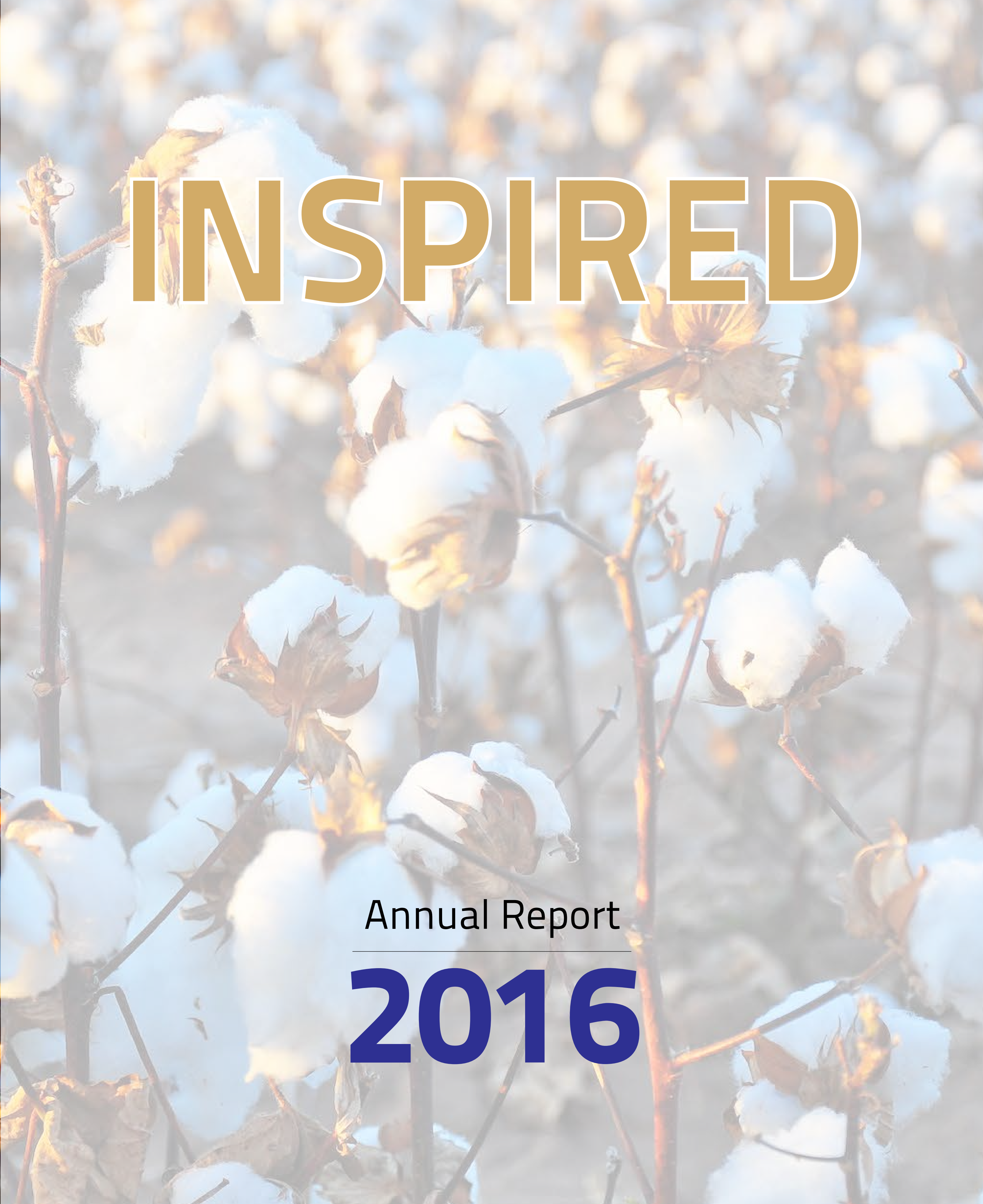


INSPIRED

Annual Report

2016

J.K. SPINNING MILLS LIMITED

بسم الله الرحمن الرحيم

Contents

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
Registrar's and Share Registration office	M/s Orient Software Management Services (pvt.) Ltd. 35-Z, Ameer Plaza, Opposite Mujahid Hospital, Commercial Centre, Madina Town, Faisalabad
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

Jawed Anwar
Chairman

It is my pleasure to present 30th Annual Report of the Company for the year ended June 30, 2016.

Overview of Economy and Industry

Pakistan is facing significant economic, governance and security challenges to achieve robust economic development and growth. The scarcity of energy and water infrastructure, a largely uneducated and untrained workforce, persistence of conflict in the border areas and security challenges throughout the country distress all segments of life in Pakistan and impede development and economic growth. An educated and cultured Pakistan, sustainable and reliable energy and water infrastructure along with improved security is crucial for economic growth in Pakistan. In view of these adverse factors Pakistan GDP is growing with slow pace. Pakistan economy during FY 2016 recorded a growth of 4.71 percent which is highest growth since 2008-09. The economy could not achieve the target growth due to agriculture sector negative growth at -0.19 percent due to decline in cotton, rice and maize production. Industrial sector recorded the growth of 6.80% while service sector accelerated at the rate of 5.71 percent. Stable PKR parity with low oil prices helped to keep the CPI inflation under control. Pakistan FX reserves have reached all time high above US $ 21 billion.

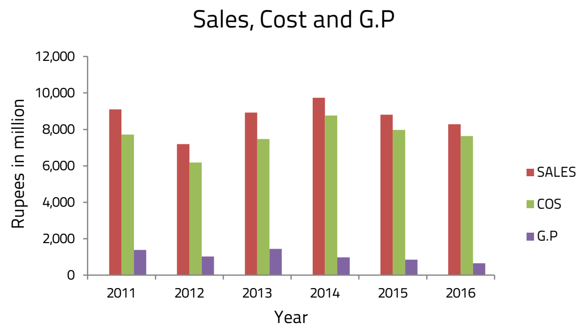
Global growth also remained slow in 2015 and is expected to recover at a slower pace. Weak aggregate demand and falling commodity prices are escalating the market volatility in major economies. Highest growing region is Emerging and Developing Asia where growth is estimated to attain 6.6 percent in 2015 and is forecast to decline to 6.4 percent in 2016. China growth rate came down to 6.5 percent. Economic outlook is conditioned by further slow down and rebalancing in China, further decline in average commodity prices, slowdown in investment expenditures and declining capital flows to emerging markets and developing economies. Currency markets are also volatile. Real Effective Exchange Rate (REER) of USA, The Euro Area and Japan have tendered to appreciate. REER of UK has sharply depreciated as a result of Brexit. REER of the Chinese also depreciated. Further depreciation expectations of Chinese Renminbi led to considerable net capital outflow of China and substantial decline in China foreign exchange rate reserves. It is also adding overall uncertainty concerning the global economic outlook.

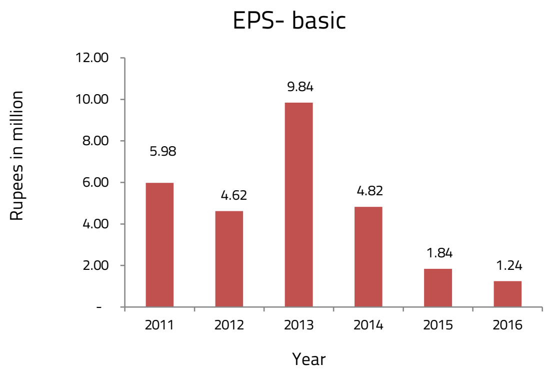
Financial and operational performance

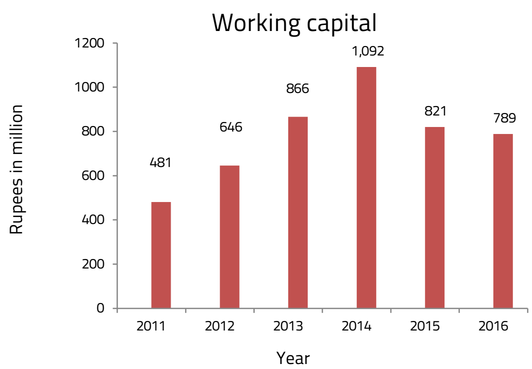
Financial year 2015-16 remained challenging for textile sector. We closed the year FY 2015-16 with a positive bottom line despite dumping of yarn fine count by India in Pakistani market. We also progressed well on our Balancing, Modernization, replacement and expansion plans. During the year ending June 30,2016 your company's profit after taxation stood at Rs. 75.746 million as compared to profit of Rs. 111.935 million in the last year.

Company's Sales revenue for the year 2016 stood Rs. 8,289.147 million Against Rs. 8,813.412 million in 2015 in view of depressed pricing and low demand factors. During the year under review average cotton prices increased to Rs. 5650 per mound as compared to Rs. 5200 per mound in 2015. Fuel and power cost decreased in view of downward trend in oil prices while salaries and wages expenses increased due to increase in minimum wage rate. Stores, spare parts, and loose tools, processing and conversion charges remained downward in view of better management controls and low rate of inflation factor. Financial cost decreased to Rs. 96.484 million in the year 2016 from Rs. 147.701 million in 2015 in view of lower cost of inventories and cut in policy rates.

Chairman's Review







Your company continued its focus on Balancing Modernization and Replacement (BMR) of its plant and machinery and enhancement of spinning capacity of existing spinning units. On availability of RLNG supply from SNGPL, your company has shifted to own power generation and have added two GAS generators of one MW each in existing power generation capacity to meet its increasing power requirements. During the year under review, you company has replaced two blow room lines, three contamination sorter, fourteen card machines, one simplex machines consisting 200 spindles, six ring frames comprising 6048 spindles and nine Savio auto cone machines. One USTER Base Unit AFIS with L+M Module including multimedia module for analysis of NEP count has been added in Lab equipments. Letter of credit for eight draw frames machines have been opened while more letters of credits are likely to be opened within next couple of months for addition of nine breaker draw frames, six finisher draw frames, twenty one ring frames comprising 24,192 spindles and eight auto cone machines. Civil works are in progress for spinning expansion plans.

The production of yarn converted into 20s for the year ended June 30, 2016 stood at 28.880 million Kgs against 26.787 million kgs of corresponding year.

Financial Strength

Balance Sheet footing is showing constant sign of improvement over past six years. Total assets of the company stood at Rs. 5,659.795 million in financial years 2016 as compared to Rs. 4,893.660 million in corresponding year.

Liquidity of the company is good enough with current ratio of 1.37. The Debt equity ratio stood at 15:85 in 2016 against 02:98 in 2015 while leverage of the company stood at 0.71 in 2016. Breakup value of a Rs. 10 share is Rs. 46.85 against Rs. 45.61 in last year. All balance sheets ratios are showing improvement with symptom of growth of company.

Human Resource

Human Capital Assets is key and pivotal aspect of existence of an enterprise and the success of business. We comprehend that positive attitude, strong skills and creative abilities of our human capital assets will create value by enabling greater organizational performance and productivity. Our HR goal is to continually align the aspiration of employees. 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

Effective from March,2016 current government is able to provide 24 hour RLNG supply to textile industry which will positively improve the bottom line of next financial year by stopping shut down losses and would help in boosting the confidence of business community.

The World Bank is revising its 2016 global growth forecast down to 2.4 percent from 2.9 percent. The move is due to sluggish growth in advanced economies, persistently low commodity prices, weak global trade, and diminishing capital flows. Commodity-exporting emerging market and developing economies are struggling to modify their cash flows at lower prices for oil and other key commodities. Depressed commodity prices are slowing growth sharply in commodity-exporting emerging and developing economies.

World ending cotton stock at close of FY 15-16 was 99 million bales of 480 lbs and expected cotton production is 101 million bales during financial 2016-17 against expected consumption of 111 million bales resulting in lower ending stock by 10 million bales. Pakistan cotton sowing areas also reduced resulting expected production of 11 million bales only. Pakistan textile industry is going through one of toughest period in decades. China has added 8 million spindles which will assert more pressure on Pakistan.

Pakistan's textile export is showing decline for last three years as a result of losing edge of competition in the regional markets. The government should take steps to boost the exports by bring down the overall cost of production to have a competitive edge to the local textile industry in the region.

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 by enhancing capacity to achieve the favorable financial results of forthcoming financial year.

Jawed Anwar
Chairman

Faisalabad
September 21, 2016

Director's Report

In the name of Almighty Allah The Most Gracious, The beneficent, The Merciful

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, 2016.

Financial Highlights

The financial highlights of the company for the year ended June 30, 2016 are summarized as under:

	2016	2015
	Rupees in Thousands	
Sales	8,289,147	8,813,412
Gross Profit	650,889	842,388
Profit before Taxation	86,772	175,929
Taxation	11,026	63,994
Profit after taxation	75,746	111,935

Dividend:

Board of Directors in their meeting held on September 21,2016 approved final cash dividend @ 5% (0.50 per share) for the financial year 2016.

Earnings Per Share

Earnings per share for the year ended June 30, 2016 stood at Rs. 1.24 per share as compared to Rs. 1.84 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, 2016.

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 except change in accounting policy regarding measurement of buildings on freehold land, plant and machinery, stand-by equipment and electric installations and appliances from revaluation model to cost model because the fair value of these operating fixed assets does not frequently

change and the cost model seems to be more relevant and reliable. This change in accounting policy has been applied retrospectively in these financial statements in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Consequently, net book value of property, plant and equipment, surplus on revaluation of property plant and equipment, deferred income tax liability, trade and other payables and stock-in-trade has been restated retrospectively. While corresponding period figures of profit and loss account, statement of comprehensive income and earnings per share have been restated and disclosed accordingly. There was no cash flow effect as a result of the retrospective application of change in accounting policy. The effect of change in accounting policy has been demonstrated in note 2.6 to the accounts.

- 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. The system is continuously monitored by internal audit and through other monitoring procedures. The process of monitoring internal control will continue as ongoing process with objective to further strengthen the controls and bring improvement in the system.

- There are no significant doubts upon the company's ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations.
- Detail of significant changes in company's operations during the current year as compared to last year and significant plans and decisions for the future prospects of profits are stated in the Chairman's review as endorsed by director.
- 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.
- The number of employees as at June 30,2016 were 2341 (2015: 2325).
- Value of investment of provident fund trust based on audited accounts as on June 30, 2015 is Rs. 164.528 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, 2016



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 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.

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.

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	04
Mr. Faiq Jawed	04
Mr. Shaiq Jawed	04
Mr. Rehan Ashfaq	04
Mrs. Farhat Jahan	04
Mrs Sadaf Aamir	04
Mrs. Nageen Faiq	03
Mrs. Mahwish Shaiq	04

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 meetings of HR committee were held during the year which was attended by all the committee members.

Directors Training

Three director's of the company participated and completed all the requirements of Directors Training Program conducted by Institute of Chartered Accountants of Pakistan in March ,2016 and got certification of Certified Directors to fulfill the requirements of directors training program as required by Code of Corporate Governance. Four 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 30-06-2017.

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
September 21, 2016

Vertical Analysis

	2016		2015		2014		2013		2012	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
BALANCE SHEET										
TOTAL EQUITY	3,032,098	54%	2,931,496	60%	3,298,536	58%	3,008,247	55%	2,730,415	55%
NON-CURRENT LIABILITIES	512,065	9%	191,472	4%	598,165	11%	690,517	13%	758,379	15%
CURRENT LIABILITIES	2,115,632	37%	1,770,692	36%	1,772,708	31%	1,764,128	32%	1,491,416	30%
TOTAL LIABILITIES	2,627,697	46%	1,962,164	40%	2,370,873	42%	2,454,645	45%	2,249,795	45%
TOTAL EQUITY AND LIABILITIES	5,659,795	100%	4,893,660	100%	5,669,409	100%	5,462,892	100%	4,980,210	100%
ASSETS										
NON-CURRENT ASSETS	2,755,096	49%	2,302,278	47%	2,805,095	49%	2,832,655	52%	2,842,828	57%
CURRENT ASSETS	2,904,699	51%	2,591,382	53%	2,864,314	51%	2,630,237	48%	2,137,382	43%
TOTAL ASSETS	5,659,795	100%	4,893,660	100%	5,669,409	100%	5,462,892	100%	4,980,210	100%
PROFIT AND LOSS ACCOUNT										
SALES	8,289,147	100.00%	8,813,412	100.00%	9,734,861	100.00%	8,918,973	100.00%	7,193,895	100.00%
COST OF SALES	7,638,258	92.15%	7,971,024	90.44%	8,765,635	90.04%	7,476,268	83.82%	6,176,622	85.86%
GROSS PROFIT	650,889	7.85%	842,388	9.56%	969,226	9.96%	1,442,705	16.18%	1,017,273	14.14%
DISTRIBUTION COST	275,913	3.33%	325,709	3.70%	343,996	3.53%	404,019	4.53%	291,775	4.06%
ADMINISTRATIVE EXPENSES	212,147	2.56%	199,301	2.26%	179,530	1.84%	164,422	1.84%	120,263	1.67%
OTHER OPERATING EXPENSES	11,948	0.14%	18,342	0.21%	31,780	0.33%	45,871	0.51%	25,772	0.36%
	500,008	6.03%	543,352	6.17%	555,306	5.70%	614,312	6.89%	437,810	6.09%
	150,881	1.82%	299,036	3.39%	413,920	4.25%	828,393	9.29%	579,463	8.05%
OTHER OPERATING INCOME	32,375	0.39%	24,594	0.28%	158,196	1.63%	38,319	0.43%	26,161	0.36%
PROFIT FROM OPERATIONS	183,256	2.21%	323,630	3.67%	572,116	5.88%	866,712	9.72%	605,624	8.42%
FINANCE COST	96,484	1.16%	147,701	1.68%	221,186	2.27%	216,220	2.42%	241,545	3.36%
PROFIT BEFORE TAXATION	86,772	1.05%	175,929	2.00%	350,930	3.60%	650,492	7.29%	364,079	5.06%
PROVISION FOR TAXATION	11,026	0.13%	63,994	0.73%	57,668	0.59%	51,137	0.57%	82,494	1.15%
PROFIT AFTER TAXATION	75,746	0.91%	111,935	1.27%	293,262	3.01%	599,355	6.72%	281,585	3.91%

Horizontal Analysis Based on Year 2012

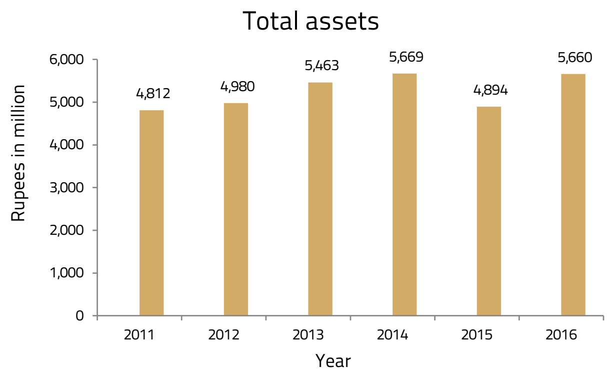
	2016		2015		2014		2013		2012	
	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%	Rs. in 000	%
BALANCE SHEET										
TOTAL EQUITY	3,032,098	111%	2,931,496	107%	3,298,536	121%	3,008,247	110%	2,730,415	100%
NON-CURRENT LIABILITIES	512,065	68%	191,472	25%	598,165	79%	690,517	91%	758,379	100%
CURRENT LIABILITIES	2,115,632	142%	1,770,692	119%	1,772,708	119%	1,764,128	118%	1,491,416	100%
TOTAL LIABILITIES	2,627,697	117%	1,962,164	87%	2,370,873	105%	2,454,645	109%	2,249,795	100%
TOTAL EQUITY AND LIABILITIES	5,659,795	114%	4,893,660	98%	5,669,409	114%	5,462,892	110%	4,980,210	100%
ASSETS										
NON-CURRENT ASSETS	2,755,096	97%	2,302,278	81%	2,805,095	99%	2,832,655	100%	2,842,828	100%
CURRENT ASSETS	2,904,699	136%	2,591,382	121%	2,864,314	134%	2,630,237	123%	2,137,382	100%
TOTAL ASSETS	5,659,795	114%	4,893,660	98%	5,669,409	114%	5,462,892	110%	4,980,210	100%
PROFIT AND LOSS ACCOUNT										
SALES	8,289,147	115%	8,813,412	123%	9,734,861	135%	8,918,973	124%	7,193,895	100%
COST OF SALES	7,638,258	124%	7,971,024	129%	8,765,635	142%	7,476,268	121%	6,176,622	100%
GROSS PROFIT	650,889	64%	842,388	83%	969,226	95%	1,442,705	142%	1,017,273	100%
DISTRIBUTION COST	275,913	95%	325,709	112%	343,996	118%	404,019	138%	291,775	100%
ADMINISTRATIVE EXPENSES	212,147	176%	199,301	166%	179,530	149%	164,422	137%	120,263	100%
OTHER OPERATING EXPENSES	11,948	46%	18,342	71%	31,780	123%	45,871	178%	25,772	100%
	500,008	114%	543,352	124%	555,306	127%	614,312	140%	437,810	100%
	150,881	26%	299,036	52%	413,920	71%	828,393	143%	579,463	100%
OTHER OPERATING INCOME	32,375	124%	24,594	94%	158,196	605%	38,319	146%	26,161	100%
PROFIT FROM OPERATIONS	183,256	30%	323,630	53%	572,116	94%	866,712	143%	605,624	100%
FINANCE COST	96,484	40%	147,701	61%	221,186	92%	216,220	90%	241,545	100%
PROFIT BEFORE TAXATION	86,772	24%	175,929	48%	350,930	96%	650,492	179%	364,079	100%
PROVISION FOR TAXATION	11,026	13%	63,994	78%	57,668	70%	51,137	62%	82,494	100%
PROFIT AFTER TAXATION	75,746	27%	111,935	40%	293,262	104%	599,355	213%	281,585	100%

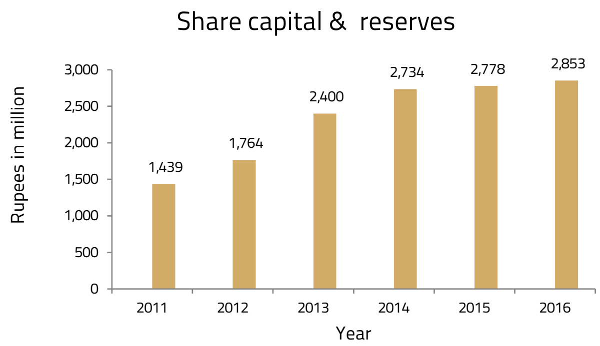
Key Operating and Financial Results

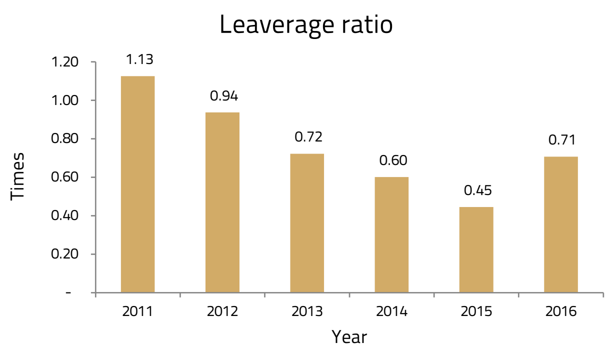
for last six years

PARTICULARS		2016	2015	2014	2013	2012	2011
		RUPEES in 000					
SUMMARISED BALANCE SHEET							
NON-CURRENT ASSETS							
Property, Plant And Equipment		2,748,664	2,290,022	2,787,750	2,822,964	2,841,761	2,623,342
Long Term Loans		-	-	1,727	387	392	-
Other Non-Current Assets		6,432	12,256	15,618	9,304	675	8,280
CURRENT ASSETS							
Stores, Spares And Loose Tools		65,643	65,076	61,125	44,926	37,082	35,226
Stock In Trade		1,756,108	1,484,015	1,652,837	1,592,021	1,278,678	1,249,430
Trade Debts		513,799	593,632	691,322	612,751	451,143	528,745
Other Current Assets		569,149	448,659	459,030	380,539	370,479	366,660
TOTAL ASSETS		5,659,795	4,893,660	5,669,409	5,462,892	4,980,210	4,811,683
Share Holders' Equity		2,853,464	2,777,718	2,733,721	2,400,047	1,763,656	1,439,286
Surplus on Revaluation of Operating Fixed Assets		178,634	153,778	564,815	608,200	966,759	1,044,140
NON-CURRENT LIABILITIES							
Long Term Financing		358,291	-	10,715	86,818	194,163	65,080
Director's Loan		-	-	300,000	300,000	300,000	300,000
Liabilities Against Assets Subject To Finance Lease		7,158	21,973	26,887	25,875	-	5,980
Deferred Tax		145,824	167,865	258,612	277,824	264,216	258,452
Other Non-Current Liabilities		792	1,634	1,951	-	-	-
CURRENT LIABILITIES							
Short Term Borrowings		1,517,083	1,191,193	1,202,486	1,194,856	1,032,246	1,192,112
Current Portion Of Long Term Liabilities		135,519	23,245	102,360	124,999	125,561	56,245
Other Current Liabilities		463,030	556,254	467,862	444,273	333,609	450,388
Total Equity And Liabilities		5,659,795	4,893,660	5,669,409	5,462,892	4,980,210	4,811,683
PROFIT & LOSS							
Sales		8,289,147	8,813,412	9,734,861	8,918,973	7,193,895	9,097,849
Gross Profit		650,889	842,388	969,226	1,442,705	1,017,273	1,384,453
EBITDA		421,945	548,337	841,572	1,011,933	736,629	969,805
Profit From Operations		183,256	323,630	572,116	866,712	605,624	839,721
Profit / (Loss) Before Tax		86,772	175,929	350,930	650,492	364,079	516,869
Profit / (Loss) After Tax		75,746	111,935	293,262	599,355	281,585	364,406
CASH FLOWS							
Cash Flow From Operating Activities		(113,065)	716,386	285,417	373,240	341,837	(763,089)
Cash Flow From Investing Activities		(669,963)	(184,617)	(222,047)	(437,276)	(387,618)	(168,131)
Cash Flow From Financing Activities		781,640	(489,440)	(95,088)	77,833	30,708	937,056
Changing In Cash & Cash Equivalents		(1,388)	42,329	(31,718)	13,797	(15,073)	5,836
Cash & Cash Equivalents - Year End		68,237	69,625	27,296	59,014	45,217	60,290
PROFITABILITY RATIOS							
Gross Profit	%	7.85	9.56	9.96	16.18	14.14	15.22
EBITDA To Sales	%	5.09	6.22	8.64	11.35	10.24	10.66
Pre Tax Profit	%	1.05	2.00	3.60	7.29	5.06	5.68
After Tax Profit	%	0.91	1.27	3.01	6.72	3.91	4.01
Return On Equity	%	2.65	4.03	10.73	24.97	15.97	25.32
Return On Capital Employed	%	2.36	4.03	10.69	24.10	14.38	24.22
Dividend Rate (Cash)	%	5.00	10.00	-	50.00	25.00	20.00
Leverage Ratio		0.71	0.45	0.60	0.72	0.94	1.13
LIQUIDITY RATIOS							
Current Ratio	Times	1.37	1.46	1.62	1.49	1.43	1.28
Quick Ratio	Times	0.51	0.59	0.65	0.56	0.55	0.53
Cash To Current Liabilities	Times	0.03	0.04	0.02	0.03	0.03	0.04
Cash Flows From Operation To Sales	Times	(0.01)	0.08	0.03	0.04	0.05	(0.08)


Profit before taxation
Rupees in million
700
600
500
400
300
200
100
0
517
364
650
351
176
87
2011
2012
2013
2014
2015
2016
Year


Total assets
Rupees in million
6,000
5,000
4,000
3,000
2,000
1,000
0
4,812
4,980
5,463
5,669
4,894
5,660
2011
2012
2013
2014
2015
2016
Year


Share capital & reserves
Rupees in million
3,000
2,500
2,000
1,500
1,000
500
0
1,439
1,764
2,400
2,734
2,778
2,853
2011
2012
2013
2014
2015
2016
Year


Leaverage ratio
Times
1.20
1.00
0.80
0.60
0.40
0.20
-
1.13
0.94
0.72
0.60
0.45
0.71
2011
2012
2013
2014
2015
2016
Year

Statement of Compliance with the Best Practices Code of Corporate Governance

For the Year Ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the Chapter 5.19 of Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of Independent Director / Non-Executive Directors and Directors representing the minority interest on its Board of Directors(The Board).

At present the Board of Directors includes:-

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

The independent Director meets the criteria of indenpendence under Claus 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 broker 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 "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained. 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. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board Meetings, along with agenda and working papers, were circulated seven days before the date of meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Four out of Eight Directors of the Company were exempted from the requirement of Director's Training Program by virtue of minimum of 14 years of education and 15 years of experience as Director of a listed Company. Remaining three Directors of the Company had obtained certification during the year under Directors' training program conducted by Pakistan Institute of Chartered Accountants of Pakistan.
10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. However there was no new appointment during the year.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly

Statement of Compliance with the Best Practices Code of Corporate Governance

For the Year Ended June 30, 2016

endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
15. The Board has formed an Audit Committee. It comprises three members, two of them are non-executive and Chairman is Independent Director.
16. 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 Code of Corporate Governance. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed Human Resource and Remuneration Committee. It comprises one member as Executive Director; two members of the Committee are Non-Executive Directors including Chair Person.
18. The Board has set-up an effective Internal Audit Function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The Statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the 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.
20. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the Auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "Closed Period" prior to the announcement of 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.
22. Material / price sensitive information has been disseminated among all market participants at once through Stock Exchanges.
23. The company has complied with the requirements relating to maintenance of registrar of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.

ON BEHALF OF THE BOARD OF DIRECTORS

FAIQ JAWED
Chief Executive Officer

JAWED ANWAR
Chairman

Date:September 21 , 2016

Faisalabad

Review Report to the Members

on Statement of Compliance 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 2016 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited, 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 personnel and reviews of various documents prepared by the Company to comply with the Code.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Liaqat Ali Panwar

Date:September 21 , 2016

Faisalabad

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT 30TH ANNUAL GENERAL MEETING OF THE MEMBERS OF J. K. SPINNING MILLS LIMITED WILL BE HELD ON SATURDAY 29th OCTOBER, 2016 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 29th Annual General Meeting held on 31st October, 2015.
2. To receive, consider and adopt the Annual Audited Accounts alongwith the reports of Directors' and Auditors of the company for the year ended 30th June, 2016.
3. To consider, approve and declare Final Cash Dividend at Rs. 0.5/- per share @ 5 % to Ordinary Share Holders for the year ended 30th June, 2016 as recommended by the Board of Directors.
4. To appoint Auditors for the year 2016-2017 and fix their remuneration. The present Auditors M/s. Riaz Ahmad & Company., Chartered Accountants, being eligible offer themselves for reappointment.
5. To transact any other business or businesses with the permission of the Chairman.

SPECIAL RESOLUTION:

6. To Authorize Chief Executive Officer of the Company to approve Related Party Transactions for sale and purchase of goods/ Services to / from J.K. Tech (Pvt.) Limited & J.K. Agriculture Farms (Pvt.) Limited - associated companies 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 for sale and purchase of goods/ Services to/from J.K. Tech (Pvt.) Limited for Rs: 200 million & to/ from J.K. Agriculture Farms (Pvt.) Limited for Rs: 50 million – associated companies from time to time for the year ending June 30, 2017 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: 07-10-2016

SYED HUSSAIN SHAHID MANSOOR NAQVI
COMPANY SECRETARY

NOTES:

1. Book Closure:
   The share Transfer Books of the Company will remain closed from 20 October 2016 to 29 October 2016 (both days inclusive). Transfers received in order at Share Registrar's Office, Orient Software & Management Services (Pvt.) Ltd., 35-Z Ameer Plaza, Opposite Mujahid Hospital commercial Centre, Madina Town, Faisalabad by the close of business on 19 October 2016, will be treated in time for the entitlement of cash dividend to the transferees and to attend the meeting.

2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her. A Proxy must be a member of the Company.

3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.

4. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

Notice of Annual General Meeting

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

B. For appointing proxies:
   I) In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements
   II) The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
   III) Attested copies of the CNIC or the passport of 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's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

5. Notice to Shareholders who have not provided CNIC:

   The Company has made several requests through advertisements in Urdu and English newspapers having circulation throughout the country and the Company has also sent letters through Registered Post to the shareholders who have not yet provided valid copies of their Computerized National Identity Card (CNIC), requesting them to provide their CNIC's. The directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(I)/2012 dated 5 July 2012 requires that the dividend warrants should bear the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person except in the case of minor(s) and corporate shareholders.
   CNIC number of the shareholders is, therefore, mandatory for the issuance of future dividend warrants and in the absence of such information, payment of dividend may be withheld in term of SECP's order dated 10th May, 2016. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Independent Share Registrar at the address given herein above without any further delay

6. Mandate for E-DIVIDEND for Shareholders:
   In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated 5 April 2013 has advised all Listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. In view of the above, you are hereby encouraged to provide a dividend mandate in favour of e-dividend by providing dividend mandate form duly filled in and signed

7. Electronic Transmission of Financial Statements Etc.:
   SECP through its Notification No. SRO. 787(1)/2014, dated September 08, 2014 has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting through email instead of sending the same through post, to those members who desires to avail this facility. The members who desire to opt to receive aforesaid statements and notice of AGM through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website: www.jkgoup.net

Notice of Annual General Meeting

8. Deduction of Income Tax from Dividend at Revised Rates:
   Pursuant to the provisions of Finance Act, 2016 effective 1 July 2016, deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

S.No	Nature of Shareholders	Rate of deduction
1.	Filers of Income Tax Return	12.5%
2.	Non-Filers of Income Tax Return	20.0%

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website.

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

Folio/CDC Account No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal/Joint Shareholder

9. Placement of Financial Statements:

   The Company has placed the Audited Annual Financial Statements for the year ended 30 June 2016 along with Auditors and Directors Reports thereon on its website:
   www.jkgoup.net

10. Form of proxy is enclosed herewith.

Auditors' Report to the Members

We have audited the annexed balance sheet of J.K. SPINNING MILLS LIMITED ("the Company") as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in Note 2.6 to the financial statements with which we concur;

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

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

(c) in 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 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Liaqat Ali Panwar

Date:September 21 , 2016

FAISALABAD

Balance Sheet

As at June 30, 2016

	NOTE	2016	2015	2014
			(RUPEES IN THOUSAND)	
			Restated	Restated
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
96 000 000 (2015: 96 000 000) ordinary shares of Rupees 10 each		960,000	960,000	960,000
Issued, subscribed and paid up share capital	3	609,033	609,033	609,033
Reserves	4	2,244,431	2,168,685	2,117,653
Total equity		2,853,464	2,777,718	2,726,686
Surplus on revaluation of freehold land	5	178,634	153,778	153,778
LIABILITIES				
NON-CURRENT LIABILITIES				
Long term financing	6	358,291	-	10,715
Directors' loan		-	-	300,000
Liabilities against assets subject to finance lease	7	7,158	21,973	26,887
Deferred income on sale and leaseback		792	1,634	1,951
Deferred income tax liability	8	145,824	167,865	184,718
		512,065	191,472	524,271
CURRENT LIABILITIES				
Trade and other payables	9	413,212	467,924	375,519
Accrued mark-up	10	16,254	10,772	23,268
Short term borrowings	11	1,517,083	1,191,193	1,202,486
Current portion of non-current liabilities	12	135,519	23,245	102,360
Provision for taxation		33,564	77,558	71,109
		2,115,632	1,770,692	1,774,742
TOTAL LIABILITIES		2,627,697	1,962,164	2,299,013
CONTINGENCIES AND COMMITMENTS	13			
TOTAL EQUITY AND LIABILITIES		5,659,795	4,893,660	5,179,477

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

Jawed Anwar
Chairman

Faiq Jawed
Chief Executive Officer

Mrs.Sadaf Aamir
Director

Balance Sheet

As at June 30, 2016

	NOTE	2016	2015	2014
			(RUPEES IN THOUSAND)	
			Restated	Restated
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	14	2,748,664	2,290,022	2,302,819
Long term investment	15	-	-	-
Long term loans		-	-	1,727
Long term deposits and prepayments	16	6,432	12,256	15,618
		2,755,096	2,302,278	2,320,164
CURRENT ASSETS				
Stores, spare parts and loose tools	17	65,643	65,076	61,125
Stock-in-trade	18	1,756,108	1,484,015	1,647,836
Trade debts	19	513,799	593,632	691,322
Loans and advances	20	50,197	48,513	83,290
Short term deposits and prepayments	21	13,880	10,688	5,578
Other receivables	22	41,684	32,634	79,361
Tax refunds due from the Government	23	395,028	287,199	263,505
Short term investment	24	123	-	-
Cash and bank balances	25	68,237	69,625	27,296
		2,904,699	2,591,382	2,859,313
TOTAL ASSETS		5,659,795	4,893,660	5,179,477

Jawed Anwar
Chairman

Faiq Jawed
Chief Executive Officer

Mrs.Sadaf Aamir
Director

Profit and Loss Account

For the Year ended June 30, 2016

	NOTE	2016	2015
		(RUPEES IN THOUSAND)	
			Restated
SALES	26	8,289,147	8,813,412
COST OF SALES	27	(7,638,258)	(7,971,024)
GROSS PROFIT		650,889	842,388
DISTRIBUTION COST	28	(275,913)	(325,709)
ADMINISTRATIVE EXPENSES	29	(212,147)	(199,301)
OTHER EXPENSES	30	(11,948)	(18,342)
OTHER INCOME	31	32,375	24,594
FINANCE COST	32	(96,484)	(147,701)
PROFIT BEFORE TAXATION		86,772	175,929
TAXATION	33	(11,026)	(63,994)
PROFIT AFTER TAXATION		75,746	111,935
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	34	1.24	1.84

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

Jawed Anwar
Chairman

Faiq Jawed
Chief Executive Officer

Mrs.Sadaf Aamir
Director

Statement of Comprehensive Income

For the Year ended June 30, 2016

	2016	2015
	(RUPEES IN THOUSAND)	
		Restated
PROFIT AFTER TAXATION	75,746	111,935
Items that will not be reclassified subsequently to profit or loss:		
Surplus on revaluation of freehold land (i)	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	75,746	111,935

(i) Surplus on revaluation of freehold land is presented under separate head below equity in accordance with the requirements of section 235 of the Companies Ordinance, 1984.

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

Jawed Anwar
Chairman

Faiq Jawed
Chief Executive Officer

Mrs.Sadaf Aamir
Director

Cash Flow Statement

For the Year ended June 30, 2016

	NOTE	2016	2015
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	63,314	967,749
Finance cost paid		(90,706)	(157,667)
Income tax paid		(84,416)	(79,433)
Workers' profit participation fund paid		(7,081)	(19,352)
Net decrease in long term loans		-	1,727
Net decrease in long term deposits and prepayments		5,824	3,362
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES		(113,065)	716,386
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(678,590)	(228,071)
Proceeds from sale of property, plant and equipment		8,734	43,454
Investment made		(100)	-
Dividend received		(7)	-
NET CASH USED IN INVESTING ACTIVITIES		(669,963)	(184,617)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		479,077	-
Repayment of long term financing		-	(93,933)
Repayment of liabilities against assets subject to finance lease		(23,327)	(23,311)
Short term borrowings - net		325,890	(311,293)
Dividend paid		-	(60,903)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		781,640	(489,440)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(1,388)	42,329
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		69,625	27,296
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 25)		68,237	69,625

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

Jawed Anwar
Chairman

Faiq Jawed
Chief Executive Officer

Mrs.Sadaf Aamir
Director

Statement of Changes in Equity

For the Year ended June 30, 2016

	SHARE CAPITAL	RESERVES			TOTAL EQUITY
		CAPITAL RESERVE	REVENUE RESERVE	TOTAL	
		Merger reserve	Unappropriated profit		
	-------------------- (RUPEES IN THOUSAND) --------------------				
Balance as at 30 June 2014	609,033	289,636	1,835,052	2,124,688	2,733,721
Effect due to change in accounting policy (Note 2.6)	-	-	(7,035)	(7,035)	(7,035)
Balance as at 30 June 2014 - Restated	609,033	289,636	1,828,017	2,117,653	2,726,686
Transaction with owners - interim dividnd for the half year ended 31 December 2014 at the end of Rupee 1.00 per share	-	-	(60,903)	(60,903)	(60,903)
Profit after taxation - Restated	-	-	111,935	111,935	111,935
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year - Restated	-	-	111,935	111,935	111,935
Balance as at 30 June 2015 - Restated	609,033	289,636	1,879,049	2,168,685	2,777,718
Profit after taxation	-	-	75,746	75,746	75,746
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	75,746	75,746	75,746
Balance as at 30 June 2016	609,033	289,636	1,954,795	2,244,431	2,853,464

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

Jawed Anwar	Faiq Jawed	Mrs.Sadaf Aamir
Chairman	Chief Executive Officer	Director

Notes to the Financial Statements

For the Year ended 30 June 2016

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 Pakistan Stock Exchange Limited. Its registered office is situated at 29-Kilometers, Sheikhupura 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 freehold land 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 2016

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) Standards that are effective in current year and are relevant to the Company

Following standards are mandatory for the Company's accounting periods beginning on or after 01 July 2015:

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 does not have significant impact on these financial statements, except for certain additional disclosures.

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 does not have significant impact on the these financial statements, except for certain additional disclosures.

e) Standards and amendments to published standards that are effective in current year but not relevant to the Company

There are other standards 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.

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 2016 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 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). 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 aforesaid standard is not expected to have a material impact on the Company's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments will result in certain additional disclosures in 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 which is based on revenue, generated by an activity by using 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.

Amendments to IAS 28 (deferred indefinitely) 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.

On 25 September 2014, IASB issued Annual Improvements to IFRSs: 2012 – 2014 Cycle, incorporating amendments to four IFRSs more specifically in IAS 34 'Interim Financial Reporting', which is considered relevant to the Company's financial statements. The amendment is effective for annual periods beginning on or after 01 January 2016. The amendment is unlikely to have a significant impact on the Company's financial statements and has therefore not been analyzed in detail.

Notes to the Financial Statements

For the Year ended 30 June 2016

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 2016 but are considered not to be relevant to the Company's financial statements and are therefore not detailed in these financial statements.

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 freehold land capital work-in-progress. 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.

Any revaluation surplus is credited to surplus on revaluation of operating fixed assets except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss account, in which case the increase is recognized in profit and loss account. A revaluation deficit is recognized in profit and loss account, except to the extent that it offsets an existing surplus on the same asset recognized in surplus on revaluation of operating fixed assets.

An annual transfer from surplus on revaluation of operating fixed assets to unappropriated profit is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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.

Change in accounting policy

During the year, the Company has changed its accounting policy regarding measurement of buildings on freehold land, plant and machinery, stand-by equipment and electric installations and appliances from revaluation model to cost model because the fair value of these operating fixed assets does not frequently change and the cost model seems to be more relevant and reliable. This change in accounting policy has been applied retrospectively in these financial statements in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Consequently, net book value of property, plant and equipment, surplus on revaluation of property plant and equipment, deferred income tax liability, trade and other payables and stock-in-trade has been restated retrospectively. While corresponding period figures of profit and loss account, statement of comprehensive income and earnings per share have been restated and disclosed accordingly. There was no cash flow effect as a result of the retrospective application of change in accounting policy.

The effect of change in accounting policy has been demonstrated below:

	30 JUNE 2015			30 JUNE 2014		
	As previously reported	Effect due to change in accounting policy	As restated	As previously reported	Effect due to change in accounting policy	As restated
	(RUPEES IN THOUSAND)					
Effect on balance sheet						
Property, plant and equipment	2,726,462	(436,440)	2,290,022	2,787,750	(484,931)	2,302,819
Surplus on revaluation of property, plant and equipment - net of deferred income tax	521,588	(367,810)	153,778	564,815	(411,037)	153,778
Deferred income tax liability	236,495	(68,630)	167,865	167,865	(73,895)	93,970
Trade and other payables	463,704	4,220	467,924	375,519	2,034	377,553
Stock-in-trade	1,486,168	(2,153)	1,484,015	1,652,837	(5,001)	1,647,836

Notes to the Financial Statements

For the Year ended 30 June 2016

	2015	2014
	(RUPEES IN THOUSAND)	
. Effect on profit and loss account		
Increase in profit before taxation	49,153	46,968
Increase in deferred income tax expense	(7,623)	(8,332)
Increase in profit after taxation	41,530	38,636
Effect on other comprehensive income:		
De-recognition of incremental depreciation - net of deferred income tax	40,868	45,671
Effect on earnings per share:		
Increase in earnings per share	0.68	0.63

Due to above mentioned change in accounting policy, unappropriated profit as on 30 June 2014 has decreased by Rupees 7.035 million.

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 14.1. 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'.

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. Fair value of investments in open-end mutual funds is determined using redemption price.

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 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.

Notes to the Financial Statements

For the Year ended 30 June 2016

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:

Stores, spare parts and loose tools

Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued 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 when 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 are 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.

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

Notes to the Financial Statements

For the Year ended 30 June 2016

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.

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

2016	2015		2016	2015
(NUMBER OF SHARES)			(RUPEES IN THOUSAND)	
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

		2016	2015
		(RUPEES IN THOUSAND)	
			Restated
4.	RESERVES		
	Composition of reserves is as follows:		
	Capital reserve		
	Merger reserve	289,636	289,636
	Revenue reserve		
	Unappropriated profit	1,954,795	1,879,049
		2,244,431	2,168,685
5.	SURPLUS ON REVALUATION OF FREE HOLD LAND		
	Surplus on revaluation of freehold land as at 01 July	153,778	521,588
	Less:		
	Adjustment due to change in accounting policy (Note 2.6)	-	367,810
		153,778	153,778
	Add:		
	Increase in surplus on revaluation of freehold land	24,856	-
		178,634	153,778

5.1 Freehold land of the Company has been revalued on 30 June 2016 by an independent valuer, Messrs Harvester Services (Private) Limited using market value method. Previous revaluations were carried out by independent valuers on 30 September 1996, 30 September 2000, 30 September 2004, 30 June 2007 and 29 June 2013.

		2016	2015
		(RUPEES IN THOUSAND)	
6.	LONG TERM FINANCING		
	From banking companies - secured		
	Long term loans (Note 6.1)	479,077	-
	Less: Current portion shown under current liabilities (Note 12)	120,786	-
		358,291	-

Notes to the Financial Statements

For the Year ended 30 June 2016

LENDER	2016	2015	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	DATE OF REPAYMENT OF FIRST INSTALLMENT	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	(RUPEES IN THOUSAND)							
6.1 Long term loans								
Standard Chartered Bank (Pakistan) Limited	196,251	-	SBP rate for LTFF + 1.25%	Ten equal quarterly installments	28 Dec 2016	-	Quarterly	First specific charge of Rupees 267 million over specific plant and machinery and personal guarantee of three directors of the Company.
Standard Chartered Bank (Pakistan) Limited	133,749	-	SBP rate for LTFF + 1.25%	Ten equal quarterly installments	30 Nov 2016	-	Quarterly	First specific charge of Rupees 178 million over specific plant and machinery and personal guarantee of three directors of the Company.
The Bank of Punjab	49,726	-	SBP rate for LTFF + 2.00%	Twenty equal quarterly installments	22 June 2017	-	Quarterly	First specific charge of Rupees 67 million over specific plant and machinery and personal guarantee of three directors of the Company.
Askari Bank Limited	49,351	-	SBP rate for LTF-EOP +1.25%	Eighteen equal quarterly installments	17 Aug 2016	-	Quarterly	First specific charge of Rupees 267 million over specific plant and machinery and personal guarantee of three directors of the Company.
Askari Bank Limited	50,000	-	3 months KIBOR + 1.25%	Eighteen equal quarterly installments	31 Dec 2016	Quarterly	Quarterly	First specific charge of Rupees 267 million over specific plant and machinery and personal guarantee of three directors of the Company.
	479,077	-						

	2016	2015
	(RUPEES IN THOUSAND)	
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	22,444	47,794
Less: Un-amortized finance charge	553	2,576
Present value of future minimum lease payments	21,891	45,218
Less: Current portion shown under current liabilities (Note 12)	14,733	23,245
	7,158	21,973

7.1 These represent vehicles acquired under finance lease agreement from Askari Bank Limited. The implicit interest rate used to arrive at the present value of minimum lease payments range from 8.10% to 8.51% (2015: 8.91% to 12.42%) 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.

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

	2016		2015	
	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	15,255	7,189	25,151	22,643
Less: Un-amortized finance charge	522	31	1,906	670
Present value of future minimum lease payments	14,733	7,158	23,245	21,973

	2016	2015
	(RUPEES IN THOUSAND)	Restated
8. DEFERRED INCOME TAX LIABILITY		
Taxable temporary differences		
Accelerated tax depreciation	203,137	188,154
Deductible temporary differences		
Liabilities against assets subject to finance lease	(3,574)	(7,110)
Minimum taxation	(46,743)	(13,179)
Unused tax losses	(6,996)	-
	(57,313)	(20,289)
	145,824	167,865

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For the Year ended 30 June 2016

		2016	2015
		(RUPEES IN THOUSAND)	
			Restated
9.	**TRADE AND OTHER PAYABLES**		
	Creditors	147,423	148,733
	Accrued liabilities	196,972	252,850
	Advances from customers	22,808	23,827
	Securities / retention money - interest free	3,237	5,651
	Income tax deducted at source	427	231
	Sales tax deducted at source	4,028	2,403
	Unclaimed dividend	418	312
	Workers' profit participation fund (Note 9.1)	8,802	11,005
	Workers' welfare fund	-	1,647
	Other payables	29,097	21,265
		413,212	467,924
9.1	**Workers' profit participation fund**		
	Balance as on 01 July	11,005	20,890
	Interest for the year (Note 32)	296	496
	Provision for the year (Note 30)	4,582	8,971
		15,883	30,357
	Less: Payments during the year	7,081	19,352
		8,802	11,005

9.1.1 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.

		2016	2015
10.	**ACCRUED MARK-UP**		
	Long term financing	4,239	-
	Liabilities against assets subject to finance lease	27	-
	Short term borrowings	11,988	10,772
		16,254	10,772
11.	**SHORT TERM BORROWINGS**		
	From banking companies - secured		
	Cash and running finances (Note 11.1 and Note 11.2)	431,008	20,424
	State Bank of Pakistan refinance (Note 11.1 and Note 11.3)	785,000	651,000
	Other short term finances (Note 11.1 and Note 11.4)	73,371	225,554
		1,289,379	896,978
	Unsecured		
	From directors (Note 11.5)	227,704	294,215
		1,517,083	1,191,193

11.1 'These finances are obtained from banking companies under mark-up arrangements and are secured against joint pari passu hypothecation charge on present and future current assets and joint pari passu charge 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 5,933 million (2015: Rupees 4,015 million).

11.2 The rates of mark-up range from 7.35% to 8.47% (2015: 8.95% to 11.68%) per annum on the balance outstanding.

11.3 The rates of mark up range from 3.50% to 4.50% (2015: 6.00% to 7.50%) per annum on the balance outstanding.

11.4 The rates of mark up on Pak Rupee finances and US Dollar finances range from 7.14% to 8.47% (2015: 9.00% to 11.66%) per annum and 2.78% to 3.50% (2015: 2.99% to 3.50%) per annum respectively on the balance outstanding.

11.5 This represents interest free loans obtained from directors of the Company which are repayable on demand.

	2016	2015
	(RUPEES IN THOUSAND)	
12. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Current portion of long term financing (Note 6)	120,786	-
Current portion of liabilities against assets subject to finance lease (Note 7)	14,733	23,245
	135,519	23,245

13. 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 (2015: 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 appeal of the Company. Afterwards the Company 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 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 (2015: Rupees 2.133 million) along with 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 appeal.

iii) The Company has filed an appeal before Honourable Commissioner, Inland Revenue (Appeals), Faisalabad against order in original No. 60/2016 dated 11 April 2016 for the recovery of Rupees 7.904 million along with default surcharge and penalty under section 34 and 33 of Sales Tax Act, 1990 respectively. The related provision is not made in these financial statements in view of favourable outcome of the appeal.

iv) Sui Northern Gas Pipelines Limited (SNGPL) is charging Late Payment Surcharge (LPS) on the Company amounting to Rupees 84.669 million. This late payment surcharge is due to non-payment of Gas Infrastructure Development Cess (GIDC) as required to be paid under GIDC Act, 2015 but the Company has made provision of Rupees 43.413 million. However, the Company has filed an appeal befoe Honourable Lahore High Court against the LPS charged by SNGPL. The Honourable Lahore High Court has issued directions to suspend payment of LPS till final decision. Therefore, the Company has not incorporated provision of remaining amount of Rupees 41.256 million in these financial statements due to favourable outcome of the appeal.

v) Guarantees of Rupees 82.710 million (2015: Rupees 59.884 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.

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For the Year ended 30 June 2016

vi) Post dated cheques of Rupees 116.430 million (2015: Rupees 164.147 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.

b) Commitments

i) Letters of credit of capital expenditure are of Rupees 98.410 million (2015: Rupees 332.267 million).

ii) Letters of credit other than for capital expenditure are of Rupees 73.192 million (2015: Rupees 215.510 million).

	2016	2015
	(RUPEES IN THOUSAND)	
		Restated
14. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 14.1)		
-Owned	2,486,652	2,150,729
-Leased	29,639	69,721
Capital work-in-progress (Note 14.2)	232,373	69,572
	2,748,664	2,290,022

14.1 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	Furniture and fixtures	Office equipment	Vehicles	Total	Plant and machinery	Vehicles	Total
	--(RUPEES IN THOUSAND)--												
At 30 June 2014 - Restated													
Cost / revalued amount	211,616	547,780	2,182,730	154,568	227,560	42,319	8,201	22,168	113,016	3,509,958	41,233	23,000	64,233
Accumulated depreciation	-	(266,810)	(850,840)	(36,861)	(139,564)	(17,282)	(3,040)	(15,269)	(40,392)	(1,370,058)	(4,931)	(1,533)	(6,464)
Net book value	211,616	280,970	1,331,890	117,707	87,996	25,037	5,161	6,899	72,624	2,139,900	36,302	21,467	57,769
Year ended 30 June 2015 - Restated													
Opening net book value	211,616	280,970	1,331,890	117,707	87,996	25,037	5,161	6,899	72,624	2,139,900	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
Disposals:													
Cost	-	-	-	-	-	(798)	-	-	(47,131)	(47,929)	-	-	-
Accumulated depreciation	-	-	-	-	-	642	-	-	8,626	9,268	-	-	-
	-	-	-	-	-	(156)	-	-	(38,505)	(38,661)	-	-	-
Depreciation charge	-	(31,422)	(137,880)	(12,022)	(9,706)	(2,498)	(846)	(2,775)	(17,010)	(214,159)	(3,630)	(6,918)	(10,548)
Closing net book value	211,616	336,524	1,253,448	111,725	125,456	22,433	11,213	10,025	68,289	2,150,729	32,672	37,049	69,721
At 30 June 2015 - Restated													
Cost / revalued amount	211,616	634,756	2,242,168	160,608	274,726	41,571	15,099	28,069	117,065	3,725,678	41,233	45,500	86,733
Accumulated depreciation	-	(298,232)	(988,720)	(48,883)	(149,270)	(19,138)	(3,886)	(18,044)	(48,776)	(1,574,949)	(8,561)	(8,451)	(17,012)
Net book value	211,616	336,524	1,253,448	111,725	125,456	22,433	11,213	10,025	68,289	2,150,729	32,672	37,049	69,721

Notes to the Financial Statements

For the Year ended 30 June 2016

	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 2016													
Opening net book value - Restated	211,616	336,524	1,253,448	111,725	125,456	22,433	11,213	10,025	68,289	2,150,729	32,672	37,049	69,721
Additions	-	3,861	453,570	-	19,999	19,696	-	1,182	17,481	515,789	-	-	-
Assets transferred from leased assets to owned assets													
Cost	-	-	41,233	-	-	-	-	-	-	41,233	(41,233)	-	(41,233)
Accumulated depreciation	-	-	(10,194)	-	-	-	-	-	-	(10,194)	10,194	-	10,194
	-	-	31,039	-	-	-	-	-	-	31,039	(31,039)	-	(31,039)
Effect of revaluation surplus	24,856	-	-	-	-	-	-	-	-	24,856	-	-	-
Disposals:													
Cost	-	-	(17,368)	-	-	-	-	-	(3,321)	(20,689)	-	-	-
Accumulated depreciation	-	-	12,383	-	-	-	-	-	2,191	14,574	-	-	-
	-	-	(4,985)	-	-	-	-	-	(1,130)	(6,115)	-	-	-
Depreciation charge	-	(33,859)	(147,335)	(11,172)	(13,467)	(3,884)	(1,122)	(3,292)	(15,515)	(229,646)	(1,633)	(7,410)	(9,043)
Closing net book value	236,472	306,526	1,585,737	100,553	131,988	38,245	10,091	7,915	69,125	2,486,652	-	29,639	29,639
At 30 June 2016													
Cost / revalued amount	236,472	638,617	2,719,603	160,608	294,725	61,267	15,099	29,251	131,225	4,286,867	-	45,500	45,500
Accumulated depreciation	-	(332,091)	(1,133,866)	(60,055)	(162,737)	(23,022)	(5,008)	(21,336)	(62,100)	(1,800,215)	-	(15,861)	(15,861)
Net book value	236,472	306,526	1,585,737	100,553	131,988	38,245	10,091	7,915	69,125	2,486,652	-	29,639	29,639
Annual rate of depreciation (%)	-	10	10	10	10	10	10	30	20		10	20	

14.1.1 Had there been no revaluation, value of freehold land as at 30 June 2016 would have been Rupees 57.838 million (2015: Rupees 57.838 million)

	2016	2015
	(RUPEES IN THOUSAND)	
		Restated
14.1.2 Depreciation charge for the year has been allocated as follows:		
Cost of sales (Note 27)		
-Owned assets	209,717	193,528
-Leased assets	1,633	3,630
	211,350	197,158
Administrative expenses (Note 29)		
-Owned assets	19,929	20,631
-Leased assets	7,410	6,918
	27,339	27,549
	238,689	224,707

14.1.3 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)---------------					
Plant and machinery							
Autocone 7-II - 1 Murata Japan - Model-1993	1	5,334	3,867	1,467	2,550	Negotiation	Nagra Spinning Mills Limited, Faisalabad
Autocone 7-II - 2 Murata Japan - Model-1993	1	5,334	3,867	1,467	2,550	Negotiation	Nagra Spinning Mills Limited, Faisalabad
Autocone 7-II - 4 Murata Japan - Model-1991	1	6,700	4,649	2,051	2,178	Negotiation	Sitara Spinning Mills Limited, Faisalabad
		17,368	12,383	4,985	7,278		
Vehicles							
Suzuki Cultus FDB-10-352	1	894	583	311	289	Company Policy	Mr. Syed Muzammil Hussain Zaidi (Company's employee)
Honda City FDA-11-257	1	1,477	999	478	851	Company Policy	Mr. Talat Naveed (Company's employee)
Coure Daihatsu FD-11-309	1	764	481	283	250	Company Policy	Mr. Imran Riaz (Company's employee)
		3,135	2,063	1,072	1,390		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000		186	128	58	66		
		20,689	14,574	6,115	8,734		

	2016	2015
	(RUPEES IN THOUSAND)	
14.2 Capital work-in-progress		
Buildings on freehold land	103,912	19,407
Plant and machinery	110,437	23,446
Electric installations and appliances	14,667	16,315
Advance against vehicles	3,357	10,404
	232,373	69,572

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		2016	2015
		(RUPEES IN THOUSAND)	
15.	LONG TERM INVESTMENT		
	Investment in associate		
	J.K. Tech (Private) Limited - unquoted		
	750 (2015: 750) ordinary shares of Rupees 10 each (Note 15.1)	8	8
	Less: Accumulated impairment	(8)	(8)
		-	-

15.1 The Company holds 50% (2015: 50%) shares in J.K. Tech (Private) Limited, a private limited company incorporated in Pakistan and involved in providing services of electricity transmission. This is a strategic investment of the Company for vertical integration. The summarized financial information of J.K. Tech (Private) Limited is as follows:

	UN-AUDITED 2016	AUDITED 2015
	(RUPEES IN THOUSAND)	
Associate's balance sheet:		
Current assets	610	808
Non-current assets	3,836	9,504
Current liabilities	(1,150)	(734)
Non-current liabilities	(10,532)	(10,089)
Net assets	(7,236)	(511)
Reconciliation to carrying amounts		
Net assets as at 1st July	(511)	(234)
Loss for the period	(6,725)	(277)
Net assets as at 30 June	(7,236)	(511)
Associate's revenue and (loss) / profit :		
Revenue	3,791	5,018
(Loss) / profit before taxation for the year	(2,034)	1
Loss after taxation for the year	(6,725)	(277)

		2016	2015
		(RUPEES IN THOUSAND)	
16.	LONG TERM DEPOSITS AND PREPAYMENTS		
	Deposits	11,459	15,858
	Prepayments	1,259	1,214
		12,718	17,072
	Less: Current portion shown under current assets (Note 21)	6,286	4,816
		6,432	12,256
17.	STORES, SPARE PARTS AND LOOSE TOOLS		
	Stores (Note 17.1)	49,845	47,956
	Spare parts (Note 17.2)	15,539	16,852
	Loose tools	259	268
		65,643	65,076

Notes to the Financial Statements

For the Year ended 30 June 2016

17.1 These include stores in transit of Rupees 0.673 million (2015: Rupees Nil)

17.2 These include spare parts in transit of Rupees 0.345 million (2015: Rupees Nil)

	2016	2015
	(RUPEES IN THOUSAND)	
		Restated
18. STOCK-IN-TRADE		
Raw materials (Note 18.1)	902,388	730,452
Work-in-process (Note 18.2)	308,806	239,180
Finished goods (Note 18.3)	526,314	497,102
Waste	18,600	17,281
	1,756,108	1,484,015

18.1 These include stock in transit of Rupees 51.650 million (2015: Rupees 155.997 million).

18.2 This includes stock of Rupees 189.284 million (2015: Rupees 124.468 million) sent to third parties for conversion.

18.3 These include stock of Rupees 77.022 million (2015: Rupees 66.681 million) sent to third parties for processing.

18.4 Stock-in-trade of Rupees 101.251 million (2015: Rupees 139.983 million) is being carried at net realizable value.

18.5 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 10.111 million (2015: Rupees 11.621 million).

19. TRADE DEBTS

	2016	2015
Considered good:		
Secured (against letters of credit)	83,644	324,137
Unsecured:		
Related party (Note 19.1 and Note 19.2)	9,006	-
Others (Note 19.3)	421,149	269,495
	513,799	593,632

19.1 This represents amount due from Mughanum (Private) Limited.

19.2 As at 30 June 2016, trade debts due from related party amounting to Rupees 6.759 million (2015: Rupees Nil) were past due but not impaired. The ageing analysis of these trade debts is as follows:

	2016	2015
Upto 1 month	-	-
1 to 6 months	6,759	-
More than 6 months	-	-
	6,759	-

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19.3 As at 30 June 2016, trade debts due from other than related parties of Rupees 181.871 million (2015: Rupees 110.790 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:

	2016	2015
	(RUPEES IN THOUSAND)	
Upto 1 month	139,556	103,271
1 to 6 months	40,865	5,037
More than 6 months	1,450	2,482
	181,871	110,790

19.4 As at 30 June 2016, trade debts of Rupees 0.282 million (2015: Rupees 0.475 million) were impaired and written off. The ageing of these trade debts was more than three years. These trade debts do not include amounts due from related parties.

20. LOANS AND ADVANCES

	2016	2015
Considered good:		
Unsecured		
Employees - interest free:		
Executives:		
Against expenses	1,662	959
Against salary	414	107
	2,076	1,066
Other employees:		
Against expenses	1,247	1,591
Against salary	375	514
	1,622	2,105
	3,698	3,171
Advances to suppliers	46,165	41,438
Letters of credit	334	3,904
	50,197	48,513

21. SHORT TERM DEPOSITS AND PREPAYMENTS

	2016	2015
Deposit	3,017	3,017
Prepayments	4,577	2,855
Current portion of long term deposits and prepayments (Note 16)	6,286	4,816
	13,880	10,688

22. OTHER RECEIVABLES

	2016	2015
Considered good:		
Export rebate and duty drawback	28,606	30,168
Insurance claim	4,406	-
Miscellaneous	8,672	2,466
	41,684	32,634

		2016	2015
		(RUPEES IN THOUSAND)	
23.	TAX REFUNDS DUE FROM THE GOVERNMENT		
	Considered good:		
	Income tax	141,454	135,747
	Sales tax	250,267	147,988
	Federal / special excise duty	3,307	3,464
		395,028	287,199
24.	SHORT TERM INVESTMENT		
	Investment at fair value through profit or loss		
	NAFA Stock Fund (Note 24.1)	107	-
	Units held 8 593.3906 (2015: Nil)		
	Add: Unrealised gain on remeasurement of investment (Note 31)	16	-
		123	-

24.1 Dividend income of Rupees 0.007 million (2015: Rupees Nil) has been included in this amount.

		2016	2015
25.	CASH AND BANK BALANCES		
	With banks:		
	On current accounts		
	Including US$ 9,972 (2015: US$ 88,396)	60,659	66,418
	On PLS saving accounts (Note 25.1)	19	18
		60,678	66,436
	Cash in hand	7,559	3,189
		68,237	69,625

25.1 Rate of profit on bank deposits was 3.00% to 4.00% (2015: 3.10% to 3.85%) per annum.

		2016	2015
26.	SALES		
	Export	3,632,522	4,216,953
	Local (Note 26.1)	4,635,005	4,580,383
	Export rebate and duty drawback	21,620	16,076
		8,289,147	8,813,412
26.1	Local		
	Sales	4,642,993	4,598,578
	Waste	130,224	74,062
		4,773,217	4,672,640
	Less: Sales tax	138,212	92,257
		4,635,005	4,580,383

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For the Year ended 30 June 2016

	2016	2015
	(RUPEES IN THOUSAND)	
		Restated
27. COST OF SALES		
Raw materials consumed (Note 27.1)	5,288,079	4,976,590
Stores, spare parts and loose tools consumed	128,113	132,268
Packing materials consumed	131,926	127,608
Processing and conversion charges	739,377	878,488
Doubling charges	4,009	13,352
Fuel and power	666,505	757,216
Salaries, wages and other benefits (Note 27.2)	491,261	448,234
Repair and maintenance	17,236	21,466
Insurance	11,369	13,027
Other factory overheads	28,222	35,778
Depreciation (Note 14.1.2)	211,350	197,158
	7,717,447	7,601,185
Work-in-process		
Opening stock	239,180	268,074
Closing stock	(308,806)	(239,180)
	(69,626)	28,894
Cost of goods manufactured	7,647,821	7,630,079
Finished goods		
Opening stock	514,383	718,080
Closing stock	(544,914)	(514,383)
	(30,531)	203,697
	7,617,290	7,833,776
Cost of sale - purchased for resale	20,968	137,248
	7,638,258	7,971,024

27.1 Raw material consumed

	2016	2015
Opening stock	750,452	661,682
Add: Purchased during the year	5,440,015	5,045,360
	6,190,467	5,707,042
Closing stock	(902,388)	(730,452)
	5,288,079	4,976,590

27.2 Salaries, wages and other benefits include provident fund contribution of Rupees 13.170 million (2015: Rupees 11.230 million) by the Company.

Notes to the Financial Statements

For the Year ended 30 June 2016

		2016	2015
		(RUPEES IN THOUSAND)	
28.	DISTRIBUTION COST		
	Salaries and other benefits (Note 28.1)	10,068	9,155
	Ocean freight	75,443	110,976
	Commission and brokerage	112,655	130,312
	Travelling and conveyance	26,761	17,578
	Local freight	24,848	26,023
	Shipping expenses	11,032	16,320
	Export development surcharge	9,467	10,566
	Fee and subscription	442	-
	Advertisement	1,992	2,151
	Business promotion	1,557	704
	Insurance	852	1,224
	Miscellaneous	796	700
		275,913	325,709

28.1 Salaries and other benefits include provident fund contribution of Rupees 0.701 million (2015: Rupees 0.523 million) by the Company.

		2016	2015
29.	ADMINISTRATIVE EXPENSES		
	Salaries and other benefits (Note 29.1)	103,938	97,946
	Rent, rates and taxes	250	3,773
	Legal and professional	3,629	1,128
	Insurance	3,963	4,725
	Travelling and conveyance	25,235	22,858
	Vehicles' running	11,175	12,595
	Entertainment	3,177	3,463
	Auditors' remuneration (Note 29.2)	1,310	1,300
	Advertisement	92	163
	Communication	7,007	6,283
	Utilities	2,410	3,948
	Printing and stationery	1,699	1,663
	Repair and maintenance	1,501	2,620
	Fee and subscription	7,480	5,776
	Depreciation (Note 14.1.2)	27,339	27,549
	Other charges	11,942	3,511
		212,147	199,301

29.1 Salaries and other benefits include provident fund contribution of Rupees 4.081 million (2015: Rupees 4.191 million) by the Company.

		2016	2015
29.2	Auditors' remuneration:		
	Audit fee	1,250	1,250
	Other certifications including half yearly review	60	50
		1,310	1,300

Notes to the Financial Statements

For the Year ended 30 June 2016

		2016	2015
		(RUPEES IN THOUSAND)	
30.	**OTHER EXPENSES**		
	Donations (Note 30.1)	7,084	7,249
	Trade debts written off	282	475
	Workers' profit participation fund (Note 9.1)	4,582	8,971
	Workers' welfare fund	-	1,647
		11,948	18,342

30.1 There is no interest of any director or his / her spouse in donees' fund.

		2016	2015
31.	**OTHER INCOME**		
	Income from financial assets		
	Net exchange gain	26,972	17,751
	Profit on deposits with banks	-	3
	Dividend income on investment at fair value through profit or loss	7	-
	Unrealised gain on remeasurement of investment at fair value through profit or loss (Note 24)	16	-
		26,995	17,754
	Income from non-financial assets		
	Gain on sale of property, plant and equipment	2,619	4,149
	Amortization of deferred income on sale and leaseback (Note 31.1)	841	961
	Credit balances written back	-	1,410
	Rental income	1,920	320
		5,380	6,840
		32,375	24,594

31.1 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.

		2016	2015
32.	**FINANCE COST**		
	Mark up on:		
	Long term financing	13,534	4,784
	Liabilities against assets subject to finance lease	1,698	3,898
	Short term borrowings	56,641	112,907
	Interest on workers' profit participation fund (Note 9.1)	296	496
	Bank charges and commission	24,315	25,616
		96,484	147,701
33.	**TAXATION**		
	Charge for the year:		
	Current (Note 33.1)	33,564	77,558
	Prior year adjustment	(497)	3,289
		33,067	80,847
	Deferred (Note 34.3)	(22,041)	(16,853)
		11,026	63,994

33.1 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 2016. The Company has tax losses of Rupees 22.567 million as at 30 June 2016 (2015: Rupees Nil). Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not presented, being impracticable.

33.2 Under Section 5A of the Income Tax Ordinance, 2001, 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 cash dividend 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 2016. The requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held on September 21, 2016 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

		2016	2015
		(RUPEES IN THOUSAND)	
			Restated
33.3	Deferred income tax effect due to:		
	Accelerated tax depreciation	203,137	188,154
	Liabilities against assets subject to finance lease	(3,574)	(7,110)
	Unused tax losses	(6,996)	-
	Minimum taxation	(46,743)	(13,179)
		145,824	167,865
	Opening balance as at 01 July	(167,865)	(192,341)
	Adjustment due to change in accounting policy (Note 2.6)	-	7,623
		(167,865)	(184,718)
		(22,041)	(16,853)

		2016	2015
34.	EARNING PER SHARE - BASIC AND DILUTED		Restated
	There is no dilutive effect on the basic earnings per share which is based on:		
	Profit attributable to ordinary shareholders (Rupees in thousand)	75,746	111,935
	Weighted average number of ordinary shares (Numbers)	60,903,275	60,903,275
	Earnings per share (Rupees)	1.24	1.84

		2016	2015
		(RUPEES IN THOUSAND)	
35.	CASH GENERATED FROM OPERATIONS		Restated
	Profit before taxation	86,772	175,929
	Adjustments for non-cash charges and other items:		
	Depreciation	238,689	224,707
	Amortization of deferred income on sale and leaseback	(841)	(961)
	Trade debts written off	282	-
	Other receivables written off	-	475
	Credit balances written back	-	(1,410)
	Finance cost	96,484	147,701
	Provision for workers' profit participation fund	4,582	8,971
	Provision for workers' welfare fund	-	1,647
	Gain on sale of property, plant and equipment	(2,619)	(4,149)
	Unrealised gain on remeasurement of investment at fair value through profit or loss	(16)	-
	Working capital changes (Note 35.1)	(360,019)	414,839
		63,314	967,749

Notes to the Financial Statements

For the Year ended 30 June 2016

		2016	2015
		(RUPEES IN THOUSAND)	
			Restated
35.1	Working capital changes		
	(Increase) / decrease in current assets:		
	Stores, spare parts and loose tools	(567)	(3,951)
	Stock-in-trade	(272,093)	163,821
	Trade debts	79,551	97,690
	Loans and advances	(1,684)	34,777
	Short term deposits and prepayments	(3,192)	(5,110)
	Other receivables	(9,050)	46,252
	Tax refunds due from the Government	(102,122)	(20,995)
		(309,157)	312,484
	(Decrease) / increase in trade and other payables	(50,862)	102,355
		(360,019)	414,839

36. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	Chief Executive Officer		Directors		Executives	
	2016	2015	2016	2015	2016	2015
	(RUPEES IN THOUSAND)					
Managerial remuneration	8,000	6,823	8,000	16,800	44,671	30,184
Allowances						
Utilities	1,758	1,342	2,003	910	-	-
Others	2,231	1,647	2,183	1,820	-	-
Contribution to provident fund	444	379	444	444	2,481	1,677
	12,433	10,191	12,630	19,974	47,152	31,861
Number of persons	1	1	1	5	33	24

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

36.2 Aggregate amount charged in the financial statements for meeting fee to eight directors was Rupees 0.750 million (2015: Rupees Nil).

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

37. 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 2016 and audited financial statements for the year ended 30 June 2015:

	Un-Audited 2016	Audited 2015
	(RUPEES IN THOUSAND)	
Size of the fund - Total assets	196,371	177,186
Cost of investments (Note 37.1)	191,576	163,609
Percentage of investments	97.56%	92.34%
Fair value of investments	190,538	164,528

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

	2016	2015	Un-Audited 2016	Audited 2015
	PERCENTAGE		(RUPEES IN THOUSAND)	
Bank deposits	49%	40%	93,895	64,641
Mutual funds	45%	50%	85,401	82,054
Listed securities	6%	10%	11,203	16,914
	100%	100%	190,499	163,609

37.2 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.

	2016	2015
	(NUMBER OF PERSONS)	
38. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	2 341	2 325
Average number of employees during the year	2 309	2 307

39. 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:

	2016	2015
	(RUPEES IN THOUSAND)	
Associated Companies		
Sale of goods and services	22,109	-
Service charges paid	3,791	5,018
Rental income recovered	1,920	320
Other related parties		
Company's contribution to Employees' Provident Fund Trust	17,952	15,944
Loan repaid to directors - net	66,511	51,964
Dividend paid	-	58,846

		2016	2015
		(FIGURES IN THOUSAND)	
40. PLANT CAPACITY AND ACTUAL PRODUCTION			
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day for 1 098 shifts (2015: 1 095 shifts)	(Kgs.)	33 216	32 898
Actual production converted to 20s count based on 3 shifts per day for 1097 shifts (2015: 978 shifts)	(Kgs.)	28 880	26 787

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.

40.1 REASON FOR LOW PRODUCTION

Under utilization of available capacity is mainly due to gas and electricity shutdowns along with normal maintenance.

Notes to the Financial Statements

For the Year ended 30 June 2016

41. SEGMENT INFORMATION

	Spinning		Fabric		Home Textile		Elimination of Inter-segment transactions		Total - Company	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(RUPEES IN THOUSAND)									
		Restated		Restated		Restated				Restated
Sales										
External	5,297,526	5,813,481	1,076,603	900,176	1,915,018	2,099,755	-	-	8,289,147	8,813,412
Inter segment	183,577	86,347	-	-	-	-	(183,577)	(86,347)	-	-
	5,481,103	5,899,828	1,076,603	900,176	1,915,018	2,099,755	(183,577)	(86,347)	8,289,147	8,813,412
Cost of sales	(5,165,524)	(5,415,552)	(972,659)	(803,626)	(1,683,652)	(1,838,193)	183,577	86,347	(7,638,258)	(7,971,024)
Gross profit	315,579	484,276	103,944	96,550	231,366	261,562	-	-	650,889	842,388
Distribution cost	(111,812)	(167,596)	(57,042)	(45,754)	(107,059)	(112,359)	-	-	(275,913)	(325,709)
Administrative expenses	(138,287)	(142,139)	(25,674)	(16,541)	(48,186)	(40,621)	-	-	(212,147)	(199,301)
	(250,099)	(309,735)	(82,716)	(62,295)	(155,245)	(152,980)	-	-	(488,060)	(525,010)
Profit before taxation and unallocated income and expenses	65,480	174,541	21,228	34,255	76,121	108,582	-	-	162,829	317,378
Unallocated income and expenses:										
Other expenses									(11,948)	(18,342)
Other income									32,375	24,594
Finance cost									(96,484)	(147,701)
Taxation									(11,026)	(63,994)
Profit after taxation									75,746	111,935

41.1 Reconciliation of reportable segment assets and liabilities:

	Spinning		Fabric		Home Taxtile		Total - Company	
	2016	2015	2016	2015	2016	2015	2016	2015
	(RUPEES IN THOUSAND)							
		Restated		Restated		Restated		Restated
Total assets for reportable segments	4,351,988	3,737,256	400,372	287,368	512,420	581,837	5,264,780	4,606,461
Unallocated assets							395,015	287,199
Total assets as per balance sheet							5,659,795	4,893,660

All segment assets are allocated to reportable segments other than those directly relating to corporate.

	Spinning 2016	Spinning 2015	Fabric 2016	Fabric 2015	Home Taxtile 2016	Home Taxtile 2015	Total - Company 2016	Total - Company 2015
Total liabilities for reportable segments	1,566,697	1,074,384	314,037	189,406	558,773	441,946	2,439,507	1,705,736
Unallocated liabilities							188,190	256,428
Total liabilities as per balance sheet							2,627,697	1,962,164

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

41.2 Geographical Information

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

	2016	2015
	(RUPEES IN THOUSAND)	
Europe	2,421,929	2,345,848
America	456,596	522,765
Asia, Africa and Australia	775,617	1,364,416
Pakistan	4,635,005	4,580,383
	8,289,147	8,813,412

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

41.4 Revenue from major customers

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

42. FINANCIAL RISK MANAGEMENT

42.1 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. The Company uses derivative financial instruments to hedge certain risk exposures.

'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 derivative financial instruments, non-derivative financial instruments and investment of excess liquidity.

Notes to the Financial Statements

For the Year ended 30 June 2016

(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:

	2016	2015
Cash at banks - USD	9,972	88,396
Trade debts - USD	1,030,720	2,269,962
Trade debts - Euro	25,258	81,730
Trade debts - GBP	227,757	577,172
Trade and other payables - USD	(233,177)	(131,381)
Trade and other payables - Euro	(2,778)	-
Trade and other payables - GBP	(1,873)	-
Short term borrowings - USD	-	(1,135,205)
Net exposure - USD	807,515	1,091,772
Net exposure - Euro	22,480	81,730
Net exposure - GBP	225,884	577,172

Following significant exchange rates were applied during the year:

	2016	2015
Rupees per US Dollar		
Average rate	103.77	100.71
Reporting date rate	104.50	101.50
Rupees per Euro		
Average rate	113.05	126.08
Reporting date rate	116.08	113.57
Rupees per Great Britain Pound		
Average rate	152.95	159.81
Reporting date rate	140.12	159.59

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 4.008 million (2015: Rupees 5.518 million), Rupees 0.124 million (2015: Rupees 0.432 million) and Rupees 1.503 million (2015: Rupees 4.288 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.

(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:

	2016	2015
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial liabilities		
Long term financing	429,077	-
Short term borrowings	785,000	651,000
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	19	18
Financial liabilities		
Long term financing	50,000	-
Liabilities against assets subject to finance lease	21,891	45,218
Short term borrowings	504,379	245,978

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 5.474 million (2015: Rupees 2.766 million) higher / lower, 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.

(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:

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	2016	2015
	(RUPEES IN THOUSAND)	
Loans and advances	789	621
Deposits	14,476	18,875
Trade debts	513,799	593,632
Other receivables	13,078	2,466
Investment	123	-
Bank balances	60,678	66,436
	602,943	682,030

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			2016	2015
	Short Term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	4,764	13
Allied Bank Limited	A1+	AA+	PACRA	34	35
Askari Bank Limited	A-1+	AA	JCR-VIS	22,373	4,648
Habib Bank Limited	A-1+	AAA	JCR-VIS	22,686	28,338
Meezan Bank Limited	A-1+	AA	JCR-VIS	10,010	-
NIB Bank Limited	A1+	AA -	PACRA	10	5
Silkbank Limited	A-2	A-	JCR-VIS	9	9
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	302	8,255
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	19	18
The Bank of Punjab	A1+	AA-	PACRA	63	8
Summit Bank Limited	A-1	A-	JCR-VIS	59	2
The Bank of Khyber	A1	A	PACRA	349	25,105
				60,678	66,436

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 19.

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 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.

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 2016, the Company had Rupees 4,643.621 million (2015: Rupees 3,118.022 million) available borrowing limits from financial institutions and Rupees 68.237 million (2015: Rupees 69.625 million) cash and bank balances. Management believes the liquidity risk to be low.

Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities, including interest payments as at 30 June 2016:

	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:						
Long term financing	479,077	524,258	52,792	89,407	178,102	203,957
Liabilities against assets subject to finance lease	21,891	22,444	7,628	7,628	7,189	-
Trade and other payables	377,147	377,147	377,147	-	-	-
Accrued mark-up	16,254	16,254	16,254	-	-	-
Short term borrowings	1,517,083	1,524,891	1,021,350	503,541	-	-
	2,411,452	2,464,994	1,475,171	600,576	185,291	203,957

Contractual maturities of financial liabilities, including interest payments as at 30 June 2015:

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 - Restated	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	-

The amounts disclosed in the tables 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 7 and Note 11 to these financial statements.

42.2 Financial instruments by categories

	2016 Loans and receivables	2016 At fair value through profit or loss	2016 Total	2015 Loans and receivables
		(RUPEES IN THOUSAND)		
Assets as per balance sheet				
Investment	-	123	123	-
Loans and advances	789	-	789	621
Deposits	14,476	-	14,476	18,875
Trade debts	513,799	-	513,799	593,632
Other receivables	13,078	-	13,078	2,466
Cash and bank balances	68,237	-	68,237	69,625
	610,379	123	610,502	685,219

Notes to the Financial Statements
For the Year ended 30 June 2016

	Financial liabilities at amortized cost	
	2016	2015
	(RUPEES IN THOUSAND)	
		Restated
Liabilities as per balance sheet		
Long term financing	479,077	-
Liabilities against assets subject to finance lease	21,891	45,218
Accrued mark-up	16,254	10,772
Short term borrowings	1,517,083	1,191,193
Trade and other payables	377,147	428,811
	2,411,452	1,675,994

42.3 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.

42.4 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 7 and Note 11 respectively. Total capital employed includes 'equity' plus 'borrowings'. The Company's overall strategy remained unchanged from year 2015.

		2016	2015
			Restated
Borrowings	Rupees in thousand	2,018,051	1,236,411
Total equity	Rupees in thousand	2,853,464	2,777,718
Total capital employed	Rupees in thousand	4,871,515	4,014,129
Gearing ratio	Percentage	41.43	30.80

The increase in the gearing ratio resulted primarily from increase in borrowings of the Company.

43 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels. An explanation of each level follows underneath the table

	Level 1	Level 2	Level 3	Total
	-------- (RUPEES IN THOUSAND) --------			
Financial assets - recurring fair value measurement				
At 30 June 2016				
At fair value through profit or loss	123	-	-	123

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short-term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation technique used to value financial instruments was the use of quoted market prices.

Notes to the Financial Statements

For the Year ended 30 June 2016

44. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels:

	Level 1	Level 2	Level 3	Total
	-------- (RUPEES IN THOUSAND) --------			
At 30 June 2016				
Freehold land	-	236,472	-	236,472
Total non-financial assets	-	236,472	-	236,472
At 30 June 2015				
Freehold land	-	211,616	-	211,616
Total non-financial assets	-	211,616	-	211,616

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

At the end of each reporting period, the management updates the assessment of the fair value of each property, taking into account the most recent independent valuation. The best evidence of fair value is current prices in an active market for similar properties.

The level 2 fair value of land has been derived using the market value approach. The key inputs under this approach are the market price per kanal determined by using independent market inquires and comparing prices of similar land in the area (location and size).

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land. As at 30 June 2016, the fair value of freehold land has been determined by Messrs Harvester Services (Private) Limited.

Changes in fair values are analysed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

45. INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

45.1

Description	Note	2016 Carried under Non-Shariah arrangements	2016 Carried under Shariah arrangements	2015 Carried under Non-Shariah arrangements	2015 Carried under Shariah arrangements
		------------(RUPEES IN THOUSAND)------------			
Assets					
Loans and advances					
Advances to employees	20	-	3,698	-	3,171
Advances to suppliers	20	-	46,165	-	41,438
Deposits					
Deposits	16 and 21	-	14,476	-	18,875
Bank balances	25	-	60,678	-	66,436
Liabilities					
Loan and advances					
Long term financing	6	479,077	-	-	-
Liabilities against assets subject to finance lease	7	21,891	-	45,218	-
Advances from customers	9	-	22,808	-	23,827
Short term borrowings	11	1,289,379	227,704	896,978	294,215
Income					
Unrealised gain on remeasurement of investment at fair value through profit or loss	31	-	16	-	-

45.2 Dividend income earned from

Description	Note	2016 Non-Shariah arrangements	2016 Shariah arrangements	2015 Non-Shariah arrangements	2015 Shariah arrangements
NAFA Stock Fund	31	-	7	-	-

	2016	2015
	(RUPEES IN THOUSAND)	
45.3 Sources of other income (Note 31)		
Exchange gain	26,972	17,751
Profit on deposits with banks	-	3
Gain on sale of property, plant and equipment	2,619	4,149
Amortization of deferred income on sale and leaseback	841	961
Credit balances written back	-	1,410

Notes to the Financial Statements
For the Year ended 30 June 2016

	2016	2015
	(RUPEES IN THOUSAND)	
Dividend Income	7	-
Unrealised gain on remeasurement of investment at fair value through profit or loss	16	-
Rental income	1,920	320
	32,375	24,594

45.4 Exchange gain 31

	2016	2015
From actual currency	26,972	17,751

45.5 External revenue from different business segments (Note 41)

	2016	2015
Spinning	5,297,526	5,813,481
Fabric	1,076,603	900,176
Home Textile	1,915,018	2,099,755
	8,289,147	8,813,412

45.6 Relationship with banks

Name	Relationship	
	Non Islamic window operations	With Islamic windows operations
National Bank of Pakistan	✔	
Allied Bank Limited	✔	
Askari Bank Limited	✔	✔
Habib Bank Limited	✔	
Meezan Bank Limited		✔
NIB Bank Limited	✔	
Silkbank Limited	✔	
Standard Chartered Bank (Pakistan) Limited	✔	
Al-Baraka Bank (Pakistan) Limited		✔
The Bank of Punjab	✔	
Summit Bank Limited	✔	
The Bank of Khyber	✔	

Notes to the Financial Statements

For the Year ended 30 June 2016

46. NON ADJUSTING EVENT AFTER REPORTING PERIOD

The Board of Directors in their meeting held on September 21, 2016 have proposed cash dividend @ 5% for the year ended 30 June 2016 (2015: Nil) to ordinary shareholders. However, this event has been considered as non adjusting under IAS 10 and has not been recognized in these finanical statements.

47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 21, 2016 by the Board of Directors of the Company.

48 CORRESPONDING FIGURES

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

49. GENERAL

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

Jawed Anwar	Faiq Jawed	Mrs.Sadaf Aamir
Chairman	Chief Executive Officer	Director

Detail of Categories

Share Holders As On June 30, 2016	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	525
Gulf Insurance Company Ltd	1	4,935
	2	5,460
Director's CEO's & Their Spouses		
Mr. Jawed Anwar (Chairman/Director)	1	24,065,623
Mr. Faiq Jawed (Chief Executive Officer)	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		
Maple Leaf Capital Ltd	1	1
Sultan Textile Mills Karachi Ltd	1	6
	2	7
Individuals	244	1,343,807
Grand Total	263	60,903,275

Shareholders Holding 10% Or More Voting Interest in The Company As On June 30, 2016

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

Pattern of Shareholding

As at June 30, 2016

No. of Share Holders	Share Holding From	Share Holding To	Total Shares Held
53	1	100	741
50	101	500	15,210
42	501	1000	31,196
75	1,001	5,000	178,468
15	5,001	10,000	100,014
7	10,001	15,000	91,911
4	15,001	20,000	66,750
1	22,001	23,000	23,000
1	31,001	32,000	31,157
1	40,001	41,000	40,528
2	45,001	47,000	93,410
1	54,001	55,000	54,529
1	65,001	70,000	70,000
2	87,001	89,000	176,236
1	122,001	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
263			60,903,275

Pattern of Shareholding

S.No.	Categories of Share Holders	No. of Share Holders	Shares Held	Percetnage
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	2	7	0.02
6	Modarba Companies	2	5,880	0.01
7	Directores, CEOs & Their Spouses	8	59,508,625	97.71
8	Individuals	244	1,343,807	2.19
	Total	263	60,903,275	100.00

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

Notes

Form of Proxy

I / We ____being member(s) of J.K. Spinning Mills Limited and holder of______________________Shares as per Folio No._____CDC Participation ID # ___________ and Sub Account # _________/CDC Investor Account ID # _________do hereby appoint _____________________ ______________of_________________________________or failing him/her _________________________________ of______________________________________having Folio No.______ CDC Participation ID #____________ and Sub Account # ______ /CDC Investor Account ID # ____________ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the 30th Annual General Meeting of J.K. Spinning Mills Limited scheduled to be held on Saturday, 29th October, 2016 at 10:00 A.M, and at any adjournment thereof.

At witness my/our hand this _________________________ day of _________________________ 2016.

Witness:

1. Name ________________________

   N.I.C _________________________

   Address______________________

   ____

2. Name ________________________

   N.I.C _________________________

   Address______________________

   ____

Please affix here Revenue Stamps of Rs 5/-

Member's Signature

Note:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy.
2. The instrument appointing a Proxy, together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Share Registrar Office of the Company, Orient Software & Management Services (Pvt.) Limited, 35-Z, Ameer Plaza, Opposite Mujahid Hospital, Commercial Centre, Madina Town, Faisalabad, not less than 48 hours before the time of holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular# 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for appointing Proxies:

i) In case of individuals, the account holder or sub-account holder whose securities 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 a corporate entity, the Board of Directors' resolution/Power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

پراکسی فارم

میں مسٹر/مسز/مس .... ساکن .... بحیثیت ممبر جے کے سپیننگ ملز لمیٹڈ ہولڈنگ
.... شیئرز فولیو نمبر .... کے تحت مسٹر/مسز/مس .... ساکن
.... یا فرد مذکورہ کی عدم دستیابی کی صورت میں مسٹر/مسز/مس ....
ساکن .... کو اپنا نمائندہ مقرر کرتا/کرتی ہوں کہ 29 اکتوبر 2016 بروز ہفتہ کو صبح دس بجے (10:00) منعقد ہونے والے جے کے سپیننگ ملز لمیٹڈ کے تیسویں سالانہ اجلاس اور اس کے بعد کسی بھی اور کہیں بھی منعقد ہونے والے دوسرے اجلاس کے لیے اپنا نمائندہ مقرر کر سکتا/سکتی ہوں

دستخط شیئر ہولڈر ....
(دستخط کمپنی کے پاس دستخط کے نمونہ کے مطابق ہوں)
قومی شناختی کارڈ نمبر/پاسپورٹ نمبر ....

-/5 روپے کا محصول ٹکٹ

مورخہ .... اکتوبر 2016

دستخط مقرر کردہ نمائندہ ....

گواہان:

1۔دستخط	....	2۔دستخط	....
نام	....	نام	....
پتہ	....	پتہ	....
قومی شناختی کارڈ نمبر	....	قومی شناختی کارڈ نمبر	....

نوٹ:

1۔ پراکسی فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں جمع کرا دیا جائے۔
2۔اگر کوئی ممبر ایک سے زیادہ پراکسی فارم کمپنی کے رجسٹرڈ دفتر میں جمع کروا دے گا تو پراکسی فارم قابل قبول نہیں ہوگا۔
3۔مقرر کردہ نمائندے کے لیے کمپنی کا ممبر ہونا لازمی نہیں۔

سی ڈی سی اکاؤنٹ ہولڈر/کارپوریٹ انیٹٹی ہونے کی صورت میں درج ذیل شرائط پر عمل کرنا ہوگا۔

(i) ممبر اور پراکسی کے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ہمراہ منسلک کرنی ہونگی۔
(ii) پراکسی کو اجلاس کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
(iii) کارپوریٹ اینٹٹی کی صورت میں ڈائریکٹرز کی پاس کردہ قرارداد/پاور آف اٹارنی معہ نامزد فرد کے دستخط کا نمونہ پراکسی فارم کے ہمراہ اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں جمع کرانا ہوگی۔

J.K. SPINNING MILLS LIMITED

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