758	(216,457)
	967,820	635,336

Notes to the Financial Statements

For the Year ended 30 June 2015

	2015 (RUPEES IN THOUSAND)	2014 (RUPEES IN THOUSAND)
36.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(3,951)	(16,199)
Stock-in-trade	166,669	(60,816)
Trade debts	97,690	(78,571)
Loans and advances	34,777	1,107
Short term deposits and prepayments	(5,110)	337
Other receivables	46,252	(61,406)
Tax refunds due from the Government	(20,995)	(11,603)
	315,332	(227,151)
Increase in trade and other payables	102,426	10,694
	417,758	(216,457)

37. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements for the year for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the Company is as follows:

	Chief Executive Officer		Directors		Executives	
	2015	2014	2015	2014	2015	2014
	----- (RUPEES IN THOUSAND) -----					
Managerial remuneration	6,823	6,555	16,800	17,683	30,184	26,255
Allowances						
Utilities	1,342	1,772	910	471	-	-
Others	1,647	-	1,820	-	-	-
Contribution to provident fund	379	267	933	834	1,677	1,407
	10,191	8,594	20,463	18,988	31,861	27,662
Number of persons	1	1	5	5	24	22

37.1 As at 30 June 2015, there is only one director who is paid remuneration, due to change in directorship of the Company with the election of Directors in March 2015.

37.2 Chief Executive Officer, directors and certain executives of the Company are provided with Company maintained vehicles.

37.3 No remuneration was paid to non-executive directors of the Company.

38. PROVIDENT FUND RELATED DISCLOSURES

Following information is based on the Employees' Provident Fund Trust's un-audited financial statements for the year ended 30 June 2015 and audited financial statements for the year ended 30 June 2014:

Notes to the Financial Statements

For the Year ended 30 June 2015

	Un-Audited 2015	Audited 2014
	(RUPEES IN THOUSAND)	
Size of the fund - Total assets	176,700	152,354
Cost of investments	163,134	151,618
Percentage of investments	92.32%	99.52%
Fair value of investments	163,786	151,164

38.1 The break-up of cost of investments is as follows:

	2015	2014	Un-Audited 2015	Audited 2014
	PERCENTAGE		(RUPEES IN THOUSAND)	
Bank deposits	39%	48%	63,959	73,043
Mutual funds	50%	47%	82,054	71,245
Listed securities	11%	5%	17,121	7,330
	100%	100%	163,134	151,618

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

	2015	2014
	(NUMBER OF PERSONS)	
39. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	2 325	2 262
Average number of employees during the year	2 307	2 196

40. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, staff retirement fund, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2015	2014
	(RUPEES IN THOUSAND)	
Associated Companies		
Service charges paid	5,018	3,869
Rental income recovered	320	-
Other related parties		
Company's contribution to Employees' Provident Fund Trust	15,944	12,967
Loan repaid to directors - net	51,964	16,396
Sale of operating fixed assets	-	1,525
Dividend paid	58,846	500

Notes to the Financial Statements

For the Year ended 30 June 2015

		2015	2014
		(FIGURES IN THOUSAND)	
41.	PLANT CAPACITY AND ACTUAL PRODUCTION		
	Spinning		
	100 % plant capacity converted to 20s count based on 3 shifts per day for 1 095 shifts (2014: 1 095 shifts)	(Kgs.) 32 898	32 898
	Actual production converted to 20s count based on 3 shifts per day for 978 shifts (2014: 978 shifts)	(Kgs.) 26 787	25 664

Fabric and Home textile

The plant capacity of these divisions is indeterminable due to multi product plants involving varying processes of manufacturing and run length of order lots.

41.1 REASON FOR LOW PRODUCTION

Under utilization of available capacity is mainly due to gas and electricity shutdowns.

Notes to the Financial Statements

For the Year ended 30 June 2015

42. SEGMENT INFORMATION

	Spinning		Fabric		Home Textile		Elimination of Inter-segment transactions		Total - Company	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
(RUPEES IN THOUSAND)										
Sales										
External	5,813,481	5,978,674	900,176	1,445,377	2,099,755	2,310,810	-	-	8,813,412	9,734,861
Inter segment	86,347	163,568	-	-	-	-	(86,347)	(163,568)	-	-
Cost of sales	5,899,828	6,142,242	900,176	1,445,377	2,099,755	2,310,810	(86,347)	(163,568)	8,813,412	9,734,861
	(5,374,765)	(5,524,829)	(809,277)	(1,319,925)	(1,924,668)	(2,084,449)	86,347	163,568	(8,022,363)	(8,765,635)
Gross profit	525,063	617,413	90,899	125,452	175,087	226,361	-	-	791,049	969,226
Distribution cost	(167,596)	(157,833)	(45,754)	(69,042)	(112,359)	(117,121)	-	-	(325,709)	(343,996)
Administrative expenses	(142,139)	(125,573)	(16,541)	(19,942)	(40,621)	(34,015)	-	-	(199,301)	(179,530)
	(309,735)	(283,406)	(62,295)	(88,984)	(152,980)	(151,136)	-	-	(525,010)	(523,526)
Profit before taxation and unallocated income and expenses	215,328	334,007	28,604	36,468	22,107	75,225	-	-	266,039	445,700
Unallocated income and expenses:										
Other expenses									(16,156)	(31,780)
Other income									24,594	158,196
Finance cost									(147,701)	(221,186)
Taxation									(56,371)	(57,668)
Profit after taxation									70,405	293,262

Notes to the Financial Statements

For the Year ended 30 June 2015

42.1 Reconciliation of reportable segment assets and liabilities:

	Spinning		Fabric		Home Textile		Total - Company	
	2015	2014	2015	2014	2015	2014	2015	2014
(RUPEES IN THOUSAND)								
Total assets for reportable segments	4,110,764	4,218,070	337,373	807,976	562,529	345,470	5,010,666	5,371,516
Unallocated assets							321,587	297,893
Total assets as per balance sheet							5,332,253	5,669,409
All segment assets are allocated to reportable segments other than those directly relating to corporate.								
Total liabilities for reportable segments	1,072,368	1,175,499	306,669	495,176	325,052	349,285	1,704,089	2,019,960
Unallocated liabilities							322,485	350,913
Total liabilities as per balance sheet							2,026,574	2,370,873

All segment liabilities are allocated to reportable segments other than provision for taxation, deferred income tax liability and other corporate liabilities.

42.2 Geographical Information

The Company's revenue from external customers by geographical locations is detailed below:

	2015 (RUPEES IN THOUSAND)	2014
Europe	2,345,848	2,862,725
America	522,765	642,177
Asia, Africa and Australia	1,364,416	1,670,330
Pakistan	4,580,383	4,559,629
	8,813,412	9,734,861

42.3 All non-current assets of the Company as at reporting date are located and operating in Pakistan.

42.4 Revenue from major customers

The Company's revenue is earned from a large mix of customers.

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Notes to the Financial Statements

For the Year ended 30 June 2015

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of non-derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to United States Dollar (USD), Euro and Great Britain Pound (GBP). Currently, the Company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable / payable from / to the foreign entities. The Company uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk was as follows:

	2015	2014
Cash at banks - USD	88,396	35,905
Trade debts - USD	2,269,962	2,896,311
Trade debts - Euro	81,730	94,903
Trade debts - GBP	577,172	429,475
Trade and other payables - USD	(131,381)	(340,466)
Short term borrowings - USD	(1,135,205)	(2,847,345)
Short term borrowings - GBP	-	(69,672)
Net exposure - USD	1,091,772	(255,595)
Net exposure - Euro	81,730	94,903
Net exposure - GBP	577,172	359,803
	2015	2014

Following significant exchange rates were applied during the year:

Rupees per US Dollar

Average rate	100.71	102.01
Reporting date rate	101.50	98.75

Rupees per Euro

Average rate	126.08	139.45
Reporting date rate	113.57	134.46

Rupees per Great Britain Pound

Average rate	159.81	164.96
Reporting date rate	159.59	167.79

Notes to the Financial Statements

For the Year ended 30 June 2015

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 5.158 million higher / lower (2014: Rupees 1.175 million lower / higher), Rupees 0.432 million (2014: Rupees 0.594 million) higher / lower and Rupees 4.288 million (2014: Rupees 2.810 million) higher / lower respectively, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected / forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly bases, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities / payments to assets / receipts, using source inputs in foreign currency and arranging cross currency swaps. The Company maintains foreign currency working capital lines in order to finance production of exportable goods. Proceeds from exports are used to repay / settle / rollover the Company's obligations under these working capital lines which substantially reduces exposure to currency risk in respect of such liabilities. Balances in foreign currency are also maintained in current accounts with banking companies.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price risk.

(iii) Interest rate risk

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

The Company's interest rate risk arises from long term financing, liabilities against assets subject to finance lease, short term borrowings and bank balances in saving accounts. Financial instruments obtained at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was:

Notes to the Financial Statements

For the Year ended 30 June 2015

	2015 (RUPEES IN THOUSAND)	2014
Fixed rate instruments		
Financial liabilities		
Short term borrowings	651,000	362,000
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	18	16
Financial liabilities		
Long term financing	-	93,933
Liabilities against assets subject to finance lease	45,218	46,029
Short term borrowings	135,785	794,307

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 1.685 million (2014: Rupees 9.443 million) lower / higher, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming that the amounts of financial instruments outstanding at balance sheet date were outstanding for the whole year.

Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Notes to the Financial Statements

For the Year ended 30 June 2015

	2015 (RUPEES IN THOUSAND)	2014
Loans and advances	621	4,136
Deposits	18,875	18,635
Trade debts	593,632	691,322
Other receivables	2,466	62,112
Bank balances	66,436	26,721
	682,030	802,926

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2015 (Rupees in thousand)	2014
	Short Term	Long term	Agency		
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	13	2,315
Allied Bank Limited	A1+	AA+	PACRA	35	82
Askari Bank Limited	A1+	AA	JCR-VIS	4,648	943
Faysal Bank Limited	A1+	AA	PACRA	1	14
Habib Bank Limited	A-1+	AAA	JCR-VIS	28,338	-
Bank Al-Habib Limited	A1+	AA+	PACRA	-	90
NIB Bank Limited	A1+	AA -	PACRA	5	57
Silkbank Limited	A-2	A-	JCR-VIS	9	87
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	8,255	2,838
United Bank Limited	A-1+	AA+	JCR-VIS	-	25
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	18	16
The Bank of Punjab	A1+	AA-	PACRA	8	19,468
Summit Bank Limited	A-1	A	JCR-VIS	2	736
The Bank of Khyber	A-1	A	JCR-VIS	25,104	50
				66,436	26,721

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 21.

Credit risk management

The Company's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by counterparties. In respect of trade debts, the Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

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

(c) Liquidity risk

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

Contractual maturities of financial liabilities as at 30 June 2015:

Notes to the Financial Statements

For the Year ended 30 June 2015

Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
-----------------	------------------------	------------------	-------------	-----------	-------------------

----- (RUPEES IN THOUSAND) -----

Non-derivative financial liabilities:

Liabilities against assets subject to finance lease	45,218	45,218	11,623	11,622	21,973	-
Trade and other payables	428,811	428,811	428,811	-	-	-
Accrued mark-up	10,772	10,772	10,772	-	-	-
Short term borrowings	1,191,193	1,227,829	274,313	953,516	-	-
	1,675,994	1,712,630	725,519	965,138	21,973	-

Contractual maturities of financial liabilities as at 30 June 2014:

Non-derivative financial liabilities:

Long term financing	93,933	104,114	59,994	31,184	12,936	-
Directors' loan	300,000	300,000	-	-	300,000	-
Liabilities against assets subject to finance lease	46,029	50,684	11,267	11,268	19,032	9,117
Trade and other payables	335,923	335,923	335,923	-	-	-
Accrued mark-up	21,234	21,234	21,234	-	-	-
Short term borrowings	1,202,486	1,243,134	1,207,595	35,539	-	-
	1,999,605	2,055,089	1,636,013	77,991	331,968	9,117

The amounts disclosed in the table are undiscounted cash flows.

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in Note 6, Note 8 and Note 12 to these financial statements.

Liquidity risk management

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2015, the Company had Rupees 3,228.215 million (2014: Rupees 4,418.693 million) available borrowing limits from financial institutions and Rupees 69.625 million (2014: Rupees 27.296 million) cash and bank balances. Management believes the liquidity risk to be low.

4.3.2 Fair values of financial assets and liabilities

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

	Loans and receivables	
	2015	2014
	(RUPEES IN THOUSAND)	
4.3.3 Financial instruments by categories		
Assets as per balance sheet		
Loans and advances	621	4,136
Deposits	18,875	18,635
Trade debts	593,632	691,322
Other receivables	2,466	62,112
Cash and bank balances	69,625	27,296
	685,219	803,501

Notes to the Financial Statements

For the Year ended 30 June 2015

	Financial liabilities at amortized cost	
	2015	2014
	(RUPEES IN THOUSAND)	
Liabilities as per balance sheet		
Long term financing	-	93,933
Directors' loan	-	300,000
Liabilities against assets subject to finance lease	45,218	46,029
Accrued mark-up	10,772	21,234
Short term borrowings	1,191,193	1,202,486
Trade and other payables	428,811	335,923
	1,675,994	1,999,605

43.4 Offsetting financial assets and financial liabilities

As on balance sheet date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

43.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, liabilities against assets subject to finance lease and short term borrowings obtained by the Company as referred to in Note 6, Note 8 and Note 12 respectively. Total capital employed includes 'equity' plus 'borrowings'. The Company's overall strategy remained unchanged from year 2014.

		2015	2014
Borrowings	Rupees in thousand	1,236,411	1,342,448
Total equity	Rupees in thousand	2,784,091	3,033,721
Total capital employed	Rupees in thousand	4,020,502	4,376,169
Gearing ratio	Percentage	30.75	30.68

The decrease in the gearing ratio resulted primarily from increase in total equity of the Company.

44. DATE OF AUTHORIZATION FOR ISSUE


These financial statements were authorized for issue on 03 October 2015 by the Board of Directors of the Company.

45. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary for the purpose of comparison. However, no significant re-arrangements have been made.

46. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.


Faiq Jawed
 Chief Executive Officer


Jawed Anwar
 Chairman

Pattern of Shareholding

As at June 30, 2015

No. of Share Holders	Share Holding		Total Shares Held
	From	To	
55	1	100	960
59	101	500	19,216
46	501	1000	36,155
78	1,001	5,000	185,784
19	5,001	10,000	133,014
8	10,001	15,000	98,911
4	15,001	20,000	68,750
2	22,001	26,000	49,000
1	31,001	32,000	31,157
3	40,001	47,000	133,938
1	52,001	53,500	53,029
1	74,001	75,000	75,000
1	85,001	90,000	88,236
1	120,001	123,000	122,500
1	295,001	300,000	300,000
1	630,001	635,000	631,700
1	965,001	970,000	967,875
1	9,385,001	9,390,000	9,388,120
1	9,415,001	9,425,000	9,419,380
1	15,034,001	15,035,000	15,034,927
1	24,065,001	24,070,000	24,065,623
286			60,903,275

Pattern of Shareholding

S.No.	Categories of Share Holders	No. of Share Holders	Shares Held	Percentage
1	Financial Institutions	2	3,361	0.00
2	Leasing Company	1	3,885	0.01
3	Investment Companies	2	32,250	0.05
4	Insurance Companies	2	5,460	0.01
5	Joint Stock Companies	3	9,706	0.02
6	Modarba Companies	2	5,880	0.01
7	Directores, CEOs & Their Spouses	8	59,508,625	97.71
8	Individuals	266	1,334,108	2.19
	Total	286	60,903,275	100.00

Detail of Categories

Share Holders As On June 30, 2015	No. of Share Holders	Shares Held
Financial Institutions		
National Bank of Pakistan	1	191
Industrial Development Bank of Pakistan (IDBP)	1	3,170
	2	3,361
Leasing Company		
Pakistan Industrial & Commercial Leasing Ltd	1	3,885
	1	3,885
Modaraba Companies		
First Prudential Modarba	1	3,255
Prudential Capital Management Ltd	1	2,625
	2	5,880
Investment Companies		
Trustee-National Bank of Pakistan-Employees benevolent Fund	1	1,093
Trustee-National Bank of Pakistan-Employees Pension Fund	1	31,157
	2	32,250
Insurance Companies		
Pakistan Guarantee Insurance Company Ltd	1	4,935
Gulf Insurance Company Ltd	1	525
	2	5,460
Director's CEO's & Their Spouses		
Mr. Faiq Jawed (Chief Executive Officer)	1	24,065,623
Mr. Jawed Anwar (Director)	1	15,034,927
Mr. Shaiq Jawed (Director)	1	9,388,120
Mrs. Farhat Jehan (Director)	1	9,419,380
Mrs. Nageen Faiq (Director)	1	631,700
Mrs. Sadaf Aamir Arshad (Director)	1	967,875
Mrs. Mahwish Shaiq (Director)	1	500
Mr. Rehan Ashfaq (Director)	1	500
	8	59,508,625
Joint Stock Companies		
Stock Master Securities (Pvt.) Ltd	1	9,699
Maple Leaf Capital Ltd	1	1
Sultan Textile Mills Karachi Ltd	1	6
	3	9,706
Individuals	266	1,334,108
Grand Total	286	60,903,275

Shareholders Holding 10% Or More Voting Interest in The Company As On June 30, 2015

Director's CEO's	Shares Held	% Age
Mr. Jawed Anwar (Director)	24,065,623	39.51
Mr. Faiq Jawed (Chief Executive)	15,034,927	24.69
Mr. Shaiq Jawed (Director)	9,388,120	15.41
Mrs. Farhat Jehan (Director)	9,419,380	15.47

To: All Members of Company

Sub: Abstract under section 218 of Companies Ordinance, 1984.

Pursuant to section 218 of the Companies' Ordinance, 1984. The members of the Company are hereby notified that the board of directors in their meeting held on 1st September, 2015, has revised the remuneration of the Company's Chief Executive, Mr. Faiq Jawed & Director Mr. Shaiq Jawed with effect from 1st September, 2015. Their remuneration will be Rs: 700,000 Per Month each. The company will pay their all taxes , reimburse their all utility bills & all such facilities which are permissible as per Company's Rules and Regulations will also be provided to them.

Syed Hussain Shahid Mansoor Naqvi
Company Secretary

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Form of Proxy

Folio No. _____ CDC Participant I.D No. _____ A/C No./Sub A/C No. _____
I / We _____
of _____
being member(s) of **J.K SPINNING MILLS LIMITED** holder of _____
ordinary shares as per Registered Folio No. _____
hereby appoint _____
of _____
Shares Registered Folio No. _____ who is also
a member of J.K SPINNING MILLS LIMITED as my proxy to vote for me and on my behalf at the 29th Annual General Meeting of the Company to be held on Saturday, the October 31st, 2015 and at any adjournment thereof.

Signed this _____ day of _____ 2015.

Witness:

1.

2.

Affix Rs. 5/- Revenue
Stamp here

N.B. (Signature should agree with specimen
signature registered with the Company)

NOTICE:

A member entitled to vote at this meeting may appoint a proxy. Proxies in order to be effective must be received at Registered Office of the Company duly stamped and signed 48 hours before the time of meeting.

Second Fold

Affix Revenue
Stamp

The Company Secretary

JK Spinning Mills Limited
29-KM, Sheikhpura Road, Khurrianwala Faisalabad.

First Fold

Third Fold and Tuck In



J.K. SPINNING MILLS LIMITED

Registered Office

29-Km Sheikhpura Road, Druman Wala More
Khurrianwala, Faisalabad. Pakistan
PABX: +92 41 4362441 46, 5036678-80

Fax:+92-41-4362447-48,

UAN: +92 41 111 15 15 15, 111 16 16 16

E-mail: jkgroup@jkgroup.net